



# ANNUAL REPORT

2021 - 2022

**MEGASOFT LIMITED**



## Corporate Information:

### Board of Directors

Sunil Kumar Kalidindi, ED & CEO  
Anil Kumar Sood  
Anish Mathew  
Leona Ambuja (Ms.)  
Kalyan Vijay Sivalenka  
Suryanarayana Raju Nandyala

### Chief Financial Officer

Shridhar Thathachary

### Company Secretary and Compliance Officer

Srivalli Susarla

### Statutory 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

### Secretarial Auditor

M Damodaran  
M/s. M Damodaran & Associates LLP  
MDA Towers, New No.6,  
Old No.12, Appavoo Gramani  
1st Street, Mandaveli, Chennai-600028

### Bankers

Kotak Mahindra Bank

### Registered Office

85, Kutchery Road, Mylapore  
Chennai 600004, Tamil Nadu, India

### Corporate Office

01<sup>st</sup> 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, Tamil Nadu, India

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## MEGASOFT LIMITED

CIN: L24100TN1999PLC042730

22<sup>nd</sup> 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 2022.

### Financial Highlights

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenues	1,410.80	1,646.60	5,239.61	5,940.22
Expenditure	3,257.32	1,577.99	7,071.56	5,530.07
Finance cost	205.81	273.69	294.49	548.96
Depreciation	339.37	343.30	361.42	363.04
Operating profit/ (loss)	(2,391.70)	(548.38)	(2,487.86)	(501.85)
Profit before Exceptional items and Tax	<b>278.50</b>	<b>138.03</b>	<b>182.34</b>	<b>184.55</b>
Exceptional Items	341.87	0	341.87	0
Profit before tax	620.37	138.03	524.21	184.55
Less: Taxes	62.14	(0.85)	62.08	(0.26)
Profit after tax	558.23	138.88	462.13	184.81
Other Comprehensive Income/ (Loss)	(12.64)	(6.66)	(12.64)	(6.66)
Total Comprehensive Income	<b>545.59</b>	<b>132.22</b>	<b>449.49</b>	<b>178.15</b>
Earnings per share				
(equity shares, par value Rs. 10 each)				
Basic (Rs.)	0.89	0.31	0.74	0.42
Diluted (Rs.)	0.89	0.31	0.74	0.42

### Overview

During the financial year ended 31 March 2022, your company recorded consolidated revenues of ₹ 5,239.61 lakhs as compared to ₹ 5,940.22 lakhs for the financial year ended 31 March 2021. The consolidated profit was ₹ 449.49 lakhs during the current year as compared to ₹ 178.15 lakhs in the previous year.

Further, during the year under review there were no changes in the nature of business of the company. However, during the year your company had undertaken a corporate restructuring exercise leading to changes in the Memorandum of Association defining the new areas of business that your Company intends to pursue, including Pharmaceuticals, Defense, Manufacturing etc.

### Transfer to Reserves in terms of Section 134(3) (j) of the Companies Act, 2013

For the financial year ended on 31<sup>st</sup> March 2022, the Company transferred ₹ 5,58,23,239.62./- to Reserves & Surplus.

### Dividend

On account of inadequacy of profits during the financial year ended 31 March 2022, the Board of Directors of the company have not recommended dividend.

### Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

## Share Capital

The paid-up equity share capital as on 31 March 2022 was ₹ 7377.00 lakhs comprising 7,37,70,041 equity shares of ₹ 10 each. During the year under review, the company has issued and allotted 2,95,02,748 equity shares on rights basis. Apart from this Company has not granted stock options or sweat equity shares or bonus shares. The Company has not bought back any of its securities during the year under review.

## Public Announcement to the shareholders on the Open Offer for Acquisition of Equity Shares by Sri Power Generation (India) Private Limited

During the year, Sri Power Generation (India) Private Limited made an open offer and made a detailed public statement to the public shareholders of Megasoft Limited for acquisition upto 2,95,08,017 Fully paid-up equity shares of ₹ 10/- each at an Offer Price of Rs. 16.70/- per share.

On 16th November, 2021 Sri Power Generation (India) Private Limited intimated to the Stock Exchanges regarding acquisition of 1,31,16,104 additional equity shares representing 17.78% of the then paid-up share capital of the Company through open offer. Further, on 18th November, 2021 Sri Power Generation (India) Private Limited intimated the Stock Exchanges that they are classified as promoters of the Company pursuant to open offer. As on date Sri Power Generation (India) Private Limited is holding 43.77% of equity shares of the Company.

## 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, the following changes were effected in the composition of the Board of Directors of the Company:

- Mr. G V Kumar, Managing Director & CEO of the Company tendered his resignation with effect from 10<sup>th</sup> December, 2021.
- Mr. Sunil Kumar Kalidindi has been appointed as an Additional Director (Executive & CEO) of the Company with effect from 10<sup>th</sup> December, 2021
- Mr. Upendar Mekala Reddy, Independent Director of the Company tendered his resignation with effect from 10<sup>th</sup> December, 2021
- Mr. Suryanarayana Raju Nandyala, has been appointed as an Additional Director of the Company with effect from 24<sup>th</sup> December, 2021
- the designation of Ms. Leona Ambuja, was changed from Independent Director to Non-Executive Director with effect from 01<sup>st</sup> April, 2022

In accordance with the provisions of the Companies Act, 2013 approval of members is being sought at the ensuing Annual General Meeting ('AGM') of your Company for appointment of Mr. Suryanarayana Raju Nandyala (DIN-01581731) as Independent Director (Non-Executive) of the Company.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum of Association and Articles of Association of the Company, Mr. Sunil Kumar Kalidindi [DIN- 02344343] Director of your Company, retire by rotation at the ensuing AGM and eligible offers for reappointment.

## Board Meetings

The Board of Directors met Nine (9) 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.

## **Compliance with Secretarial Standards**

During the year under review, the provisions of Secretarial Standard – 1 (Board Meetings) and 2 (General Meetings) issued by the Institute of Company Secretaries of India (ICSI) were adhered to while conducting the respective Meetings.

## **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 2022, 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.

## **Significant Transactions**

During the financial year 2021-2022 your company came up with and concluded a Rights Issue, the proceeds of which were used to pay the aggregate outstanding borrowings of the company on a consolidated basis. Also during the year the company concluded and signed a Lease Agreement for the third and the Final Block (Block 3) for its share for which the company started receiving rentals as declared by the company vide its disclosure to the Stock Exchange on 3rd January 2022. Apart from this during the previous financial

year the company transferred/sold all its holdings in its two wholly owned overseas subsidiaries ,XIUS Holding Corp, USA and Megasoft Consultants SDN.BHD Malaysia to M/s Nelatop Systems Private Limited, ultimately wholly owned Indian Subsidiary of the company.

## 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 the company plans to prioritize in the next year. Key areas of Risk management for the year 2022-23 include Liquidity, intellectual property risk, Data Security and privacy, retention and development of Human resources, Business competition, Delayed payments from key customers & resultant Cash flow problems and Foreign exchange fluctuations .

**(c) Foreign exchange earnings and outgo:** The details of foreign exchange earnings and outgo are given in note no. 34 and 35 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 arm's length basis has been provided in **Annexure -1** appended hereto and forms part of this report.

## Particulars of Loans, Investments & Guarantee

Details of Loans, Investments and Guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are given in note no. 3, 5 and 32 of the Notes forming part of the standalone financial statements of the company.

## 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.

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.

### **Internal financial control with reference to the financial statements**

The Company has in place adequate internal financial controls with reference to financial statements. During the year no material weakness in the design or operation was observed.

### **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 behavior, 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 which can be accessed at <http://www.megasoft.com/corporate-governance.html>.

### **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.

## **Subsidiaries, Associates and Joint Venture Companies**

During the year under review, the following subsidiaries have been incorporated:

1. Velapan Systems Private Limited incorporated on 10<sup>th</sup> March, 2022
2. Nelatop Systems Private Limited incorporated on 14<sup>th</sup> March, 2022

## **Performance and Financial Position of each of the Subsidiaries, Associates and Joint Venture Companies included in the Consolidated Financial Statement**

The Consolidated Financial Statements relates to the Company, Nelatop Systems Private Limited (includes XIUS Holding Corp and its subsidiaries and Megasoft Consultants Sdn Bhd) and Velapan Systems Private Limited. The Financial Statements of the Subsidiaries covered in the Consolidation process are drawn upto the same reporting date as that of the Company i.e., 31<sup>st</sup> March, 2022. The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together like-items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered. The statement pursuant to Section 129 of the Companies Act, 2013 in respect of subsidiaries is attached as **Annexure-2**.

The Board of Directors in its meeting held on 19<sup>th</sup> March, 2022 had decided that the non-value adding / loss making products division/ IT business of the Company, having negative net worth, shall be held in a separate entity for further strategic evaluation and assessment on the way forward for this division. Accordingly, the company has transferred / Sold all its holdings in its two wholly owned overseas subsidiaries, XIUS Holding Corp, USA and Megasoft Consultants SDN BHD Malaysia, to its Ultimately Wholly owned Indian Subsidiary, M/s Nelatop systems Pvt Ltd ("NSPL") on 28th March 2022.

## **Deposits**

The Company has neither raised nor renewed any Deposits as on March 31, 2022 or received any other monies construed 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.

## **Annual Return**

The Annual Return pursuant to the provisions of Section 92(3) of Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014 can be accessed at <http://www.megasoft.com/annual-return.html>

## **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 17<sup>th</sup> 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 22<sup>nd</sup> Annual General Meeting to be held in the year 2022.

In accordance with the provisions of Section 139 of the Companies Act, 2013, the Board of Directors on the recommendation of the Audit Committee has proposed to re-appoint **M/s. N.C. Rajagopal & Co.**, Chartered Accountants (Firm Registration No. 003398S) as Statutory Auditors for second term of five consecutive financial years from ensuing 22<sup>nd</sup> AGM till the conclusion of 27<sup>th</sup> AGM of the Company. Further, the Company received the consent thereto along with a declaration from **M/s. N.C. Rajagopal & Co.**, Chartered Accountants (Firm Registration No. 003398S) to the effect that if they will be appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013 and the rules framed thereunder for appointment as Statutory Auditors of the Company, Further, M/s. N.C. Rajagopal & Co. Chartered Accountants (Firm Registration No. 003398S) have confirmed that they hold a valid certificate issued by the Peer review Board of the Institute of Chartered Accountants of India (ICAI) as required under the SEBI(Listing Obligations Disclosure Requirements), 2015.

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 2022 is annexed to this Directors' Report and forms part of the Annual Report (**Annexure-3**).

### **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.

### **Update on COVID-19**

Note on the COVID-19 has been provided in note number 42 and note number 44 to notes to the Consolidated & Standalone financial statements.

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

The Board of Directors in its meeting held on 4<sup>th</sup> May, 2022 have also approved the Divestment of 100% Equity stake / investment held in its ultimately wholly owned subsidiary viz., Nelatop Systems Private Limited ("NSPL") for an aggregate consideration of INR 5.50 Cr, subject to requisite shareholders approval of the Company under SEBI LODR. The Board of Directors in its meeting held on

4<sup>th</sup> May,2022 also approved Sale of its Indian software product division housed within the Company by way of slump sale for an aggregate consideration of INR 1 Cr., subject to requisite shareholders approval of the Company under applicable law.

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**

People are the key assets for any organization. Your company has a robust Human Resource system and well-structured policies for the holistic development of this asset. The company believes in having cordial relationship with employees and it strives 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 provides necessary induction, training and proper guidance to meet the operational needs of the organization from time to time.

Apart from the Medical Insurance and Life Insurance for the benefit of the employees and their families, the company organizes health awareness program and webinar for the wellbeing of the employee. On several cultural occasions your company conducts team building activities and events to build team spirit and keep the employees motivated. Your company has career progression policy for employee growth. Your Company strongly believes that happy and a satisfied employee will lead the Company to success.

## **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 per 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.

## **Corporate Social Responsibility**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

## **The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year.**

During the financial year, no application was made by or against the Company or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

**Disclosure about the difference between the amount of the valuation executed at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.**

During the year ended no such settlements and valuation done while taking loan from the Banks or Financial Institutions.

**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, Government of Telangana, Government of Tamil Nadu, 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 Board of Directors of Megasoft Limited**

.....  
**Sunil Kumar Kalidindi**  
Executive Director & CEO

.....  
**Anil Kumar Sood**  
Director

Place: Hyderabad  
Date: 30th May 2022

## Annexure-1

### **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 2022, 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 (Subsidiary of Nelatop Systems Private Limited)	Sales Services	NA	NA	8,33,53,718.00
2.	Megasoft Consultants Sdn Bhd (Subsidiary of Nelatop Systems Private Limited)	Sales Services	NA	NA	2,04,92,413.00

**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

.....  
**Sunil Kumar Kalidindi**  
Executive Director & CEO

.....  
**Anil Kumar Sood**  
Director

Place: Hyderabad  
Date: 30th May 2022

**Annexure-2****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 of Subsidiary Companies or Associate Companies or Joint Ventures**

**Part "A": Subsidiaries**

<b>Name of the subsidiary</b>	<b>Nelatop Systems Private Limited (includes XIUS Holding Corp and its subsidiaries and Megasoft Consultants Sdn Bhd)</b>
Country	India
Reporting period	31-Mar-22
Reporting Currency	INR
	Rs lakhs
Share Capital	651
Reserves	(0.25)
Total Assets	3,630.70
Total Liabilities	2,679.95
Investments	-
Turnover	4,867.27
Profit / (Loss) before taxation	(176.26)
Provision for taxation	-
Profit / (Loss) after taxation	(176.26)
Proposed Dividend	-
% of Shareholding	100.00%

During the year Company has set up Velapan Systems Private Limited as its wholly owned subsidiary on 10<sup>th</sup> March,2022 with an investment of Rs 66,00,000/-. Velapan Systems Private Limited did not have any business operations during the year.

**Names of Subsidiaries which have been liquidated or sold during the Year:** The Board of Directors in its meeting held on 19<sup>th</sup> March,2022 had decided that the non-value adding / loss making products division/ IT business of the Company, having negative net worth, shall be held in a separate entity for further strategic evaluation and assessment on the way forward for this division. Accordingly, the company has transferred / Sold all its holdings in its two wholly owned overseas subsidiaries, XIUS Holding Corp, USA and Megasoft Consultants SDN BHD Malaysia, to its Ultimately Wholly owned Indian Subsidiary, M/s Nelatop systems Pvt Ltd ("NSPL") on 28th March 2022.

**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 May 2022

.....  
**Sunil Kumar Kalidindi**  
Executive Director & CEO

.....  
**Anil Kumar Sood**  
Director

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2022

*[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 and Regulation 24A (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To

The Members

**Megasoft Limited**

CIN: L72200TN1999PLC042730

No.85, Kutchery Road,

Mylapore, Chennai – 600 004.

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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 authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on **31<sup>st</sup> March, 2022** complied with the statutory provisions listed hereunder 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:

I 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 **31<sup>st</sup> March, 2022** 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 ('SAST Regulations');
  - (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 (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

I 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 BSE Limited under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') 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:

NIL

**I further report that** the Board of Directors of the Company is constituted with Executive Director, Non-Executive Director 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.

**I 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.

**I further report that** the rights issue committee of the Company vide its meeting dated 14.08.2021 had allotted 2,95,02,748 equity shares of face value of Rs. 10/- each on the Rights basis.

**I further report that** during the audit period

- a. there was re-classification of Sri Power Generation (India) Private Limited from “Public” category to “Promoter and Promoter Group” category in compliance with regulation 31A(5) of SEBI LODR read with SAST Regulations.
- b. M/s. Velapan Systems Private Limited was incorporated on 10<sup>th</sup> March, 2022 as wholly owned subsidiary of the Company.
- c. M/s. Nelatop Systems Private Limited was incorporated on 14<sup>th</sup> March, 2022 as wholly owned subsidiary of the Company.
- d. the company has transferred / Sold all its holdings in its two wholly owned overseas subsidiaries, XIUS Holding Corp, USA and Megasoft Consultants SDN BHD Malaysia at the fair valuation, to its Wholly owned Indian Subsidiary, M/s Nelatop Systems Private Limited on 28<sup>th</sup> March 2022.

For **M DAMODARAN & ASSOCIATES LLP**

Place: Chennai

Date: 18/05/2022

M. DAMODARAN  
Managing Partner  
Membership No.: 5837  
COP. No.: 5081  
FRN: L2019TN006000  
PR 1374/2021  
ICSI UDIN: F005837D000338609

*(This report is to be read with my 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.

My Secretarial Audit 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I 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. My 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.
7. I have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.

For **M DAMODARAN & ASSOCIATES LLP**

Place: Chennai  
Date: 18.05.2022

M. DAMODARAN  
Managing Partner  
Membership No.: 5837  
COP. No.: 5081  
FRN: L2019TN006000  
PR 1374/2021  
ICSI UDIN: F005837D000338609

## 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	%
Sunil Kumar Kalidindi	Executive Director & CEO	02344343 10/12/2021	--	--	--	--	--	--
Anil Kumar Sood	Independent Non-Executive	00086577 28/04/2007	--	--	--	--	--	--
Anish Mathew	Independent Non-Executive	02545538 31/01/2009	--	--	--	--	2,99,018	0.40 %
Leona Ambuja (Ms.)	Independent Non-Executive	07138817 31/03/2015	--	--	--	--	--	--
Kalyan Vijay Sivalenka	Independent Non-Executive	06404449 29/09/2020	--	--	--	--	--	--
Suryanrayana Raju Nandyala	Additional Non-Independent Non-Executive	01581731 24/12/2021	--	---	--	--	--	--

\* 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.

The Board of Directors of the company met Nine times during the financial year 2021-22:

Director	Board meetings held on								
	May 05, 2021	August 03, 2021	November 03, 2021	December 10, 2021	December 24, 2021	February 14, 2022	February 17, 2022	March 16, 2022	March 19, 2022
Sunil Kumar Kalidindi	NA*	NA*	NA*	NA*	✓	✓	✓	✓	✓
Anil Kumar Sood	✓	✓	✓	✓	✓	✓	✓	✓	✓
Anish Mathew	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Leona Ambuja	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kalyan Vijay Sivalenka	✓	✓	✓	✓	✓	✓	✓	✓	✓
Suryanarayana Raju Nandyala	NA**	NA**	NA**	NA**	NA**	✓	✓	✓	✓
Upender Mekala Reddy	✓	✓	✓	LOA	NA	NA	NA	NA	NA
G V Kumar	✓	✓	✓	LOA	NA	NA	NA	NA	NA

\*Sunil Kumar Kalidindi was appointed as an Additional Director (Executive & CEO) on 10.12.2021

\*\*Suryanarayana Raju Nandyala was appointed as an Additional Director on 24.12.2021

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 05, 2021 to discuss:

- Review the performance of the Directors.
- Review 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 2021-22:

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 2021-22:

Members	Audit/ Risk & Compliance Committee Meetings held on			
	May 05,2021	August 03, 2021	November 03,2021	February 14,2022
Anil Kumar Sood – Chairperson	✓	✓	✓	✓
Anish Mathew	✓	✓	✓	✓
Leona Ambuja	✓	✓	✓	✓
Upendar Mekala Reddy	✓	✓	✓	NA*
Kalyan Vijay Sivalenka	NA**	NA**	NA**	✓
Suryanarayana Raju Nandyala	NA***	NA**	NA***	✓

\*Upendar Mekala Reddy tendered his resignation with effect from 10<sup>th</sup> December,2021.

\*Kalyan Vijay Sivalenka was appointed as Member of Committee by the Board at its Meeting held on 10.12.2021.

\*Suryanarayana Raju Nandyala was appointed as an Additional Director on 24.12.2021 and was appointed as Member of Committee by the Board at its Meeting held on 24.12.2021.

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 three times during the financial year 2021-22:

Director	Nomination & Remuneration Committee Meetings held on		
	May 05,2021	December 10,2021	December 24,2021
Anish Mathew - Chairperson	✓	✓	✓
Anil Kumar Sood	✓	✓	✓
Leona Ambuja	✓	✓	✓
Kalyan Vijay Sivalenka	✓	✓	✓

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
Sunil Kumar Kalidindi	9.16	--	--	9.16
Anil Kumar Sood	--	--	2.70	2.70
Anish Mathew	--	--	2.40	2.40
Leona Ambuja	--	--	2.70	2.70
Kalyan Vijay Sivalenka	--	--	2.40	2.40
Suryanarayana Raju Nandyala	--	--	0.75	0.75

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 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 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.

No. of Shareholders Complaints received during the year-2

Solved to the satisfaction of the shareholders-2

Number of pending complaints- Nil

The Committee met two times during the financial year 2021-22

Members	Stakeholders' Relationship Committee Meetings held on	
	May 05,2021	November 03,2021
Anil Kumar Sood- Chairperson	✓	✓
Sunil Kumar Kalidindi	NA*	NA*
G V Kumar	✓	✓
Leona Ambuja	✓	✓
Kalyan Vijay Sivalenka	✓	✓

\*Sunil Kumar Kalidindi was appointed as an Additional (Executive) Director on 10.12.2021 and was appointed as Member of Committee by the Board at its Meeting held on 10.12.2021.

Ms. Srivalli Susarla, Company Secretary also functions as the Compliance Officer.

## 6 CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as Annexure A

## 7 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
Sunil Kumar Kalidindi	√	√	√	√	√	√	√
Anil Kumar Sood	√	√	√	√	√	√	×
Anish Mathew	√	√	√	√	×	√	√
Leona Ambuja	√	√	√	√	×	√	√
Kalyan Vijay Sivalenka	√	√	√	√	×	√	√
Suryanarayana Raju Nandyala	√	√	√	√	×	√	√

## 8 GENERAL BODY MEETINGS

Annual General Meetings (AGM)

Year	AGM	Location	Date	Time	Special Resolutions passed
2021	21st	AGM through VC/OAVM	28 <sup>th</sup> June,2021	10.00 AM	2
2020	20 <sup>th</sup>	AGM through VC/OAVM	22 <sup>nd</sup> September,2020	10.00 AM	Nil
2019	19 <sup>th</sup>	Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai – 600083	13 <sup>th</sup> August,2019	9.00 AM	5

The resolutions at the last AGM were passed by e-voting and e-voting at the AGM 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 the Postal Ballot process.

## 9 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.

## 10 SUBSIDIARY COMPANIES

The company have two Indian subsidiary i.e., Nelatop Systems Private Limited and Velapan Systems Private Limited which were incorporated on 14<sup>th</sup> March,2022 and 10<sup>th</sup> March,2022 respectively.

Both the subsidiary companies have been incorporated with similar business activities as that of the Company. The financial statements of the subsidiary companies were placed before and reviewed by the Audit/Risk & Compliance Committee.

## 11 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:

Type of Service	(₹ in Lakhs)	
	FY 2021-22	FY 2020-21
Audit Fee	23.49	21.32
Tax Fee	-	-
Others	9.91	5.85

## 12 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.

## 13 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 2022 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.

### Credit ratings

During the year the Company had obtained a credit rating from India Ratings & Research Private Limited dated 06 July,2021 wherein the ratings has been upgraded to 'IND BBB' from 'IND BBB-' for long term issuer rating.

## 14 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 2022, the company announced the Audited annual financial results on 30<sup>th</sup> May, 2022.

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.

## 15 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 and General Circular No. 20/2021 dated December 08, 2021 and General Circular No. 2/2022 dated May, 05, 2022 issued by the Ministry of Corporate Affairs, the 22<sup>nd</sup> Annual General Meeting (AGM) of the members of the Company for the year ended March 31, 2022 is scheduled to be held on Friday, September 23, 2022 at 10.00 AM IST through Video Conferencing/OAVM. The Members as on the cut-off date i.e. September 16, 2022 may attend the same through VC/OAVM or watch the live web-cast at [www.evotingindia.com](http://www.evotingindia.com). Detailed instructions for participation are provided in the Notice of the 22<sup>nd</sup> AGM.

### ▪ Calendar for Financial Results 2022-23

1 April to 31 March

- Unaudited quarterly results- First quarter – July to first half of August 2022
- Unaudited quarterly results-Second quarter / half yearly – October to first half of November 2022
- Unaudited quarterly results-Third quarter – January to first half of February 2023
- Annual results for the year ending 31 March 2023 – April to May 2023

Annual General Meeting for the year ending 31 March 2023 – May to September 2023

### ▪ Date of book closure

September 17, 2022 to September 23, 2022 (both days inclusive)

### ▪ Listing on Stock Exchanges

The company's equity shares are listed in India:

#### **BSE Limited**

Phiroze JeeJee Bhoj 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.

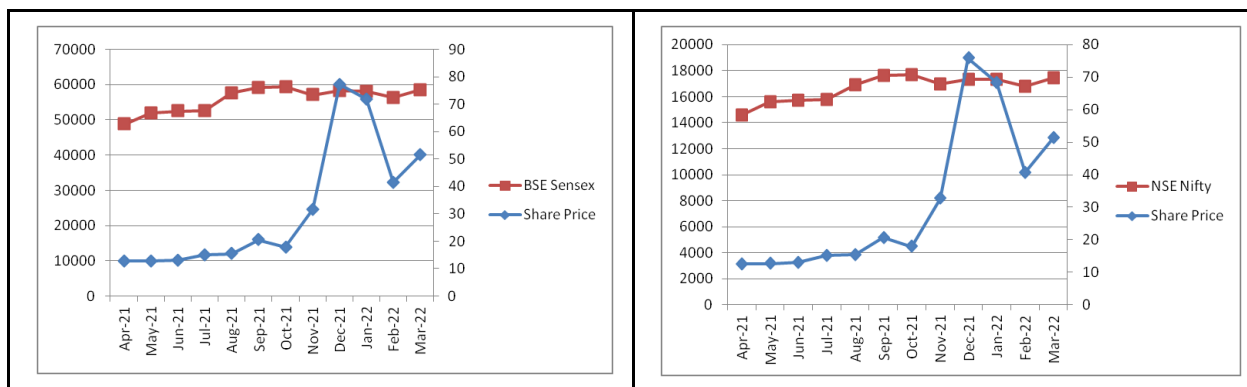
### ▪ Stock Code

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	15.3	9.10	12.63	24,22,187	15.00	9.1	12.7	69,62,119
May	14.00	11.20	12.68	7,50,717	14.1	11.15	12.7	25,68,906
June	14.61	12.00	13.1	11,38,770	14	11.85	13	25,00,053
July	16.6	12.60	15.09	33,26,401	16.6	12.9	14.95	92,22,479
August	17.35	12.40	15.5	16,40,886	17.2	12.4	15.45	51,05,914

September	22.45	15.05	20.7	26,97,028	22.4	15.25	20.5	71,30,642
October	22.4	17.00	17.9	10,30,325	22.5	17	17.9	52,56,558
November	35	17.55	32.2	18,71,475	35.00	17.75	31.6	94,34,446
December	83.5	29.10	75.9	32,56,216	84.75	28.55	77.25	1,56,04,189
January	87.75	55.85	68.45	27,43,412	87.75	56.3	71.8	1,14,02,616
February	71.85	38.70	40.7	10,72,898	72.9	38.55	41.35	46,36,958
March	55.2	40.00	51.35	19,58,197	55.00	40.25	51.45	64,30,979



▪ **Distribution of shareholding as on 31 March 2022**

No of Shares held	No of Shareholders	% of Shareholders	No of Shares	% of Shareholding
10-5000	28243	80.6919	32071280	4.3474
5001-10000	2817	8.0483	23059240	3.1258
10001-20000	1634	4.6684	25223690	3.4192
20001-30000	604	1.7256	15564230	2.1098
30001-40000	326	0.9314	11631910	1.5767
40001-50000	308	0.8799	14725110	1.9960
50001-100000	497	1.4199	37990790	5.1498
100001 & Above	572	1.6342	577434160	78.2748
<b>Total</b>	<b>35001</b>	<b>100.0000</b>	<b>737700410</b>	<b>100.0000</b>

▪ **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 97.93% of outstanding equity shares of the company have been dematerialised as on 31 March 2022.

Category	Number of shareholders	Number of shares	% to total equity
Demat mode			
NSDL	15,713	5,13,85,685	69.66
CDSL	18,471	2,08,56,446	28.27
Physical mode	817	15,27,910	2.07
<b>Total</b>	<b>35001</b>	<b>7,37,70,041</b>	<b>100.00</b>

▪ Categories of shareholders

	Category of shareholder	No. of shareholders	Total No. of shares	% of shareholding
<b>A</b>	<b>Shareholding of Promoter and Promoter Group</b>			
	Indian Promoters	1	3,22,86,926	43.77
	<b>Total Shareholding of Promoter Group</b>	<b>1</b>	<b>3,22,86,926</b>	<b>43.77</b>
<b>B</b>	<b>Public Shareholding</b>			
1	Institutions			
	Mutual Funds / UTI	0	0	0.00
	Financial Institutions / Banks	2	212	0.00
	Venture Capital Funds	0	0	0
	Insurance Companies	0	0	0
	Foreign Institutional Investors	0	0	0.00
	Others-Foreign Portfolio Investors	0	0	0.00
	<b>Sub Total B(1)</b>	<b>2</b>	<b>212</b>	<b>0.00</b>
<b>2</b>	<b>Non-institutions</b>			
	Bodies Corporate	268	11,08,995	1.5
	Individuals			
	Individual shareholders holding nominal share capital up to Rs. 2 lakh	32,386	1,80,99,671	24.54
	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	243	1,71,15,926	23.2
	Others:			
	Directors & their Relatives	1	37,021	0.05
	HUF	606	10,79,285	1.46
	Trusts	2	105	0.00
	NRI	325	24,90,327	3.38
	Clearing Members	48	15,51,573	2.1
	<b>Sub Total B(2)</b>	<b>33,879</b>	<b>4,14,82,903</b>	<b>56.23</b>
	<b>Total Public Shareholding (B)=B(1)+B(2)</b>	<b>33,881</b>	<b>4,14,83,115</b>	<b>56.23</b>
	<b>Total (A+B)</b>	<b>33,882</b>	<b>7,37,70,041</b>	<b>100.00</b>

▪ Shareholders holding more than 1% of the equity share capital

	Name of the shareholder	No. of shares	% of shareholding
1.	Sri Power Generation (India) Private Limited	3,22,86,926	43.77
2.	Rajagopalan Shyamsunder	8,46,936	1.15
3.	Anil Vishanji Dedhia	8,00,000	1.08
4.	Kotak Securities Limited	7,54,106	1.02
5.	Srinivas Raju D	7,47,600	1.01
	<b>Total</b>	<b>3,54,35,568</b>	<b>48.52</b>

▪ Registrar and Share Transfer Agents

Cameo Corporate Services Limited

Annual Report 2021-22

## 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 the 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(if any), 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 during the year 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 of Megasoft Limited

Place: Hyderabad  
Date: 30<sup>th</sup> May 2022

.....  
Sunil Kumar Kalidindi  
Executive Director & CEO

.....  
Anil Kumar Sood  
Director

# Management's Discussion and Analysis

## (1) Background and Overview

Over the years your Company's presence has been in the telecom sector, providing technology platforms & solutions to the global telecom industry, especially mobile telecom service providers. During the year your company had undertaken a corporate restructuring exercise leading to changes in the Memorandum of Association defining the new areas of business that your Company intends to pursue, including Pharmaceuticals, Defense, Manufacturing etc. The Company divested its IT Business and has decided to foray, to begin with, into the Pharma Industry.

Pharma Industry has grown significantly due to the COVID-19 crisis. It has become a critical industry during this pandemic. The opportunities provided by the Pharmaceutical Industry has prompted the company to expand in this newer horizon thereby improving and bringing in better value to all the stakeholders.

As a first step towards this and after carrying out all the requisite due diligence your company plans to invest in Extrovis AG by taking an equity stake. Extrovis AG is an integrated pharmaceutical company headquartered in Switzerland focusing on the development and manufacturing of niche and differentiated finished dose pharmaceutical products. Several of the company's products are backward integrated with in-house API. The company is backed by seasoned management with a combined experience of 50+ years. Extrovis has a strong, balanced pipeline of 20+ products including complex oral solid products, complex injectables and drug-device combinations. The company has multiple products in the regulatory approval phase globally. It owns a bespoke manufacturing facility in the European Union to cater for a customized supply chain including ultra-low volume products in several language variants.

Your company has plans to diversify in other industries as well and work towards its success and growth in the coming years.

## (2) Financial results

Your company reported a consolidated turnover of ₹ 5239.61 lakhs in 2022 as against ₹ 5940.22 lakhs in 2021. Profit after tax for the financial year under review is ₹ 449.49 lakhs.

Below is the brief of Sources of Revenue during 2021-2022 however, it pertains to the telecom business which is being divested .

### (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 along with AMCs (Annual Maintenance Contracts).

### (B) Significant Transactions during the period under review

During the financial year 2021-2022 your company came up with and concluded a Rights Issue, the proceeds of which were used to pay the aggregate outstanding borrowings of the company on a consolidated basis. Also during the year the company concluded and signed a Lease Agreement for the third and the Final Block (Block 3) for its share for which the company started receiving

rentals as declared by the company vide its disclosure to the Stock Exchange on 3<sup>rd</sup> January 2022. Apart from this during the previous financial year the company transferred/sold all its holdings in its two wholly owned overseas subsidiaries ,XIUS Holding Corp, USA and Megasoft Consultants SDN.BHD Malaysia to M/s Nelatop Systems Private Limited, ultimately wholly owned Indian Subsidiary of the company.

### (3) Industry Outlook

Pharma products demand is driven by underlying medical needs, which are expected to remain unaffected due to COVID-19. Fluctuations in the sales and procurement will be short lived. New opportunities for the industry have emerged with growing demand in categories like preventive healthcare products and hygiene products. Growing focus on local manufacturing will bring new opportunities for companies with global production presence and a reliable supply track record. Most are likely to focus on operational agility and resilience through stronger digital and analytical initiatives. The industry is undergoing material changes as the world tides over the crisis. Key regulators are considering measures like product sampling at geological borders, tracking company's compliance history, government to government information exchange and speedier approvals processes. Companies that can respond to these continuous changes and establish controls mechanisms, will emerge stronger in a post pandemic era.

The global pharmaceutical market was valued at US\$ 1.4 trillion in 2021, and is expected to grow at a CAGR of 3–6% in the next five years, reaching a market size of US\$ 1.8 trillion by 2026. Spending on COVID-19 vaccinations is also included in this projection, and the overall vaccine spending is expected to reach US\$ 251 billion by 2026. In developed markets, adoption of innovative therapies and specialty medicines will drive medicine pharmaceutical growth, while loss of exclusivity and competition from generics and biosimilars, may slow growth. From 2017 to 2021, the pharmaceutical markets in the developed world expanded at a CAGR of ~4.3%, reaching US\$ 1.05 trillion, and are expected to grow at 2-5% CAGR to reach US\$ 1.23 - 1.26 trillion by 2026.

In pharmerging markets, growing access to healthcare and increase in spendings on medicines, will help grow the pharma spending going forward. The pharmerging markets grew at a CAGR of 7.8% between 2017 and 2021, reaching US\$ 353.2 billion in spendings in 2021, and are expected to see a growth of 5.08% through 2026.

Developed markets growth is expected to be led by the adoption of specialty medicines and new treatments. Post the onslaught of COVID-19 pandemic there is increased emphasis on better healthcare access in most countries. The growth in pharmerging markets will be led by volumes, insurance coverage and spending's on innovative medicines.

#### KEY INDUSTRY TRENDS:

- **Specialty drugs:** In higher-income countries, specialty medicines have continuously gained the share of spending, from 2011 onwards. Pharmerging countries have not been able to keep abreast mostly due to the cost. The share of spend has grown, but only marginally. It is expected that by 2026, specialty medicines will account for 45% of global pharma consumption, developed nations accounting for over 50% of it.
- **Biosimilars:** The innovative medicine adoption in developed countries will continue to be a critical factor influencing pharmaceutical spending and growth, however the same is expected to be countered by biosimilars, patent expiries and generics. Biosimilars will lead to the higher impact of exclusivity losses of US\$ 188 billion over five years. Spending's on Immunology is expected to contract to 6–9% through 2026, dropping from 17% during the past five years, despite a volume growth of 12% annually.

### (4) Business Strategy and Focus for 2022-2023

Your company has historically been focused on new age technologies, upcoming growth areas and also been able to develop a steady stream of revenue. The company shall continue to strive towards growing into new growth areas like innovation / R&D driven pharmaceutical, new age technology driven businesses and high growth areas like defence manufacturing. Your company shall endeavor to make value accretive acquisitions and investments in the identified areas and enhance the shareholders wealth over the course of next few years.

### (5) Risks and Concerns

Below are the possible risk and probable mitigation actions.

- **Foreign Currency Fluctuation:** Currencies have been facing high fluctuations against the greenback over last 18-24 months. INR has depreciated almost 10% over last 12 months against US dollar. Given your company's funds availability in INR as against the potential investments in other geographies, there is a risk that the investment's value may not increase to the extent anticipated due to changes in the relative value of the involved currencies. However, given the trend of INR vis-à-vis US Dollar, we do not expect Rupee to strengthen. Additionally, your company keeps evaluating investment opportunities

in multiple geographies. Investment in currencies other than US Dollar, can also act as a natural hedge for Dollar denominated investments.

- **Management/Team:** The success of the investments depends on the efficient management and an effective team. Areas of focus of your company have a higher degree of correlation with quality of management and operating team. However, while making the investments, your company ensures that the management teams are of high quality and they continue to have the interest aligned with the goals of the company.
- **Political Risk:** The political situation in countries leads to risks as political systems and government policies are prone to changes. These variances have a strong impact on businesses, economy and investments. This risk has a varied probability depending on the country in consideration. Your company keeps evaluating investment opportunities in multiple geographies which can significantly diversify & mitigate the political risk.
- **Liquidity Risk:** Liquidity risk refers to the difficulty faced by investors in exiting the investment at the desired time, or not being able to attract the right buyer for a right price or a high transaction cost required to be paid. Your company is focused on high growth areas for investment and is keen on investing in niche areas. Due to the high growth potential of these investments, these companies are bound to attract investor interest throughout the growth journey. As a result the liquidity risk is naturally mitigated. Additionally, your company invests with a long term vision, strategy and plan, which has a pre-defined path for exit.
- **Intellectual property and technology risk:** Your company and its investments have high dependence on the innovation capacity, which in turn is based on intangible assets. The infringement of intangibles is open to interpretation and subjective in nature. All that is required for such an infringement is host regulator or authority turning a blind eye on the actions of the infringers. The global investments in innovation and R&D driven activities can put the investor's broader knowledge base at risk. Keeping in mind the potential risks to the Intellectual properties acquired, invested into or developed, your company prefers to invest in mature markets from an IP regulation stand-point, or geographies which have high degree of predictability or geographies with strong formal institutions like efficient bureaucracies, rule of law and an independent judiciary where IPR regulations provide protection and justice to all firms.

## (6) 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. The company regularly assesses 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.

## (7) Human Assets

People are the key assets for any organization. Your company has a robust Human Resource system and well-structured policies for the holistic development of this asset. The company believes in having cordial relationship with employees and it strives 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 provides necessary induction, training and proper guidance to meet the operational needs of the organization from time to time.

Apart from the Medical Insurance and Life Insurance for the benefit of the employees and their families, the company organizes health awareness program and webinar for the wellbeing of the employee. On several cultural occasions your company conducts team building activities and events to build team spirit and keep the employees motivated. Your company has career progression policy for employee growth. Your Company strongly believes that happy and a satisfied employee will lead the Company to success.

## **(8) Property**

During the year 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 Hyderabad, consisting of 3 blocks. Block 1 of the said IT facility was completed in 2018-19 and block 2 was completed during fiscal (2019-20) and the same was rented out as announced by the company in its disclosure on 5 February 2020. Your company started receiving rentals for Block 2, from the last month of financial year 2020-21. During the year 21-22 the company concluded and signed a Lease Agreement for the third and the Final Block (Block 3) for its share for which the company started receiving rentals as declared by the company vide its disclosure to the Stock Exchange on 3<sup>rd</sup> January 2022

## **(9) Financial results review**

The financial statements complied with the requirements of the Companies Act, 2013, and the Generally Accepted Accounting Principles (GAAP) in India.

## **FINANCIAL PERFORMANCE (CONSOLIDATED)**

### **Share capital**

The share capital increased to Rs. 7,377 lakhs from 4,426.73 Lakhs by issuing the right shares.

### **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 FY 21-22 is Rs.2, 500 lakhs against Rs. 2,950.47 lakhs in the year 20-21. During the year the company repaid the aggregate outstanding borrowing on a consolidated basis. In March 2022 the company had a fresh borrowing of Rs.2,500 Lakhs.

### **Deferred tax liability / asset**

The deferred tax asset is Rs. (0.41) lakhs at the end of the financial year as against deferred tax asset of Rs.62.14 lakhs in the previous year.

### **Trade Payables & Other current liabilities**

The trade payables and other current liabilities decreased to Rs.7, 664.64 lakhs in 2022 from Rs. 14,617.35 lakhs in 2021. The decrease is on account of reduction in other payables.

### **Provisions**

As at	Short term		Long term		Total	
	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
Provision for retirement benefits	109.08	13.53	127.13	136.25	236.21	149.78

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

### Fixed assets

The fixed assets increased to Rs.18, 651.83 lakhs in the current year from Rs. 16,861.57 lakhs in the previous year the details of which are available in the fixed assets schedule No 2

### Trade receivables

The Decrease in trade receivables (net of provisions) stood at Rs.2, 270.52 lakhs as against Rs. 3, 114.32 lakhs in the previous year.

### Cash and bank balances

The current year cash and bank balances is of Rs.3,524.26 lakhs against the previous year-end balance at Rs. 676.76 lakhs. The yearend balance was higher, in the interim, due to the fresh borrowing.

### Short term loans and advances

The short term loans and advances decreased to Rs.380.10 lakhs in 2022 from Rs.1, 504.18 lakhs in 2021. The details of which are available in schedule no 11.

### Results of operations (consolidated)

For the period / year ended	31-Mar-2022	31-Mar-2021
	Rs lakhs	Rs lakhs
Revenues	5,239.61	5,940.22
EBIDTA	838.25	1,096.55
Finance cost	294.49	548.96
Depreciation	361.42	363.04
<b>Profit /(Loss) before exceptional Item and Tax</b>	<b>182.34</b>	<b>184.55</b>
Exceptional Items(Net)	341.87	-
Profit after exceptional item and before tax	524.21	184.55
Less: Taxes	62.08	(0.26)
<b>Profit after tax</b>	<b>462.13</b>	<b>184.81</b>

### Revenues

The consolidated revenues Decreased to 5,239.61 lakhs in the FY21-22 from Rs.5, 940.22 lakhs in FY 20-21.

### Other Income

Other income for FY 21-22 is 2670.20 against 686.40 for the previous year 20-21. This is on account of increase in rental income with Block 3 also getting leased out during the year along with rentals for Block 1 and Block 2.

### Software, hardware and material costs

The Software, hardware and material costs is Rs.1, 713.79 lakhs in 2021-22 against Rs. 1,937.60 lakhs in the previous year 2020-21. The decrease is in the normal course of business.

## Employee cost

The increase in employee cost to Rs.1, 556.43 lakhs in 2022 from Rs. 1,311.84 lakhs in 2021 is in the normal course of business.

## Other expenses

The increase in other expenses to Rs.3, 801.34 lakhs in 2022 from Rs.2, 280.63 lakhs in 2021 is .The details of which are available as per schedule no 27.

## Finance cost

The finance cost decreased to Rs.294.49 lakhs in 2022 from Rs. 548.96 lakhs in 2021. Finance cost has decreased during the year 2022 due to repayment of aggregate borrowings on a consolidated basis.

## 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 Rs 363.04 lakhs in the previous financial year to Rs 361.42 lakhs in 2022 is in the normal course of business.

## FINANCIAL PERFORMANCE (STANDALONE)

### Share capital

The share capital increased to Rs. 7,377 lakhs from Rs. 4,426.73 Lakhs by issuing the right shares.

### 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 FY 21-22 is Rs.2, 500 lakhs against Rs. 2,950.47 lakhs in the year 20-21. During the year the company repaid the aggregate outstanding borrowing on a consolidated basis. In March 2022 the company had a fresh borrowing of Rs.2,500 Lakhs.

### Deferred tax liability/asset

The deferred tax asset was Rs. Zero lakhs at the end of the financial year as against deferred tax asset of Rs 62.14 lakhs in the previous year.

### Trade Payables & Other current liabilities

The Trade payables and other current liabilities Decreased to Rs.4, 684.17 lakhs from Rs. 12,751.11 Lakhs in 2021.

As at	Short term		Long term		Total	
	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
Provision for retirement benefits	109.08	13.53	127.13	136.25	236.21	149.78

### Provisions

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

### Fixed assets

The fixed assets are Rs. 18,497.61 Lakhs in 2022 as against Rs. 13,752.19 lakhs in the previous year 2021. The details are available in schedule no 2

### Investments

Investment of 651.90 Lakhs were made during the financial year under review in the Indian subsidiary

### Trade Receivables

The decrease in Trade Receivables from Rs 2,822.74 lakhs in the previous year to Rs 898.20 lakhs in the current year.

### Cash and bank balances

The cash and bank balance was Rs 3,220.04 lakhs in 2022 as against Rs 18.44 lakhs in 2021. The yearend balance was higher, in the interim, due to the fresh borrowing.

### Short term loans and advances

There is a decrease in short term loans and advances to Rs 1,418.11 lakhs in 2022 from Rs. 7,720.17 lakhs in 2021.

### Result of Operations (Standalone) Needs correction

For the period / year ended	31-Mar-2022	31-Mar-2021
	Rs lakhs	Rs lakhs
Revenues	1410.80	1646.60
EBIDTA	823.68	755.02
Finance cost	205.81	273.69
Depreciation	339.37	343.30
<b>Profit/(Loss) before Exceptional Item and Tax</b>	<b>278.50</b>	<b>138.03</b>
Exceptional Items(Net)	341.87	-
Profit after Exceptional Item and before tax	620.37	138.03
Less: Taxes	62.14	-0.85
<b>Profit after tax</b>	<b>558.23</b>	<b>138.88</b>

### Revenues

Revenues were Rs 1410.80 lakhs in 2022 as against Rs 1646.60 lakhs in 2021.

### Other Income

Other income for FY 21-22 is 2670.20 against 686.40 for the previous year 20-21. This is on account of increase in rental income with Block 3 also getting leased out during the year along with rentals for Block 1 and Block 2.

### Software, hardware and material costs

The Software, hardware and material costs was Rs.21.65 lakhs in 2022 as against Rs. 45.95 lakhs in 2021.

### Employee cost

The increase in employee cost to Rs 1,034.95 lakhs in 2022 from Rs 857.27 lakhs in 2021 is in the normal course of the business.

**Other expenses**

There is an increase in other expenses from Rs. 674.77 lakhs in 2021 to Rs. 2200.72 lakhs in 2022. The details are available in schedule no 27.

**Finance cost**

There is a decrease in finance cost from Rs 273.69 lakhs in 2021 to Rs 205.81 lakhs in 2022.

**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 Rs 339.37 lakhs in 2022 as against Rs 343.30 lakhs in 2021.

## **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 31<sup>st</sup> March 2022, 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 : 30.05.2022

Arjun S  
Partner  
(Membership No. 230448)  
UDIN: 22230448AJVSTL5944

### 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<sup>st</sup> March 2022 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 : 30<sup>th</sup> May, 2022

.....  
**Sunil Kumar Kalidindi**  
Executive Director & CEO

.....  
**Shridhar Thathachary**  
CFO

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#### 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 the website of the company at [www.megasoft.com](http://www.megasoft.com). As Executive Director and CEO of Megasoft Limited and as required by Regulation 26 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 2021-22.

.....  
**Sunil Kumar Kalidindi**  
Executive Director and CEO

Place: Hyderabad

Date : 30<sup>th</sup> May, 2022

**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,  
No.85, Kutchery Road, Mylapore,  
Chennai – 600 004.

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries 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 No. 85, Kutchery Road, Mylapore, Chennai - 600 004 (hereinafter referred to as 'the Company'), produced before me 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 my opinion and to the best of my 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 me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022 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. Sunil Kumar Kalidindi	02344343	10/12/2021
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
5.	Mr. Sivalenka Kalyan Vijay	06404449	29/09/2020
6.	Mr. Suryanarayana Raju Nandyala	01581731	24/12/2021

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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 : 30.04.2022

M. DAMODARAN  
Managing Partner  
Membership No.: 5837  
COP. No.: 5081  
ICSI UDIN.: F005837D000248191

## 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 accompanying Consolidated Ind AS Financial Statements of MEGASOFT LIMITED ("the Holding Company") and its Subsidiaries Velapan Systems Private Limited and Nelatop Systems Private Limited (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2022, and Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Ind AS Financial Statements 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 Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31st March, 2022, and consolidated profit, consolidated changes in equity and its consolidated 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 Group 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><b>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":</b></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 Holding Company has not recognized revenue for sales initiated in the current year for which physical delivery of goods / rendering of service has happened in the next financial year.</p>	<p>We assessed the Holding 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"><li>➤ Evaluated the process relating to implementation of the new revenue accounting standard.</li><li>➤ 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.</li><li>➤ Identified the distinct performance obligations in these contracts.</li><li>➤ Compared these performance obligations with that identified and recorded by the Company.</li></ul>

		<ul style="list-style-type: none"> <li>➤ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul>
<b>2</b>	<p><b>Evaluation of uncertain tax positions:</b></p> <p>The Holding Company has uncertain tax and legal positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p>	<ul style="list-style-type: none"> <li>➤ We obtained the list of legal cases filed by and on the Company.</li> <li>➤ We Obtained details of completed tax assessments and demands for the year ended March 31, 2022 from management.</li> <li>➤ We also reviewed Company's correspondences and appeal documents.</li> <li>➤ We obtained status reports from the existing counsels handling each case.</li> <li>➤ Ascertained whether the chances of crystallization of liability are probable/ possible/ remote.</li> <li>➤ Ensured appropriate disclosure under Notes on accounts.</li> </ul>
<b>3</b>	<p><b>Capitalization of Building, Transfer of Land upon Operation of Joint Development Agreement:</b></p> <p>The Company capitalized the 3rd Block of its Building received out of the Joint Development Agreement entered into with a developer. The Company also transferred a portion of its landed property arising out of the Joint Development Agreement.</p>	<p>We scrutinized all the documents maintained and agreements entered into by the Company, including but not limited to the original Joint Development Agreement, Occupancy Certificate, Valuation Reports to ensure that the value of the capitalization of building, transfer of land and the resultant gain is accurate.</p> <p>This transaction has also been disclosed as an exceptional item in the Consolidated Statement of Profit and Loss for the purpose of better understanding by the users of the Financial Statements.</p>
<b>4</b>	<p><b>Sale of Investments:</b></p> <p>During the year, the Company has sold its investments in two foreign subsidiaries to another Indian subsidiary.</p>	<p>In respect of the disinvestment made, we checked documents such as sale agreements, Board resolutions, valuation reports etc. to confirm the correctness of the amounts recorded. We also ensured appropriateness of the accounting treatment and disclosure in line with the extant statutory regulations as well as the Indian Accounting Standards.</p> <p>This transaction has also been disclosed as an exceptional item in the Consolidated Statement of Profit and Loss for the purpose of better understanding by the users of the Financial Statements.</p>

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

The Holding 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 Holding 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 and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013, that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the Company's financial reporting process of the Group.

## 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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other

auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 Matters**

We did not audit the financial statements / financial information of 2 subsidiaries, whose financial statements / financial information reflect total assets of Rs. 3,696.29 lakhs as at 31st March, 2022, total revenues of Rs. 4,954.97 lakhs and net cash flows amounting to Rs. 304.22 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information 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 subsidiaries, and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion 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 / financial information certified by the Management.

## **8. Report on Other Legal and Regulatory Requirements**

- I. With respect to the matter specified in paragraphs Clause (xxi) of the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Independent Auditor's Report, according to the information and explanations given to us, and based on the Independent Auditor's Reports issued by the subsidiaries' Auditors, included in the consolidated financial statements of the Company, to which reporting under the Order is applicable, we report that there are no qualifications or adverse remarks in these reports.
- II. 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 of the aforesaid Consolidated Ind AS Financial Statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the aforesaid Consolidated Ind AS Financial Statements.
  - (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 of the Holding Company as on 31st March, 2022, taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies, none of the Directors in the Group companies is disqualified as on 31st March, 2022 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 Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) 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 Consolidated Ind AS Financial Statements disclose the impact of pending litigation on the consolidated financial position of the Group - Refer Note No. 32 to the Consolidated Ind AS Financial Statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company,

and its subsidiary companies.

iv.

(a) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note No. 30(n) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No. 30(n) to the accounts, no funds have been received by the Group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014 contain any material misstatement.

v. No dividend has been declared or paid during the year by the Group.

**For N.C. Rajagopal & Co.**

Chartered Accountants

Firm Reg No : 003398S

Place: Chennai

Date : 30.05.2022

**Arjun S**

**(Partner)**

Membership No. 230448

UDIN: 22230448ALDGNE9348

## **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 Group as of and for the year ended 31st March, 2022, 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 India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding company and its subsidiary companies, which are companies incorporated in 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 and its subsidiary companies, which are companies incorporated in India, have, 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 31st March, 2022, 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 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Place: Chennai  
Date : 30.05.2022

**Arjun S**  
**(Partner)**  
Membership No. 230448  
UDIN: 22230448ALDGNE9348

# Consolidated Balance Sheet

	Note	As at 31-Mar-2022 ₹ in lakhs	As at 31-Mar-2021 ₹ in lakhs
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Non-Financial Assets			
Property, Plant and Equipment	2	18,651.83	16,861.57
Goodwill		1,758.74	7,936.12
Financial Assets			
Other Financial Assets	3	132.08	127.66
Deferred Tax Assets	4	-	61.66
Other Non Current Assets	5	10.84	15.84
<b>Current Assets</b>			
Financial Assets			
Trade Receivables	6	2,270.52	3,114.32
Cash And Cash Equivalents	7	3,524.26	676.76
Other Balances with Bank	8	199.31	47.23
Loans	9	750.00	-
Current Tax Assets (Net)	10	937.20	1,387.46
Other Current Assets	11	380.10	1,504.18
<b>TOTAL ASSETS</b>		<b>28,614.88</b>	<b>31,732.80</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	12 A	7,377.00	4,426.73
Other Equity	12 B	11,073.24	9,738.26
<b>Total Equity</b>		<b>18,450.24</b>	<b>14,164.99</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowing	13	2,396.90	-
-Lease Liabilities	14	296.98	402.73
-Other Financial Liabilities	15	1,974.92	1,567.89
Provisions	16	127.13	136.25
Deferred Tax Liabilities( Net)	4	0.41	-
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	17	103.10	2,950.47
Lease Liabilities	20	106.27	92.38
Trade payables	18	1,890.21	943.77
Other financial liabilities	19	1,984.90	1,851.53
Provisions-Current	21	152.13	794.84
Other current liabilities	22	1,131.69	8,827.95
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>28,614.88</b>	<b>31,732.80</b>

Significant Accounting Policies

1

Other Notes to Financial Statements

2-43

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

As per our Report of even date attached

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

for **N.C.Rajagopal & Co.**

Chartered Accountants  
Firm Registration No: 003398 S

**Sunil Kumar Kalidindi**  
Executive Director

**Anil Kumar Sood**  
Director

**Anish Mathew**  
Director

Arjun S.

Membership No: 230448

Place: Hyderabad

Date: 30th May, 2022

**Shridhar Thathachary**  
Chief Financial Officer

**Srivalli Susarla**  
Company Secretary

## Consolidated Statement of Profit & Loss

	Note	For the year ended 31-Mar-2022 ₹ in lakhs	For the year Ended 31-Mar-2021 ₹ in lakhs
<b>Revenue from Operations</b>			
Revenue from sale of services	23	5,239.61	5,940.22
Other Income	24	2,670.20	686.40
		<b>7909.81</b>	<b>6,626.62</b>
<b>Expenses</b>			
Software, hardware and material cost		1,713.79	1,937.60
Employee benefits expense	25	1,556.43	1,311.84
Finance costs	26	294.49	548.96
Depreciation and amortization expense	2	361.42	363.04
Other expenses	27	3,801.34	2,280.62
<b>TOTAL EXPENSES</b>		<b>7,727.47</b>	<b>6,442.07</b>
<b>Profit/(Loss) Before Exceptional item and tax</b>		<b>182.34</b>	<b>184.55</b>
Exceptional items (Net)	28	341.87	-
<b>Profit/(Loss) before tax</b>		<b>524.21</b>	<b>184.55</b>
<b>Tax expense</b>			
Current tax		0.01	0.67
Deferred tax		62.07	(0.93)
Total tax expense		<b>62.08</b>	<b>(0.26)</b>
<b>Profit/(Loss) for the year</b>		<b>462.13</b>	<b>184.81</b>
<b>Other Comprehensive Income/(Loss)</b>			
<b>A Items that will not be reclassified to profit and loss</b>			
i) Remeasurements of post-employment benefit obligations		(12.64)	(6.66)
ii) Changes in Revaluation Surplus			
<b>B Items that will be reclassified to profit and loss</b>			
i) Fair Value Changes in Equity Instruments through OCI		-	-
<b>Other Comprehensive Income for the year</b>		<b>(12.64)</b>	<b>(6.66)</b>
<b>Total Comprehensive Income for the year</b>		<b>449.49</b>	<b>178.15</b>
<b>Earnings per equity share (in ₹)</b>			
(1) Basic	29	0.74	0.42
(2) Diluted		0.74	0.42
Significant Accounting Policies	1		
Other Notes to Financial Statements	2-43		

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

As per our Report of even date attached

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

for **N.C.Rajagopal & Co.**

Chartered Accountants  
Firm Registration No: 003398 S

**Sunil Kumar Kalidindi**  
Executive Director

**Anil Kumar Sood**  
Director

**Anish Mathew**  
Director

Arjun S.  
Membership No: 230448

**Shridhar Thathachary**  
Chief Financial Officer

**Srivalli Susarla**  
Company Secretary

Place: Hyderabad  
Date: 30th May, 2022

## Statement of changes in equity

### A. Equity Share Capital

#### (i) Current Reporting Period

Equity Share Capital		(Amounts in Lakhs)	
Equity shares of Rs.10 each, Issued, Subscribed and Paid up	Balance as at 1st April, 2021	Changes in equity share capital	Balance as at 31st March 2022
Equity Shares with Voting Rights	4,426.73	2,950.27	7,377.00
<b>Total</b>	<b>4,426.73</b>	<b>2,950.27</b>	<b>7,377.00</b>

#### (ii) Previous Reporting Period

Equity Share Capital		(Amounts in Lakhs)	
Equity shares of Rs.10 each, Issued, Subscribed and Paid up	Balance as at 1st April, 2020	Changes in equity share capital	Balance as at 31st March 2022
Equity Shares with Voting Rights	4,426.73	-	4,426.73
<b>Total</b>	<b>4,426.73</b>	<b>-</b>	<b>4,426.73</b>

### B. Other Equity

#### (1) Current Reporting Period

Reserves and Surplus									
	Capital Reserve	Securities Premium	Business Reconstruction Reserve	General Reserve	Retained Earnings	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Total
Balance at the beginning of the current reporting period	5.59	250.66	21.38	2,546.71	8,627.62	2,773.73	(2,299.87)	(2,187.55)	9,738.26
Changes in accounting policy or prior period errors									
Restated balance at the beginning of the current reporting period	5.59	250.66	21.38	2,546.71	8,627.62	2,773.73	(2,299.87)	(2,187.55)	9,738.26
Total Comprehensive Income for the current year					462.13		885.49	(12.64)	1,334.98
Dividends									
Transfer to retained earnings					(2,221.38)			2,221.38	-
Any other Change to be specified									

Balance at the end of the current reporting period	5.59	250.66	21.38	2,546.71	6,869.37	2,773.73	(1,414.38)	21.19	11,073.24
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## (2) Previous Reporting Period

Reserves and Surplus									
	Capital Reserve	Securities Premium	Business Reconstruction Reserve	General Reserve	Retained Earnings	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Total
Balance at the beginning of the Previous reporting period	5.59	250.66	21.38	2,546.71	8,442.80	2,773.73	(2,249.74)	(2,180.88)	9,610.25
Changes in accounting policy or prior period errors									
Restated balance at the beginning of the previous reporting period	5.59	250.66	21.38	2,546.71	8,442.80	2,773.73	(2,249.74)	(2,180.88)	9,610.25
Total Comprehensive Income for the previous year					184.81		(50.13)	(6.66)	128.02
Dividends									
Transfer to retained earnings									-
Any other Change to be specified									
Balance at the end of the current reporting period	5.59	250.66	21.38	2,546.71	8,627.61	2,773.73	(2,299.87)	(2,187.55)	9,738.26

As per our Report of even date attached

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

for **N.C.Rajagopal & Co.**  
Chartered Accountants  
Firm Registration No: 003398 S

**Sunil Kumar Kalidindi**  
Executive Director

**Anil Kumar Sood**  
Director

**Anish Mathew**  
Director

Arjun S.  
Membership No: 230448

**Shridhar Thathachary**  
Chief Financial Officer

**Srivalli Susarla**  
Company Secretary

Place: Hyderabad  
Date: 30th May, 2022

## Consolidated Cash Flow Statement

	For the year ended 31-Mar-2022 ₹ in lakhs	For the year ended 31-Mar-2021 ₹ in lakhs
<b>A. Cash flow from Operating Activities</b>		
Net Profit Before Tax	524.21	184.55
Adjusted for:		
Bad Debts written off	1,301.31	99.82
Provision for bad and doubtful debts	-	100.00
Creditors and other balances written back	404.06	-
Depreciation	361.42	363.04
Write off of Plant, Property and Equipment	167.36	-
Adjustment arising out of ROU Assets	-	(57.48)
Gratuity- Actuarial (Losses) / Gains	(12.64)	(6.66)
Interest Income	(12.02)	(17.50)
Interest & Bank Charges	294.49	548.96
Impact of Exceptional Items and movement in reserves	(904.23)	(50.13)
<b>Operating Profit Before Working Capital Changes</b>	<b>2,123.96</b>	<b>1,164.59</b>
Adjusted for:		
Trade and other Receivables	1,178.49	2,618.17
Trade and other payables	165.22	(1,002.44)
Other non-current assets	(1,753.74)	(15.84)
Other Financial Assets	(4.41)	(779.01)
<b>Cash Generated from operations</b>	<b>1,709.52</b>	<b>1,985.47</b>
Net prior year adjustments	-	-
Current Tax (Current and relating to Previous years)	(0.01)	(0.67)
Deferred Tax	(62.07)	0.93
<b>Net Cash from / (Used in) Operating Activities [A]</b>	<b>1,647.44</b>	<b>1,985.73</b>
<b>B. Cash Flow from Investing activities</b>		
Movement in PPE and Goodwill	(115.18)	(332.73)
Capital Work In Progress (WIP)	-	-
Interest Income (Gross)	12.02	17.50
Realization of deposits/(Repayment of deposits)	(152.08)	(14.18)
Intangibles	-	-
Loan Given	(750)	-
<b>Net Cash from / (Used in) Investing Activities [B]</b>	<b>(1,005.24)</b>	<b>(329.40)</b>
<b>C. Cash flow from Financial Activities</b>		
Realization of deposits / (Repayment of deposits)		
Increase/(Decrease) on Borrowings	(450.48)	(1,014.18)
Proceeds from Issue of Shares under Rights Issue	2,950.27	-
Interest & Bank Charges	(294.49)	(548.96)
<b>Net Cash flow from/(Used in) Financing Activities [C]</b>	<b>2205.30</b>	<b>(1,563.14)</b>
<b>Net Cash Flows during the year {A+B+C}</b>	<b>2847.50</b>	<b>93.19</b>
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	<b>676.76</b>	<b>583.57</b>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>3524.26</b>	<b>676.76</b>

As per our Report of even date attached

For and on behalf of the Board of Megasoft Limited

for **N.C.Rajagopal & Co.**

Chartered Accountants  
Firm Registration No: 003398 S

**Sunil Kumar Kalidindi**  
Executive Director

**Anil Kumar Sood**  
Director

**Anish Mathew**  
Director

Arjun S.

Membership No: 230448  
Place: Hyderabad  
Date: 30th May, 2022

**Shridhar Thathachary**  
Chief Financial Officer

**Srivalli Susarla**  
Company Secretary

## **Megasoft Limited**

### **Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022**

#### **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.

##### **Following are the Subsidiaries of the Company :**

<b>Name of the Subsidiary Companies</b>	<b>Country of Incorporation</b>	<b>% Holding</b>
Nelatop Systems Private Limited	India	100%
Velapan Systems Private Limited	India	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.

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 parts 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.

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 1<sup>st</sup> 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. Property, Plant and Equipment are capitalized when the assets are ready for their intended use and when occupancy certificate is received in respect of immovable properties.

### **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 comprise 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:** Contributions 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 currency exchange rates in effect at the balance sheet date, for revenue, costs and expenses 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 Annual Report 2021-22

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 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 assets**

#### **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 derivative financial instruments are accounted for at FVTPL.

**2. Property, Plant & Equipments**  
(₹ in lakhs)

Particulars	Gross Block					Depreciation					Net Block	
	Cost as at 1-Apr-2021	Additions	Deletions / Adjustments	Foreign Exchange translation difference	Cost as at 31-Mar-2022	As at 1-Apr-2021	For the year	On Deletions / Adjustments	Foreign Exchange translation difference	Total as at 31-Mar-2022	As at 31-Mar-2022	As at 31-Mar-2021
<b>(A) Tangible Assets</b>												
Land & Land Development	3673.33	-	942.12	-	2,731.21	-	-	-	-	-	2,731.21	3673.33
Building	9,580.38	6,175.22	-	-	15,755.60	287.74	175.81	-	-	463.55	15,292.05	9,292.63
Leasehold building(ROU)	767.43	-	-	-	767.43	297.10	114.41	-	-	411.51	355.91	470.33
Plant & Machinery	661.45	9.07	601.23	-	69.29	463.04	19.28	441.20	-	41.12	28.17	198.41
Computer systems & Software	15,295.52	164.20	15,104.26	-	355.46	12,715.29	50.97	12,596.44	-	169.82	185.64	2,580.23
Furniture & Fittings	714.91	-	655.03	-	59.88	539.72	0.95	539.62	-	1.04	58.84	175.19
Vehicles	85.66	-	85.66	-	-	76.25	-	76.25	-	-	-	9.41
<b>Sub Total</b>	<b>30,778.66</b>	<b>6,348.49</b>	<b>17,388.29</b>	<b>-</b>	<b>19,738.88</b>	<b>14,379.14</b>	<b>361.42</b>	<b>13,653.51</b>	<b>-</b>	<b>1,087.04</b>	<b>18,651.83</b>	<b>16,399.52</b>
<b>(B) Intangible Assets</b>												
Intellectual Property Rights	68.00	-	-	-	68.00	68.00	-	-	-	68.00	-	-
Patents	1,253.64	-	1,250.96	-	2.68	791.59	-	788.91	-	2.68	-	462.05
<b>Sub Total</b>	<b>1,321.64</b>	<b>-</b>	<b>1,250.96</b>	<b>-</b>	<b>70.68</b>	<b>859.59</b>	<b>-</b>	<b>788.91</b>	<b>-</b>	<b>70.68</b>	<b>-</b>	<b>462.05</b>
<b>(C) Capital WIP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>32,100.30</b>	<b>6,348.49</b>	<b>18,639.25</b>	<b>-</b>	<b>19,809.56</b>	<b>15,238.73</b>	<b>361.42</b>	<b>14,442.42</b>	<b>-</b>	<b>1,157.72</b>	<b>18,651.83</b>	<b>16,861.57</b>
<b>Previous year</b>	<b>31,523.01</b>	<b>956.26</b>	<b>-</b>	<b>-378.97</b>	<b>32,100.30</b>	<b>15,183.71</b>	<b>363.04</b>	<b>-</b>	<b>-308.02</b>	<b>15,238.73</b>	<b>16,861.57</b>	<b>16,339.29</b>

DESCRIPTION	Property, Plant and equipment	Right of Use Asset	Total
<b>Gross Carrying Value</b>			
<b>As at March 31, 2021</b>	<b>30,011.23</b>	<b>767.43</b>	<b>30,778.66</b>
Additions	6,348.49	-	<b>6,348.49</b>
Disposals	17,388.29	-	17,388.29
<b>As at March 31, 2022</b>	<b>18,971.45</b>	<b>767.43</b>	<b>19,738.88</b>
<b>Accumulated Depreciation</b>			
<b>As at March 31, 2021</b>	<b>14,082.04</b>	<b>297.10</b>	<b>14,379.14</b>
Charge for the year	247.00	114.41	<b>361.42</b>
Adjustment for disposal	13,653.51	-	13,653.51
Foreign exchange translation difference	-	-	-
<b>As at March 31, 2022</b>	<b>675.53</b>	<b>411.51</b>	<b>1,087.04</b>
<b>Net Block as at March 31, 2021</b>	<b>15,929.19</b>	<b>470.33</b>	<b>16,399.52</b>
<b>Net Block as at March 31, 2022</b>	<b>18,295.92</b>	<b>355.91</b>	<b>18,651.83</b>

Summary of Depreciation charged In P&L account	
On account of ROU assets (Ind AS 116)	114.41
On account of Others (incl. Building)	247.00
	<b>361.42</b>

	As at 31-Mar-2022 ₹ in lakhs	As at 31-Mar-2021 ₹ in lakhs
<b>3 Financial Asset</b>		
Security deposit	132.08	127.66
<b>Total</b>	<b>132.08</b>	<b>127.66</b>
<b>4 Deferred Tax Asset/(Liability) - Non Current</b>		
On account of depreciation	(0.41)	(360.23)
On account of others(including carried forward loss)	-	421.90
<b>Total</b>	<b>(0.41)</b>	<b>61.66</b>
<b>5 Other Non-Current asset</b>		
Prepaid expenses	10.84	15.84
<b>Total</b>	<b>10.84</b>	<b>15.84</b>

#### 6 Trade Receivables

Unsecured, considered good		
-Exceeding six months from the date they were due for payment	854.23	2,296.97
-others	1,416.29	817.35
Unsecured, considered doubtful		
-Exceeding six months from the date they were due for payment	-	260.00
-Others	-	-
Less: Allowance for unsecured bad and doubtful debts	-	260.00
<b>Total</b>	<b>2,270.52</b>	<b>3,114.32</b>

#### Ageing Schedule for FY 2021-22( Outstanding for below periods from the due date of payment)

Particulars	Less than 6 Months	6 Months to 1 year	1-2 years	2-3 Years	More than 3 years	Total
1)Undisputed Trade Receivables- Considered good	1416.29	53.95	12.55	2.96	784.78	2270.52
2)Undisputed Trade Receivables- Considered doubtful						
3)Disputed Trade Receivables- Considered good						
4)Disputed Trade Receivables- Considered doubtful						

#### Ageing Schedule for FY 2020-21( Outstanding for below periods from the due date of payment)

Particulars	Less than 6 Months	6 Months to 1 year	1-2 years	2-3 Years	More than 3 years	Total
1)Undisputed Trade Receivables- Considered good	817.35	346.95	15.00	521.38	1413.64	3114.32
2)Undisputed Trade Receivables- Considered doubtful					260.00	260.00
3)Disputed Trade Receivables- Considered good						
4)Disputed Trade Receivables- Considered doubtful						

#### 7 Cash And Cash Equivalents

(A) Balances with Banks:

- Current accounts

3,523.98      676.73

- Cash on hand	0.29	0.03
<b>Total</b>	<b>3,524.26</b>	<b>676.76</b>
<b>8 Other Bank balances</b>		
Deposits held as Margin Money	199.31	47.23
<b>Total</b>	<b>199.31</b>	<b>47.23</b>
<b>9 Loans</b>		
Others-		
Loans receivable considered good-Unsecured	750.00	-
<b>Total</b>	<b>750.00</b>	<b>-</b>
<b>10 Current Tax (Liabilities)/Asset</b>		
Advance Tax (Net off Provision for Taxation)	937.20	1,387.46
<b>Total</b>	<b>937.20</b>	<b>1,387.46</b>
<b>11 Other Current Assets</b>		
Prepaid Expenses	49.89	629.74
Security Deposits	195.95	162.98
Accrued Interest Receivable	22.64	15.66
Balance with Government authorities	-	199.01
Other Advances		
-Staff Advances	98.13	94.57
-Others	13.49	402.22
<b>Total</b>	<b>380.10</b>	<b>1,504.18</b>
<b>12A : Share Capital</b>		
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)		
Issued, Subscribed and Fully Paid up Capital		
7,37,70,041 Equity Shares of ₹ 10/- each, Fully paid up (PY : 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)	7,377.00	4,426.73
<b>Total</b>	<b>7,377.00</b>	<b>4,426.73</b>

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

Particulars	Equity Shares		Equity Shares	
	As at 31st March, 2022		As at 31st March, 2021	
	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	2,95,02,748	2950.27	-	-
Shares outstanding at the end of the year	7,37,70,041	7377.00	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, 2022		As at 31st March, 2021	
	No. of shares	%	No. of shares	%
Sri Power Generation (India) Pvt Ltd	3,22,86,926	43.77%	-	-
I labs Venture Capital Fund	-	-	37,62,375	8.50%
Ravindra Babu S	-	-	26,88,768	6.07%
Venkatraman Kumar Gandaravakottai	-	-	22,26,911	5.03%

e) During the period of five years immediately preceding the reporting date including the current year, there were no shares issued for consideration other than cash, no issue of bonus shares and no shares bought back.

f) Shares held by promoter at the end of the year

	No. of shares	% of Total Shares	%Change during the year
Sri Power Generation (India) Pvt Ltd	3, 22, 86, 926	43.77%	39.77%

**12B Other Equity**

	As at 31-Mar-2022 ₹ in lakhs	As at 31-Mar-2021 ₹ in lakhs
<b>A Securities Premium Account</b>		
Opening balance	250.66	250.66
Closing balance	250.66	250.66
<b>B Capital Reserve</b>	5.59	5.59
Closing balance	5.59	5.59
<b>C Foreign Currency Translation Reserve</b>	(2,299.87)	(2,249.74)
Changes during the year	885.49	(50.13)
Closing balance	(1,414.38)	(2,299.87)
<b>D Business Reconstruction Reserve</b>	21.38	21.38
Closing balance	21.38	21.38
<b>E General Reserve</b>	2,546.71	2,546.71
Closing balance	2,546.71	2,546.71
<b>F Retained Earnings</b>		
Opening balance	8,627.62	8,442.80
Net Profit/ (Loss) for the year	462.13	184.81
Less: Transfer from other comprehensive income	(2,221.38)	-
Closing balance	6,868.37	8,627.61
<b>G Revaluation Surplus</b>		
Opening balance	2,773.73	2,773.73
Changes during the year	-	-
Closing balance	2,773.73	2,773.73
<b>H Other Comprehensive Income</b>		
As per Last Balance Sheet	(2,187.55)	(2,180.88)
Add: Movement in OCI during the year (net)	(12.64)	(6.66)
Less: Transfer to retained earnings	2,221.38	-
<b>Total Other Comprehensive Income</b>	21.19	(2,187.55)
<b>Total</b>	<b>11,073.24</b>	<b>9,738.26</b>

**13 Borrowing Non- Current**

Borrowings		
Secured		
a) Term loan:		
(i) Banks-	-	-
(ii) From other parties (NBFC)	2,396.90	-

**Security Details:**

(i) Exclusive charges on the Company's share of Commercial Property at Nanakramguda Village, Gachibowli, Hyderabad, Telangana along with the Car Parkings.

(ii) Escrow & Hypothecation on rental

Rate of Interest at 7.75% pa (floating rate)

Default - Nil (PY : Nil)

Term loans were deployed for the purpose for which they were obtained.

<b>Total</b>	<b>2396.90</b>	<b>-</b>
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**14 Lease Liabilities**

Finance Lease obligation	296.98	402.73
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<b>Total</b>	<b>296.98</b>	<b>402.73</b>
<b>15 Other Financial Liability - Non Current</b>		
Security Deposit-JDA	1,637.31	1,442.71
Deferred Premium Translation of financial Liabilities	337.61	125.18
<b>Total</b>	<b>1,974.92</b>	<b>1,567.89</b>
<b>16 Provisions - Non Current</b>		
Provision for Employee Benefits	127.13	136.25
<b>Total</b>	<b>127.13</b>	<b>136.25</b>

#### 17 Borrowings – Current

Secured		
Current Maturities on Long Term Borrowings	103.10	-
Loans repayable on demand - Working Capital Loan	-	2,950.47
<b>Total</b>	<b>103.10</b>	<b>2,950.47</b>

Holding Company-Megasoft Limited-Cash Credit- CY-NIL (PY Rs 112.35 lakhs)	
Security	Default
Primary Security - Exclusive first charge on entire current assets of the company, both present and future.	NIL (PY: NIL)
Collateral Security - Exclusive first charge on entire unencumbered fixed assets of the company and mortgage on open land and buildings for commercial use situated at Hyderabad.	
Subsidiary Company-XIUS Holding Corporation –Working Capital Loan- CY-NIL (PY Rs 2838.12 lakhs)	
Primary Security - First charge on all current assets and fixed assets, both present and future.	NIL (PY: NIL)
Collateral Security - Mortgage on land and buildings for commercial use situated at Hyderabad and Pledge of 30% of shares held by the Holding Company in the Subsidiary Company.	
Guarantee - Corporate Guarantee given by the Holding Company.	

#### 18 Trade Payables

Total outstanding dues of Micro Enterprises & small enterprises*	-	-
Total outstanding dues of Creditors other than micro enterprises & small enterprises	1,890.21	943.77
<b>Total Schedule to be inserted below</b>	<b>1,890.21</b>	<b>943.77</b>

\*As per the information available with the company, there are no outstanding dues that are required to be furnished under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006.

#### Ageing Schedule for FY 2021-2022 (Outstanding for the following period from the due date of payment)

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
1) MSME					
2)Others	1148.43	0.00	39.68	702.10	1890.21

3)Disputed Dues-MSME					
4)Disputed Dues-Others					
<b>Ageing Schedule for FY 2020-2021 (Outstanding for the following period from the due date of payment)</b>					
<b>Particulars</b>	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>More than 3 years</b>	<b>Total</b>
1) MSME					
2)Others	47.62	45.77	388.77	461.61	<b>943.77</b>
3)Disputed Dues-MSME					
4)Disputed Dues-Others					

#### 19 Other Financial Liabilities

Interest Accrued and due on Borrowings	1,856.65	1,799.61
Deferred premium translation of Financial Liabilities	128.25	51.92

<b>Total</b>	<b>1,984.90</b>	<b>1851.53</b>
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#### 20 Lease Liabilities

Current maturities of finance lease obligations	106.27	92.38
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<b>Total</b>	<b>106.27</b>	<b>92.38</b>
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#### 21 Provisions – Current

Provision for Employee Benefits	30.22	13.53
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Provision for Outstanding Expenses	121.91	781.31
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<b>Total</b>	<b>152.13</b>	<b>794.84</b>
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#### 22 Other current liabilities

Statutory Dues Payable	72.77	54.99
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Salary Payable	-	68.71
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Other Payables*	1,058.92	8,704.24
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\* Includes amounts on JDA.

<b>Total</b>	<b>1,131.69</b>	<b>8,827.94</b>
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#### 23 Revenue From Operation

Revenue from sale of services	5,239.61	5,940.22
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<b>Total</b>	<b>5,239.61</b>	<b>5,940.22</b>
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#### 24 Other Income

Interest Income - Security Deposit	4.41	16.78
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Amortization Income - JDA Land	58.19	47.53
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Other non-operating income		
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Rental Income	2,195.93	621.37
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Interest Received	7.61	0.73
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Creditors & Other Balances written back	404.06	-
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<b>Sub Total</b>	<b>2,670.20</b>	<b>686.40</b>
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#### 25 Employee benefit expense

Salaries and Wages	1,450.84	1,240.62
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Contribution to Provident Fund and other funds	55.89	46.19
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Staff Welfare	49.70	25.03
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<b>Total</b>	<b>1,556.43</b>	<b>1,311.84</b>
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#### 26 Finance costs

Interest expenses			213.26	460.28
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- Interest on Bank loan	1.79	305.29		
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- Interest on Ind AS and others	211.47	154.99		
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Bank Charges			66.23	88.67
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Processing Fees	15.00	-
<b>Total</b>	<b>294.49</b>	<b>548.96</b>
<b>27 Other expenses</b>		
Services Rendered by business associates and Others	662.21	616.82
Electricity Charges	35.19	50.48
Insurance Expenses	51.38	66.09
Travelling and conveyance	45.59	45.91
Legal and professional charges	408.08	65.69
Rates and taxes	43.99	29.96
Rent	57.24	54.59
Repairs and Maintenance	92.07	75.32
Security charges	10.85	18.08
Communication costs	50.53	22.63
Business promotion expenses	773.59	798.98
Printing and stationery	4.24	3.47
Audit fees (Excluding Taxes)		
Statutory Audit Fees	33.40	27.17
Sitting fees paid	11.85	6.00
Bad Debt Written Off	1,301.31	99.82
Write off property, plant and Equipment	167.36	-
Provision for bad and doubtful debts	-	100.00
Commission	7.00	146.50
Exchange Loss on Foreign Exchange Transactions	15.19	30.76
Miscellaneous expenses	30.27	22.36
<b>Total</b>	<b>3,801.34</b>	<b>2,280.63</b>
<b>28 Exceptional Items (Net)</b>		
Gain on Transfer of Land out of JDA	12,775.09	-
Loss on Subsidiaries' disinvestment	(12,413.22)	-
<b>Total</b>	<b>341.87</b>	<b>-</b>
<b>29 Earnings Per Share</b>		
Net Profit /(Loss) attributable to Equity Shareholders (A)	462.13	184.81
Weighted average number of equity shares outstanding during the period (B) (In Nos.)	6,28,58,066	4,42,67,293
Basic & Diluted EPS (A/B) (in ₹)	0.74	0.42

### 30. Additional Regulatory Requirement

- a) There are no Immovable properties whose title deeds are not held in the name of the company
- b) The company does not have investment property
- c) The company has not revalued its Property, Plant and Equipment (including Right of Use Assets or Intangible assets)
- d) The company has not granted any loans or advances in the nature of loans to promoters, Directors, KMPs and related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, either repayable on demand or without specifying any terms or period of repayment.
- e) The Company does not have any Capital-Work-in Progress (CWIP).
- f) The Company does not have any Intangible Assets under Development..
- g) There have been no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder
- h) In respect of borrowings from a bank on the basis of security of current assets, the periodic returns / statements of current assets filed by the Company with the bank are in agreement with the books of accounts. The Company does not have any borrowings from financial institutions on the basis of security of current assets.
- i) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.
- j) The company had no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

- k) There are no charges or satisfactions yet to be registered with the Registrar of Companies beyond the statutory period.
- l) The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

m) Ratios

Particulars	Items included in Numerator/Denominator	Ratio (2021-2022)	Ratio (2020-2021)	Reason for Change in ratio (Wherever it is more than 25%)
i) Current Ratio	Current Asset/Current Liabilities	1.50	0.44	Payment of certain liabilities during the year lead to lower current liabilities, and thus improving the ratio
ii) Debt-Equity Ratio	Total outside debt/Equity Shareholders funds	0.14	0.21	This ratio has decreased due to the repayment of loan during the current year by a subsidiary
iii) Return on Equity Ratio	Net Profit after Tax/Equity Shareholders fund	3%	1%	This ratio has increased due to higher profits due to higher rental receipts and certain exceptional transactions
iv) Trade Receivables Turnover Ratio	Net Sales/Average Receivables	49%	33%	This ratio has improved due to reduction in the value of trade receivable during the year
v) Trade Payables Turnover Ratio	Net Purchase/Average Payables	1.21	1.80	This ratio has reduced due to lower purchase of software and hardware items during the year
vi) Net Capital Turnover Ratio	Revenue from operations/Average working Capital	-174%	-67%	Reduction of Current Liabilities during the year lead to lower working capital resulted in this variance
vii) Net Profit Ratio	Net Profit after Tax/Revenue from Operations	9%	3%	Higher rental receipts (Other Income) and certain exceptional transactions lead to higher profit during the year, resulting in improved ratio
viii) Return on Capital Employed	Earnings before Interest & Taxes/Capital Employed	4%	4%	
ix) Return on Investment	Net Profit after Taxes/Capital Employed	2%	1%	

n) **Utilization of Borrowed Funds and Share Premium**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity (ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

o) **Undisclosed Income**

No tax assessments under the Income Tax Act, 1961 (43 of 1961) have been received during the year and hence, there have been no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year. There has also not been any previously unrecorded income or related assets.

- p) The Company is not covered under the provisions of Section 135 of the Companies Act, 2013.
- q) The Company has neither traded nor invested in Crypto currency or Virtual Currency during the financial year.

### 31 Related Party Transactions

A.

Subsidiary companies	% of Holding	
	As at 31.03.2022	As at 31.03.2021
Velapan Systems Private Limited (w.e.f – 10/03/2022)	100.00%	-
Nelatop Systems Private Limited (w.e.f – 14/03/2022)	90.00%	-
Megasoft Consultants Sdn Bhd, Malaysia (Subsidiary of Nelatop Systems Private Limited)	-	100.00%
XIUS Holding Corp, USA (Subsidiary of Nelatop Systems Private Limited)	-	100.00%
XIUS Corp, USA (Subsidiary of XIUS Holding Corp, USA)	-	-
XIUS S DE RL DE CV, (Subsidiary of XIUS Holding Corp, USA)	-	-

## B Key Managerial Personnel

GV Kumar – Managing Director (Till – 10.12.2021)

Sunil Kumar Kalidindi – Additional (Executive) Director and Chief Executive Officer (w.e.f. – 10.12.2021)

Shridhar Thathachary – Chief Financial Officer / Executive Director of Nelatop Systems Private Limited and Velapan Systems Private Limited

Srivalli Susarla – Company Secretary

Related Party Transactions during the year:		
Particulars	For Year Ended 31.03.2022 (in Rs Lakhs)	For year ended 31.03.2021 (in Rs Lakhs)
<b>Key Managerial personnel:</b>		
1. Remuneration to Directors	36.20	38.98

## 32. Commitments & Contingencies

- (i) Bank guarantees 162.50 162.50
- (ii) Income Tax
- (a) The Company has appealed against the Assessment order for a demand of ₹ 628.09 lakhs for the Assessment years 2012-13 and for the assessment year 2013-14.
- (b) Tax deducted at Source amounting to ₹ 17.79 lakhs for assessment years 2014-15 to 2017-18 is pending at the TDS circle.

## 33. Payment to Auditors

Statutory Audit Fees 33.40 27.17

## 34. 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-2022 ₹ in lakhs	Period ended 31-Mar-2021 ₹ in lakhs
Business Segment (Primary)		
Revenues – Telecom	5,239.61	5,940.22
Segment profit	(1,831.95)	410.15
Less: Finance cost	294.49	548.96
Less: Depreciation	361.42	363.04
Add: Other Income	2,670.20	686.40
Add: Exceptional Items(Net)	341.87	-

Profit before taxes	524.21	184.55
Less: Taxes	62.08	(0.26)
Profit after taxes	462.13	184.81
Other Comprehensive Income	(12.64)	(6.66)
Total Comprehensive Income	449.49	178.15

#### Geographical Segment (Secondary)

##### Revenues

USA & North America	366.77	415.81
Latam	3,982.11	4,514.57
EMEA / India / APAC	890.74	1,009.84

##### Carrying amount of segment assets

USA & North America	8,406.62	8,132.63
Latam	5,479.58	5,300.99
EMEA / India	7,639.10	7,390.12
APAC	1,426.82	1,380.32
<b>Total</b>	<b>22,952.13</b>	<b>22,204.06</b>

### 35. 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	
	31-03-2022	31-03-2021
Present Obligation at period beginning – Current	111.68	113.23
Service cost	9.93	8.57
Interest on defined benefit obligation	7.34	7.07
Past Service Cost	-	-
Actuarial (gain) / Loss	-	-
Benefit Directly Paid by the Employer	(24.67)	(23.84)
Current Liability (within 12 months)	-	-
Actuarial (gain) / Loss	3.49	1.12
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	5.04	(2.75)
Actuarial (gain) / Loss- Due to Change In Financial Experience	4.11	8.30
Present Value of Benefit Obligation at the End of the Period	116.92	111.68

#### Amount Recognized in Balance Sheet

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
(Present Value of Benefit Obligation at the end of the Period)	(116.92)	(111.68)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(116.92)	(111.68)
Net (Liability)/Asset Recognized in the Balance Sheet	(116.92)	(111.68)

#### Expenses recognized in statement of profit and loss account

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Current Service Cost	9.93	8.57
Net Interest Cost	7.34	7.07

Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effects of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	17.27	15.64

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

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Actuarial (Gains)/Losses on Obligation for the period	12.64	6.66
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	12.64	6.66

#### Sensitivity Analysis

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Projected Benefit Obligation on Current Assumptions	116.92	111.68
Delta Effect of +1% Change in Rate of Discounting	(3.72)	(7.65)
Delta Effect of -1% Change in Rate of Discounting	4.03	8.74
Delta Effect of +1% Change in Rate of Salary Increase	3.41	8.08
Delta Effect of -1% Change in Rate of Salary Increase	(3.32)	(7.18)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.44)	0.27
Delta Effect of -1% Change in Rate of Employee Turnover	0.46	(0.31)

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.

### 36. Leases

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

#### (a) Lease Income

##### Company as a Lessor

Other Income includes ₹ 2195.93 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 2022	March,31 2021
Payable within one year	106.27	92.38
Payable between one and five years	296.98	402.73
Payable after five years	-	-
<b>Total</b>	<b>403.25</b>	<b>495.11</b>

##### (ii) Amount recognized in profit or loss

	March,31 2022	March,31 2021
--	---------------	---------------

Lease expense-minimum lease payments	45.33	40.63
<b>Total</b>	<b>45.33</b>	<b>40.63</b>

**(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'22	Apr-Mar'21
Reclassified on account of adoption of Ind AS 116	-	-
Opening Lease Liability	495.11	49.72
Additions	0.00	552.6
Repayments(a)	92.38	107.21
Closing Lease liability	402.73	495.11
Interest Expenses in Finance cost(b)	45.33	40.63
Hitherto accounted as		
Rental Expenses (c) = (a)+(b)	137.71	147.84
Depreciation on Right of Use Assets(d)	114.41	129.34
Impact of adoption of Ind AS 116 in profit and Loss Account (d+b-c)	22.03	22.13

Particulars	March,31 2022	March,31 2021
Carrying value of Right of Use Assets	355.91	470.33

**37. Assets Pledged as Security:**

Particulars	31st March 2022	31st March 2021
<b>Non-current assets</b>		
<b>First Charge</b>		
<b>Non - Financial Assets</b>		
Property, Plant and Equipment (Land & Building)	18,023.27	13,253.71
<b>Total Non-current assets pledged as security</b>	<b>18,023.27</b>	<b>13,253.71</b>
<b>Current assets</b>		
<b>First Charge</b>		
<b>Financial assets</b>		
Trade receivable	0.00	3,114.32
Cash and cash equivalents		
Other bank balances		
<b>Total Current assets pledged as security</b>	<b>0.00</b>	<b>3,114.32</b>
<b>Total assets pledged as security</b>	<b>18,023.27</b>	<b>16,368.02</b>

**38. Fair Value Measurements:**

**a) Financial Instruments by Category and their Fair Values:**

Particulars	As at 31st March 2022		As at 31st March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value

<b>Financial Assets:</b>				
Security Deposits	132.08	132.08	127.66	127.66
Trade Receivables	2,270.52	2,270.52	3,114.32	3,114.32
Cash and Cash Equivalents	3,524.26	3,524.26	676.76	676.76
Other Bank balances	199.31	199.31	47.23	47.23
Loans	750.00	750.00	-	-
<b>Total Financial Assets</b>	<b>6876.17</b>	<b>6876.17</b>	<b>3,965.97</b>	<b>3,965.97</b>
<b>Financial Liabilities:</b>				
Borrowings	2,500.00	2,500.00	2,950.47	2,950.47
Lease Liabilities	403.25	403.25	495.11	495.11
Trade Payables	1,890.21	1,890.21	943.77	943.77
Other Financial Liabilities	3,959.82	3,959.82	3,419.42	3,419.42
<b>Total Financial Liabilities</b>	<b>8,753.28</b>	<b>8,753.28</b>	<b>7,808.77</b>	<b>7,808.77</b>

**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.

**39. 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 2022	As at 31st March 2021
Equity	18,450.24	14,164.99
Debt	2,500.00	2,950.47
<b>Total</b>	<b>20,950.24</b>	<b>17,115.46</b>

**40. Income Taxes:**

The major components of Income Tax expense for the years ended 31st March, 2022 and 31st March, 2021 are as under:

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

Particulars	Year ended 31st March 2022	Year ended 31st March 2021
Current Tax	0.01	0.67
Deferred Tax	62.07	(0.93)
<b>Total</b>	<b>62.08</b>	<b>(0.26)</b>

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

Particulars	Year ended 31st March 2022	Year ended 31st March 2021
<b>Profit before tax</b>	<b>524.21</b>	<b>184.55</b>
Tax on the above	156.14	35.41
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income and adjustment of bought forward losses	(156.13)	(34.74)
Adjustments to profit as per previous year GAAP under Ind AS	-	-
<b>Income Tax expense</b>	<b>0.01</b>	<b>0.67</b>

**c) Tax assets / liabilities**

Particulars	As at 31st March 2022	As at 31st March 2021
Opening tax (asset) / liability	(1387.46)	(572.81)
Add : Taxes Paid	-	(75.11)
Add : Credit availed	450.25	(740.21)
Less : Refund	-	
Less: Current tax payable	(0.01)	(0.67)
<b>Closing tax (asset) / liability</b>	<b>(937.20)</b>	<b>(1,387.46)</b>

**d) Deferred Tax**

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Deferred Tax Liability:</b>		
On account of Depreciation differences	0.41	360.23
On account of Employee Benefits	-	-
Total Deferred Tax Liability	<b>0.41</b>	360.23
<b>Deferred Tax Asset:</b>		
On account of Depreciation differences	29.67	
On account of Employee benefits	39.60	37.70
On account of carry forward losses	758.04	384.20
Total Deferred Tax assets available	<b>827.31</b>	421.90
Recognition of Deferred Tax Asset /(Liability)(Net)	<b>(0.41)</b>	61.66
Unused Deferred Tax asset (Not recognized)	<b>827.31</b>	-

**41. 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.

**(i) 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.

## Trade Receivable

The Company closely monitors the credit-worthiness of the debtors and only sells goods to credit-worthy parties. The Company's internal systems are configured to define credit limits of customers, thereby limiting the credit risk to pre-calculated amounts.

### (ii) Expected Credit Loss

#### (ECL)

##### FY 2021-22

Particulars	0-180 days	180-365 days	More than 365 days	Total
Gross Carrying amount	1,416.29	53.95	800.29	2,270.52
Expected credit loss provisioning	-	-	-	-
Carrying amount of Trade receivables (Net of Provisions)	1,416.29	53.95	800.29	2,270.52

##### FY 2020-21

Particulars	0-180 days	180-365 days	More than 365 days	Total
Gross Carrying amount	817.35	346.95	2,110.02	3374.32
Expected credit loss provisioning	-	-	260.00	260.00
Carrying amount of Trade receivables (Net of Provisions)	817.35	346.95	1950.02	3114.32

### 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, 2022:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	103.10	720.07	1676.83	2,500.00
Lease Liabilities	106.27	296.98		403.25
Trade Payables	1,890.21			1,890.21
Other Financial Liabilities	1,984.90	1,974.92		3,959.82
<b>Total Financial Liabilities</b>	<b>4,084.48</b>	<b>2,991.97</b>	<b>1,676.83</b>	<b>8,753.29</b>

#### 31st March, 2021:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	2,950.47	-	-	2,950.47
Lease Liabilities	92.38	402.73		495.11
Trade Payables	943.77	-	-	943.77
Other Financial Liabilities	1,851.53	1,567.89	-	3,419.42
<b>Total Financial Liabilities</b>	<b>5,838.15</b>	<b>1,970.62</b>	<b>-</b>	<b>7,808.77</b>

### 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, 2021 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, 2022	As at 31st March, 2021
Variable rate borrowings	2,500.00	2,950.47

**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, 2022	31st March, 2021
Interest cost – increase by 5% on existing Interest cost*	10.66	23.01
Interest cost – decrease by 5% on existing Interest cost*	(10.66)	(23.01)

\* Holding all other variables constant.

**42. Update on COVID-19**

Year 2021-2022 saw an overall improvement in the COVID-19 situation and operations stabilizing and slowly returning to normalcy. Majority of the employees have resumed work from office. However as a mark of precaution the Company continues to have all the precautions in place and follow safety protocols that are necessary for the safety and wellbeing of the employees. The company would also continue to abide / adhere to any government orders that are currently in place and if any issued in the future.

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

As per our Report of even date attached

For and on behalf of the Board of Megasoft Limited

for **N.C.Rajagopal & Co.**

Chartered Accountants  
Firm Registration No: 003398 S

**Sunil Kumar Kalidindi**  
Executive Director

**Anil Kumar Sood**  
Director

**Anish Mathew**  
Director

Arjun S.  
Membership No: 230448

**Shridhar Thathachary**  
Chief Financial Officer

**Srivalli Susarla**  
Company Secretary

Place: Hyderabad  
Date: 30th May, 2022

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Megasoft Limited Report on the Audit of the Standalone Ind AS Financial Statements

#### 1. Opinion

We have audited the Standalone Ind AS Financial Statements of MEGASOFT LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2022, and the Statement of Profit and Loss, (including the Statement of Other Comprehensive Income), the Statement of Cash Flows, 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 Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 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 31st March, 2022, 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><b>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":</b></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 and 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 good or service 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 initiated in the current year for which physical delivery of goods / rendering of service 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 those identified and recorded by the Company.</p> <p>Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</p>
<b>2</b>	<p><b>Evaluation of uncertain tax positions:</b></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.</p>	<p>We obtained the list of legal cases filed by and on the Company.</p> <p>We obtained details of completed tax assessments and demands for the year ended 31st March, 2022 from the management.</p> <p>We also reviewed the Company's correspondences and appeal documents.</p> <p>We obtained status reports from the existing counsels handling each case.</p> <p>Ascertained whether the chances of crystallization of liability are probable/ possible/ remote.</p> <p>Ensured appropriate disclosure under Notes on accounts.</p>
<b>3</b>	<p><b>Capitalization of Building, Transfer of Land upon Operation of Joint Development Agreement:</b></p> <p>The Company capitalized the 3rd Block of its Building received out of the Joint Development Agreement entered into with a developer. The Company also transferred a portion of its landed property arising out of the Joint Development Agreement.</p>	<p>We scrutinized all the documents maintained and agreements entered into by the Company, including but not limited to the original Joint Development Agreement, Occupancy Certificate, Valuation Reports to ensure that the value of the capitalization of building, transfer of land and the resultant gain is accurate.</p> <p>This transaction has also been disclosed as an exceptional item in the Standalone Statement of Profit and Loss for the purpose of better understanding by the users of the Financial Statements.</p>
<b>4</b>	<p><b>Sale of Investments:</b></p> <p>During the year, the Company has sold its investments in two foreign subsidiaries to another Indian subsidiary.</p>	<p>In respect of the disinvestment made, we checked documents such as sale agreements, Board resolutions, valuation reports etc. to confirm the correctness of the amounts recorded. We also ensured appropriateness of the accounting treatment and disclosure in line with the extant statutory regulations as well as the Indian Accounting Standards.</p> <p>This transaction has also been disclosed as an exceptional item in the Standalone Statement of Profit and Loss for the purpose of better understanding by the users of the Financial Statements.</p>

#### 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 and presentation 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.

The 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

- I. As required by the Companies (Auditor's Report) Order, 2020 ("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.
- II. 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 Statement of Cash Flows, Notes to the 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, 2022 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2022 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 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. 32 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note No. 30(n) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No. 30(n) to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014 contain any material misstatement.
  - v. No dividend has been declared or paid during the year by the Company.

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

**Arjun S**  
(Partner)  
Membership No. 230448  
UDIN: 22230448ALDGEF5772

Place : Chennai  
Date: 30.05.2022

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

i)

a)

(A) The Company is maintaining proper records showing full particulars including quantitative details and situation of its property, plant and equipment.

(B) The Company is maintaining proper records showing full particulars of intangible assets.

- b) We have been informed that the property, plant and equipment of the Company are physically verified by the Management according to a phased program designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, physical verification was carried out during the year and to the best of our knowledge no material discrepancies were noticed.
- c) The title deeds of all immovable properties disclosed in the financial statements are held in the name of the Company.
- d) According to the information given to us, the company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year.
- e) According to the information and explanations given to us, there have been no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii)

- a) The Company is a service company, primarily rendering software services. Accordingly, it does not have any inventory. Hence, reporting under Clause (ii) (a) of the Companies (Auditor's Report) Order, 2020 does not arise.
- b) Based on the information and explanations provided to us, the Company has been sanctioned working capital limits in excess of Rs 5 crores in aggregate, from banks on the basis of security of current assets. The periodic returns / statements filed by the Company with the bank are in agreement with the books of accounts of the Company.

iii)

- (a) (A) Based on the information and explanations given to us, the Company has not provided any advances in the nature of loans, stood guarantee or given security to any entity, but has provided loans:

	Guarantees	Security	Loans	Advances in Nature of Loans
<b>Aggregate amount granted/ provided during the year</b>	Nil	Nil	35,96,73,251	Nil
<b>Subsidiaries</b>	Nil	Nil	28,46,73,251	Nil
<b>Joint Ventures</b>	Nil	Nil	Nil	Nil
<b>Associates</b>	Nil	Nil	Nil	Nil
<b>Others</b>	Nil	Nil	7,50,00,000	Nil
<b>Balance outstanding as at balance sheet date in respect of</b>	Nil	Nil	7,50,00,000	Nil
<b>Subsidiaries</b>	Nil	Nil	Nil	Nil
<b>Joint Ventures</b>	Nil	Nil	Nil	Nil
<b>Associates</b>	Nil	Nil	Nil	Nil

<b>Others</b>	Nil	Nil	7,50,00,000	Nil
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- (b) The investments made and loans granted by the Company are not prejudicial to the interests of the Company.
- (c) In respect of loans given, the schedule of repayment of principal and interest has been stipulated, and repayment and receipts are regular in line with the terms of sanction.
- (d) Based on our verification of the records of the Company, no amount of loan is overdue.
- (e) Based on the information and explanations given to us, no loan granted which has fallen due during the year has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has not granted any loan or advance in the nature of loan either repayable on demand or without specifying any terms or period of repayment.
- iv) In our opinion and according to the information and explanations given to us, the Company has not made any investment or provided any guarantee or security as envisaged under Section 185 and Section 186 of the Companies Act 2013. With respect to loans granted, the Company has complied with the provisions of section 186 of the Companies Act, 2013.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under or under the directives of the Reserve Bank of India. Hence, reporting under clause (v) of the Companies (Auditor's Report) Order, 2020 does not arise.
- vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost record under Section 148(1) of the Companies Act, 2013 in respect of the company.
- vii) a) According to the information and explanations given to us and as per our verification of the records of the Company, in our opinion, the company is generally regular in depositing undisputed statutory dues including Income Tax, Goods and Services Tax, Employees Provident Fund, Employees State Insurance, Customs Duty, Excise Duty and other statutory dues applicable to it and there are no statutory dues outstanding for a period of more than six months from the date they become payable as on the last day of the financial year, except for Tax deducted at Source of Rs. 41.15 lakhs.
- 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, 2022: (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 previous 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 ITAT. (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) According to the information and explanations given to us and as per the records of the Company, there have been no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year and no tax assessments under the Income Tax Act, 1961 (43 of 1961) have been received during the year.
- ix) a) Based on the records verified by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender.
- c) Based on our verification of the books and records, the Company has applied the Term Loans for the purpose which they were obtained.
- d) In our opinion and according to the information and explanations given to us, the funds raised on a short-term basis have not been utilised for long term purposes.
- e) Based on our verification of the books of account, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, and the Company does not have any associates or joint ventures.

- f) Based on the audit procedures performed by us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, and the Company does not have any joint ventures or associate companies.
- x)
- a) Based on the information and explanations given to us, the Company has raised moneys by way of Further Public Offer of equity shares during the year and the same were applied for the purpose for which they were raised, and there were no moneys raised by way of Initial Public Offer (including debt instruments) during the year.
- b) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence, reporting under clause (x) (b) of the Companies (Auditor's Report) Order, 2020 does not arise.
- xi)
- a) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year;
- b) No report under section 143 (12) of the Companies Act, 2013 has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- c) According to the information and explanation given to us, there have been no whistle blower complaints received by the Company during the year. Hence, reporting under clause (xi) (c) of the Companies (Auditor's Report) Order, 2020 does not arise.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Hence, reporting under clauses (xii) (a) to (c) of the Companies (Auditor's Report) Order, 2020 does not arise.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- xiv)
- (a) Based on the information and explanations given to us and in our opinion, the Company has an internal audit system commensurate with the size and nature of its business;
- (b) The reports of the Internal Auditor for the period under Audit were considered by us.
- xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Hence, reporting under Clause (xv) of the Companies (Auditor's Report) Order, 2020 does not arise.
- xvi)
- a) According to the information and explanations given to us and in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- b) Based on the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance Activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- c) In our opinion, the Company is not a Core Investment Company (CIC) and hence, reporting under Clause (xvi) (c) of the Companies (Auditor's Report) Order, 2020 does not arise.
- d) According to the information and explanations given to us, the Group does not any CIC as part of the Group.
- xvii) According to the information and explanations given to us and in our opinion, the company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii) Based on the information and explanations given to us, there has been no resignation of the statutory auditors during the year. Hence, reporting under Clause (xviii) of the Companies (Auditor's Report) Order, 2020 does not arise.
- xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, in our opinion, no material uncertainty exists as on the date of the audit report that the Company is capable of meeting its liabilities existing on the balance sheet date as and when they fall due within a period of one year from the balance sheet date.

xx) According to the information and explanations given to us and based on our examination of the records of the Company, the provisions of section 135 (5) of the Companies Act, 2013 are not applicable to the Company. Hence, reporting under Clause (xx) of the Companies (Auditor's Report) Order, 2020 does not arise.

xxi) There have not been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 Reports of the Companies included in the consolidated financial statements of the Company. This reporting requirement has also been covered in our Independent Auditor's Report on the Consolidated Financial Statements of the Company.

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

Place : Chennai  
Date: 30.05.2022

**Arjun S**  
(Partner)  
Membership No. 230448  
UDIN: 22230448ALDGEF5772

## **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 31st March, 2022 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 31st March, 2022, 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 Regn. No.: 003398S

Place : Chennai  
Date: 30.05.2022

**Arjun S**  
**(Partner)**  
Membership No. 230448  
UDIN: 22230448ALDGEF5772

# Balance Sheet

	Note	As at 31-Mar-2022 ₹ in lakhs	As at 31-Mar-2021 ₹ in lakhs
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Non-Financial assets			
Property, Plant and Equipment	2	18,497.61	13,752.19
Financial Assets			
-Investments	3(i)	651.90	3,395.70
-Other Financial Assets	3(ii)	132.08	127.66
Deferred Tax Assets(Net)	4	-	62.14
Other Non Current Assets	5	10.84	6,366.43
<b>Current Assets</b>			
Financial Assets			
-Trade Receivables	6	898.20	2,822.74
-Cash And Bank Balances	7	3,220.04	18.44
-Other Balances with Bank	8	199.31	47.23
-Loans	9	750.00	-
Current Tax Assets (Net)	10	937.20	705.75
Other Current Assets	11	338.00	520.34
<b>Total Assets</b>		<b>25,635.18</b>	<b>27,818.62</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	12 A	7,377.00	4,426.73
Other Equity	12 B	11,074.01	10,528.43
<b>Total Equity</b>		<b>18,451.01</b>	<b>14,955.16</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	13	2,396.90	-
Lease Liabilities	14	296.46	402.73
-Other Financial Liabilities	15	1,974.92	1,567.89
Provisions	16	127.13	136.25
<b>Current Liabilities</b>			
Financial Liabilities			
- Borrowings	17	103.10	112.35
-Lease Liabilities	18	106.27	92.38
- Trade payables	19	755.96	928.94
- Other financial liabilities	20	218.73	138.54
Provisions-Current	21	73.27	675.29
Other current liabilities	22	1,131.43	8,809.08
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>25,635.18</b>	<b>27,818.62</b>
Significant accounting policies	1		
Other notes to Financial Statements	2-45		

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

As per our Report of even date attached

For and on behalf of the Board of Megasoft Limited

for **N.C.Rajagopal & Co.**

Chartered Accountants  
Firm Registration No: 003398 S

**Sunil Kumar Kalidindi**  
Executive Director

**Anil Kumar Sood**  
Director

**Anish Mathew**  
Director

Arjun S.  
Membership No: 230448  
Place: Hyderabad  
Date: 30<sup>th</sup> May, 2022

**Shridhar Thathachary**  
Chief Financial Officer

**Srivalli Susarla**  
Company Secretary

## Statement of Profit & Loss

	Note	For the year ended 31-Mar-2022 ₹ in lakhs	As at 31- Mar-2021 ₹ in lakhs
<b>Revenue from Operations</b>			
Revenue from sale of services	23	1,410.80	1,646.60
Other Income	24	2,670.20	686.41
		<b>4,081.00</b>	<b>2,333.01</b>
<b>Expenses</b>			
Software, hardware and material cost		21.65	45.95
Employee benefits expense	25	1,034.95	857.27
Finance costs	26	205.81	273.69
Depreciation and amortisation expense	2	339.37	343.30
Other expenses	27	2,200.72	674.77
		<b>3,802.50</b>	<b>2,194.98</b>
<b>Profit/(Loss) Before Exceptional item and tax</b>		278.50	138.03
<b>Exceptional Items(Net)</b>	28	341.87	-
<b>Profit/(Loss) Before Exceptional item and tax</b>		620.37	138.03
Tax expense			
Current tax		-	-
Deferred tax		62.14	(0.85)
<b>Total tax expense</b>		<b>62.14</b>	<b>(0.85)</b>
Profit/(Loss) for the year		558.23	138.88
<b>Other Comprehensive Income/(Loss)</b>			
<b>A Items that will not be reclassified to profit and loss</b>			
i) Remeasurements of post employment benefit obligations		(12.64)	(6.66)
ii) Changes in Revaluation Surplus		-	-
<b>B Items that will be reclassified to profit and loss</b>			
i) Fair Value Changes in Equity Instruments through OCI		-	-
Other Comprehensive Income for the year		(12.64)	(6.66)
<b>Total Comprehensive Income for the year</b>		<b>545.59</b>	<b>132.22</b>
Earnings per equity share (in `)			
(1) Basic	29	0.89	0.31
(2) Diluted	29	0.89	0.31
Significant accounting policies	1		
Other notes to Financial Statements	2-45		

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

As per our Report of even date attached

For and on behalf of the Board of Megasoftware Limited

for **N.C.Rajagopal & Co.**

Chartered Accountants

Firm Registration No: 003398 S

**Sunil Kumar Kalidindi**

Executive Director

**Anil Kumar Sood**

Director

**Anish Mathew**

Director

Arjun S.

Membership No: 230448

**Shridhar Thathachary**

Chief Financial Officer

**Srivalli Susarla**

Company Secretary

Place: Hyderabad

Date: 30th May, 2022

## Statement of changes in equity

### A. Equity Share Capital

#### (1) Current Reporting Period

Amount (₹ in Lakhs)				
Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
4426.73	-	-	2,950.27	7,377.00

#### (2) Previous Reporting Period

Amount (₹ in Lakhs)				
Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
4426.73	-	-	-	4,426.73

### B. Other Equity

#### (1) Current Reporting Period

Reserves and Surplus									
	Capital Reserve	Securities Premium	Business Reconstruction Reserve	General Reserve	Retained Earnings	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Total
Balance at the beginning of the current reporting period	5.59	250.66	21.38	2,546.71	7,117.87	2,773.73		(2,187.55)	10,528.43
Changes in accounting policy or prior period errors									
Restated balance at the beginning of the current reporting period	5.59	250.66	21.38	2,546.71	7,117.87	2,773.73		(2,187.55)	10,528.43
Total Comprehensive Income for the current year					558.23			(12.64)	545.59
Dividends									
Transfer to retained earnings					(2,221.38)			2,221.38	-
Any other Change to be specified									

Balance at the end of the current reporting period	5.59	250.66	21.38	2,546.71	5,454.72	2,773.73		21.19	11,074.01
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**(2) Previous Reporting Period**

Reserves and Surplus									
	Capital Reserve	Securities Premium	Business Reconstruction Reserve	General Reserve	Retained Earnings	Revaluation on Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Total
Balance at the beginning of the Previous reporting period	5.59	250.66	21.38	2,546.71	6,978.99	2,773.73		(2,180.88)	10,396.21
Changes in accounting policy or prior period errors									
Restated balance at the beginning of the previous reporting period	5.59	250.66	21.38	2,546.71	6,978.99	2,773.73		(2,180.88)	10,396.21
Total Comprehensive Income for the previous year					184.81			(6.66)	132.22
Dividends									
Transfer to retained earnings									-
Any other Change to be specified									
<b>Balance at the end of the current reporting period</b>	<b>5.59</b>	<b>250.66</b>	<b>21.38</b>	<b>2,546.71</b>	<b>7,117.87</b>	<b>2,773.73</b>		<b>(2,187.55)</b>	<b>10,528.43</b>

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

For and on behalf of the Board of Megasoft Limited

**Sunil Kumar Kalidindi**      **Anil Kumar Sood**      **Anish Mathew**  
Executive Director      Director      Director

Arjun S.  
Membership No: 230448

**Shridhar Thathachary**      **Srivalli Susarla**  
Chief Financial Officer      Company Secretary

Place: Hyderabad  
Date: 30th May, 2022

## Cash Flow Statement

	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
	₹ in lakhs	₹ in lakhs
<b>A. Cash flow from Operating Activities</b>		
Net Profit Before Tax	620.37	138.03
<b>Adjusted for:</b>		
Bad debts written off	1,299.75	-
Provision for doubtful debts	-	100
Creditors and other balances written back	404.06	-
Depreciation	339.37	343.30
Write Off of Property, Plant and Equipment	167.36	-
Adjustment arising out of ROU Assets	-	(57.48)
Gratuity-Actuarial(Losses)/Gains	(12.64)	(6.66)
Interest Income	(12.02)	(17.50)
Interest & Bank Charges	205.81	273.69
Unrealised Foreign Exchange Fluctuation	(40.26)	51.27
Impact of Exceptional Items	(341.87)	-
<b>Operating Profit Before Working Capital Changes</b>	<b>2,629.93</b>	<b>824.65</b>
Adjusted for:		
Trade and other Receivables	685.75	1,380.11
Trade and other payables	(956.70)	(1,112.74)
Other non - current assets	5.00	(15.84)
Other Financial Assets	(4.41)	9.73
<b>Cash Generated from operations</b>	<b>2,359.57</b>	<b>1,085.91</b>
Net prior year adjustments		
Current Tax (Current and relating to Previous years)	-	-
Deferred Tax	(62.14)	0.85
Minimum Alternate Tax Credit Entitlement		
<b>Net Cash from / (Used in) Operating Activities [A]</b>	<b>2,297.43</b>	<b>1,086.76</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of Property Plant & Equipment	(19.04)	(74.09)
Proceeds from disinvestment of subsidiaries	650.10	-
Investment made	(3,968.93)	-
Interest Income (Gross)	12.02	17.50
Creation of deposits/(Closure of deposits)	(152.08)	(14.18)
Loan Given	(750)	-
<b>Net Cash from / (Used in) Investing Activities [B]</b>	<b>(4,227.93)</b>	<b>(70.78)</b>
<b>C Cash flow from Financial Activities</b>		
Increase/Decrease on Borrowings	2,387.64	(735.56)
Proceeds from Issue of Shares under Right Issue	2,950.27	-
Creation of Deposit/(Closure of Deposit)		
Interest & Bank Charges	(205.81)	(273.69)
<b>Net Cash flow from/(Used in) Financing Activities [C]</b>	<b>5,132.10</b>	<b>(1,009.25)</b>
<b>Net Cash Flows during the year {A+B+C}</b>	<b>3,201.60</b>	<b>6.73</b>
<b>Cash &amp; Cash Equivalents(Opening Balance)</b>	<b>18.44</b>	<b>11.71</b>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>3,220.04</b>	<b>18.44</b>

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: 30th May, 2022

For and on behalf of the Board of Megasoft Limited

**Sunil Kumar Kalidindi**    **Anil Kumar Sood**    **Anish Mathew**  
Executive Director    Director    Director

**Shridhar Thathachary**    **Srivalli Susarla**  
Chief Financial Officer    Company Secretary

## **Megasoft Limited**

### **Notes forming part of Financial Statements for the year ended March 31, 2022**

#### **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.

##### **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) Rules, 2015, as amended, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

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.

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. Property, Plant and Equipment are capitalized when the assets are ready for their intended use and when occupancy certificate is received in respect of immovable properties.

## **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 comprise 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:** Contributions 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 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 asset's 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 assets**

##### **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.

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**2 Property, Plants & Equipments**  
(₹ in lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 1-Apr-2021	Additions	Deletions / Adjustments	Cost as at 31-Mar-2022	As at 1-Apr-2021	For the year	On Deletions / Adjustments	Total as at 31-Mar-2022	As at 31-Mar-2022	As at 31-Mar-2021
<b>(A) Tangible Assets</b>										
Land & Land Development	3,673.33	-	942.12	2,731.21	-	-	-	-	2,731.21	3,673.33
Building	9,580.38	6,175.22	-	15,755.60	287.74	175.81	-	463.55	15,292.06	9,292.64
Leasehold building(ROU)	767.43	-	-	767.43	297.10	114.41	-	411.52	355.91	470.32
Plant & Machinery	187.25	7.47	127.03	67.69	108.75	18.87	86.50	41.12	26.56	78.49
Computer systems & Software	1,554.63	11.58	1,363.37	202.84	1,469.68	29.32	1,329.19	169.82	33.02	84.95
Furniture & Fittings	192.39	-	132.51	59.89	39.95	0.95	39.85	1.04	58.85	152.45
Vehicles	67.08	-	67.08	-	67.08	-	67.08	-	-	-
<b>Sub Total</b>	<b>16,022.48</b>	<b>6,194.27</b>	<b>2,632.10</b>	<b>19,584.65</b>	<b>2,270.30</b>	<b>339.37</b>	<b>1,522.62</b>	<b>1,087.04</b>	<b>18,497.61</b>	<b>13,752.19</b>
<b>(B) Intangible Assets</b>										
Intellectual Property Rights	68.00	-	-	68.00	68.00	-	-	68.00	-	-
Patents	2.68	-	-	2.68	2.68	-	-	2.68	-	-
<b>Sub Total</b>	<b>70.68</b>	<b>-</b>	<b>-</b>	<b>70.68</b>	<b>70.68</b>	<b>-</b>	<b>-</b>	<b>70.68</b>	<b>-</b>	<b>-</b>
(C) Capital WIP	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16,093.16</b>	<b>6,194.27</b>	<b>2,632.10</b>	<b>19,655.33</b>	<b>2,340.98</b>	<b>339.37</b>	<b>1,522.62</b>	<b>1,157.72</b>	<b>18,497.61</b>	<b>13,752.19</b>
<b>Previous year</b>	<b>15,466.47</b>	<b>626.69</b>	<b>-</b>	<b>16,093.16</b>	<b>1,997.68</b>	<b>343.30</b>	<b>-</b>	<b>2,340.98</b>	<b>13,752.19</b>	<b>13,468.80</b>

DESCRIPTION	Property, Plant and equipment	Right of Use Asset	Total
<b>Gross Carrying Value</b>			
<b>As at March 31, 2021</b>	<b>15,255.05</b>	<b>767.43</b>	<b>16,022.48</b>
Additions	6,194.27	-	6,194.27
Disposals	2,632.10	-	2,632.10
<b>As at March 31, 2022</b>	<b>18,817.23</b>	<b>767.43</b>	<b>19,584.65</b>
<b>Accumulated Depreciation</b>			
<b>As at March 31, 2021</b>	<b>1,973.19</b>	<b>297.10</b>	<b>2,270.30</b>
Charge for the year	224.95	114.41	339.37
Adjustment for disposal	1,522.62	-	1,522.62
<b>As at March 31, 2022</b>	<b>675.52</b>	<b>411.52</b>	<b>1,087.04</b>
<b>Net Block as at March 31, 2021</b>	<b>13,281.86</b>	<b>470.32</b>	<b>13,752.19</b>
<b>Net Block as at March 31, 2022</b>	<b>18,141.70</b>	<b>355.91</b>	<b>18,497.61</b>

<b>Summary of Depreciation charged in P &amp; L account</b>	
On account of ROU assets (Ind AS 116)	114.41
On account of others (incl. Building)	224.96
	339.37

	As at 31-Mar-2022 ₹ in lakhs	As at 31-Mar-2021 ₹ in lakhs
<b>3 Financial Asset</b>		
(i) Investment Measured at Cost		
In Subsidiaries Companies		
Megasoft Consultants Sdn Bhd	-	63.63
<b>Sub Total</b>	<b>-</b>	<b>63.63</b>
Investment Measured at Fair Value through OCI		
XIUS Holding Corp	-	3,332.07
Nelatop Systems Private Limited	585.90	-
Velapan Systems Private Limited	66.00	-
<b>Sub Total</b>	<b>651.90</b>	<b>3,332.07</b>
<b>Total</b>	<b>651.90</b>	<b>3,395.70</b>
(ii) Security Deposit	132.08	127.66
Sub Total	132.08	127.66
<b>Total</b>	<b>783.98</b>	<b>3,523.36</b>
<b>4 Deferred Tax Asset/(Liability) - Non Current</b>		
On account of depreciation	-	(359.76)
On account of others(including carried forward loss)	-	421.90
<b>Total</b>	<b>-</b>	<b>62.14</b>
<b>5 Other Non Current asset</b>		
Loans and Advances to Subsidiary Company	-	6,350.59
Prepaid expenses	10.84	15.84
<b>Total</b>	<b>10.84</b>	<b>6,366.43</b>
<b>6 Trade Receivables</b>		
Unsecured, considered good		
- Exceeding six months from the date they were due for payment	854.24	2161.13
- Others	43.97	661.62
Unsecured, Considered doubtful		
-Exceeding six months from the date they were due for payment	-	260
-Others	-	260
Less: Allowance for bad and doubtful debts		
<b>Total</b>	<b>898.20</b>	<b>2822.74</b>

**Ageing Schedule FY 2021-22**

Particulars	Less than 6 Months	6 Months-1Yr	1-2 years	2-3 Years	More Than 3 Years	Total
1 Undisputed Trade Receivables- Considered Good	43.97	53.95	12.55	2.96	784.78	898.20
2 Undisputed Trade Receivables- Considered						

Doubtful						
3 Disputed Trade Receivables-Considered Good						
4 Disputed Trade Receivables-Considered doubtful						
<b>Ageing Schedule FY 202-21</b>						
<b>Particulars</b>	<b>Less than 6 Months</b>	<b>6 Months-1Yr</b>	<b>1-2 years</b>	<b>2-3 Years</b>	<b>More Than 3 Years</b>	<b>Total</b>
1 Undisputed Trade Receivables-Considered Good	661.62	211.11	15.00	521.38	1413.63	2822.74
2 Undisputed Trade Receivables-Considered Doubtful					260.00	260.00
3 Disputed Trade Receivables-Considered Good						
4 Disputed Trade Receivables-Considered doubtful						

## 7 Cash And Cash Equivalents

(A) Balances with Banks:

- Current accounts	3,219.76	18.41
- Cash on hand	0.29	0.03

<b>Total</b>	<b>3,220.04</b>	<b>18.44</b>
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## 8 Other Bank balances

Deposits held as Margin Money	199.31	47.23
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<b>Total</b>	<b>199.31</b>	<b>47.23</b>
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## 9 Loans

Others –considered good –unsecured Loan Receivable	750.00	-
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<b>Total</b>	<b>750.00</b>	<b>-</b>
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## 10 Current Tax (Liabilities)/Asset

Advance Tax (Net off Provision For Taxation)	937.20	705.75
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<b>Total</b>	<b>937.20</b>	<b>705.75</b>
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**11 Other Current Assets**

Prepaid Expenses	49.89	54.59
Security Deposits	153.85	124.34
Accrued Interest Receivable	22.64	15.66
Balance with Government Authorities	-	199.01
Other Advances		
-Staff Advances	98.13	92.73
-Others	13.49	34.01
<b>Total</b>	<b>338.00</b>	<b>520.34</b>

**12A : 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)		
Issued, Subscribed and Fully Paid up Capital		
7,37,70,041 Equity Shares of ₹ 10/- each, Fully paid up	7,377.00	4,426.73
(PY : 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)		
	<b>7,377.00</b>	<b>4,426.73</b>

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

Particulars	Equity Shares		Equity Shares			
			As at 31st March,2022		As at 31st March,2021	
			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	2,95,02,748	2950.27		-		-
Shares outstanding at the end of the year	7,37,70,041	7,377.00		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, 2022		As at 31st March,2021	
	No. of shares	%	No. of shares	%
Sri Power Generation (India) Pvt Ltd	3,22,86,926	43.77%	-	-
I labs Venture Capital Fund	-	-	37,62,375	8.50%
Ravindra Babu S	-	-	26,88,768	6.07%
Venkatraman Kumar Gandaravakottai	-	-	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.

f) Shares held by promoter at the end of the year

	No. of shares	% of Total Shares	%Change during the year
Sri Power Generation (India) Pvt Ltd	3, 22, 86, 926	43.77%	39.77%

	As at 31-Mar-2022 ₹ in lakhs	As at 31-Mar-2021 ₹ in lakhs
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## 12 B Other Equity

a Securities premium account

Opening balance	250.66	250.66
<b>Closing balance</b>	<b>250.66</b>	<b>250.66</b>

b Capital Reserve	5.59	5.59
<b>Closing balance</b>	<b>5.59</b>	<b>5.59</b>

c Business Reconstruction Reserve	21.38	21.38
<b>Closing balance</b>	<b>21.38</b>	<b>21.38</b>

d General Reserve	2,546.75	2,546.75
<b>Closing balance</b>	<b>2,546.75</b>	<b>2,546.75</b>

e Retained earnings		
Opening balance	7,117.87	6,978.99
Net Profit/ (Loss) for the year	558.23	138.88
Less: Transfer from Other Comprehensive Income	(2,221.38)	-
<b>Closing balance</b>	<b>5,454.72</b>	<b>7,117.87</b>

f Revaluation Surplus	2,773.73	2,773.73
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g Other Comprehensive Income		
As per Last Balance Sheet	(2,187.55)	(2,180.88)
Add: Movement in OCI during the year (net)	(12.64)	(6.66)
Less: Transfer to Retained Earnings	2,221.38	-

<b>Total Other Comprehensive Income</b>	<b>21.19</b>	<b>(2,187.55)</b>
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<b>Total Other Equity</b>	<b>11,074.01</b>	<b>10,528.43</b>
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### 13 Borrowing –Non Current

Borrowings		
Secured	-	-
Term Loan:	-	-
(i)Banks	-	-
(ii)From Other Parties (NBFC)	2,396.30	-

#### Security Details:

(i) Exclusive charges on the Company's share of Commercial Property at Nanakramguda Village, Gachibowli, Hyderabad, Telangana along with the Car Parkings.

(ii) Escrow & Hypothecation on rental

Rate of Interest at 7.75% pa (floating rate)

Default - Nil (PY : Nil)

Term loans were deployed for the purpose for which they were obtained

<b>Total</b>	<b>2,396.90</b>	<b>-</b>
<b>14 Lease Liabilities</b>		
Financial Lease Obligations	296.46	402.73
<b>Total</b>	<b>296.46</b>	<b>402.73</b>
<b>15 Other Financial Liability - Non Current</b>		
Security Deposit-JDA	1,637.31	1,442.71
Deferred Premium Translation of financial Liabilities	337.61	125.18
<b>Total</b>	<b>1,974.92</b>	<b>1,567.89</b>
<b>16 Provisions - Non Current</b>		
Provision for Employee Benefits	127.13	136.25
<b>Total</b>	<b>127.13</b>	<b>136.25</b>
<b>17 Borrowings – Current</b>		
Secured		
Current Maturities on Long Term Borrowings	103.10	
Loans repayable on demand - Working Capital Loan	-	112.35
<b>Total</b>	<b>103.10</b>	<b>112.35</b>

#### Loans repayable on demand - Working Capital Loan

Security	Default(if any)
Primary Security - Exclusive first charge on entire current assets of the company, both present and future.	NIL (PY: NIL)
Collateral Security - Exclusive first charge on entire unencumbered fixed assets of the company and mortgage on open land and buildings for commercial use situated at Hyderabad.	

### 18 Lease Liabilities

Current Maturities of finance lease Obligations	106.27	92.38
<b>Total</b>	<b>106.27</b>	<b>92.38</b>
<b>19 Trade Payables</b>		
Total Outstanding dues of Micro Enterprises & Small Enterprises*	-	-
Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	755.96	928.94
<b>Total</b>	<b>755.96</b>	<b>928.94</b>

**Ageing Schedule Fy 2021-2022**

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
1)MSME	-	-	-	-	-
2)Others	33.65	0.00	39.68	682.63	<b>755.96</b>
3)Disputed Dues-MSME					
4) Disputed Dues-others					

**Ageing Schedule Fy 2020-2021**

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
1)MSME					
2)Others	47.62	45.77	373.95	461.61	<b>928.94</b>
3)Disputed Dues-MSME					
4) Disputed Dues-others					

**\*As per the information available with the company, there are no outstanding dues that are required to be furnished under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006.**

**20 Other Financial Liabilities**

Interest Accrued and due on Borrowings	90.48	86.63
Deferred premium translation of Financial Liabilities	128.25	51.92

<b>Total</b>	<b>218.73</b>	<b>138.55</b>
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**21 Provisions – Current**

Provision for Employee Benefit	30.22	13.53
Provision for Outstanding Expenses	43.05	661.76

<b>Total</b>	<b>73.27</b>	<b>675.29</b>
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**22 Other current liabilities**

Statutory Dues Payable	72.77	54.99
Salary Payable	-	68.71
Other Payables*	1,058.67	8,685.38

\* Includes amounts on JDA

<b>Total</b>	<b>1,131.43</b>	<b>8,809.08</b>
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**23 Revenue From Operation**

Revenue from sale of services	1,410.80	1,646.60
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<b>Total</b>	<b>1,410.80</b>	<b>1,646.60</b>
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**24 Other Income**

Interest Income - Security Deposit	4.41	16.78
Amortization Income - JDA Land	58.19	47.53
Other non-operating income		
Rental Income	2,195.93	621.37
Interest Received	7.61	0.73
Creditors and Other balances written back	404.06	-

<b>Sub Total</b>	<b>2,670.20</b>	<b>686.41</b>
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Other gains and losses		
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Net foreign exchange gain	-	-
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Miscellaneous	-	-
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<b>Sub Total</b>	<b>-</b>	<b>-</b>
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<b>Total</b>	<b>2,670.20</b>	<b>686.41</b>
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**25 Employee Benefit expense**

Salaries and Wages	935.85	783.84
Contribution to Provident Fund and other funds	50.60	42.24
Staff Welfare	48.51	31.20

<b>Total</b>	<b>1,034.95</b>	<b>857.27</b>
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**26 Finance costs**

Interest expenses		163.09	219.22
- Interest on Bank Loan	1.79		
- Interest on Others	161.30		
Bank Charges		27.72	54.48
Processing Fees		15.00	-
<b>Total</b>		<b>205.81</b>	<b>273.69</b>
<b>27 Other expenses</b>			
Services Rendered by business associates and Others		99.77	53.49
Electricity Charges		35.19	50.26
Insurance Expenses		32.38	33.70
Travelling and conveyance		14.49	12.31
Legal and professional charges		295.22	42.99
Rates and taxes		42.82	27.02
Rent		15.79	25.49
Repairs and Maintenance		88.24	73.66
Security charges		10.85	18.08
Communication costs		15.29	14.67
Business promotion expenses		0.36	2.33
Printing and stationery		4.13	3.28
Audit fees (Excluding Taxes)			
For Statutory Audit		16.00	13.00
Sitting fees paid		11.85	6.60
Provision for doubtful Debts		-	100
Bad Debt Written Off		1,299.75	-
Write off of Property, Plant and Equipment		167.36	-
Commission		7.00	146.50
Exchange Loss on Foreign Exchange Transaction		14.47	29.63
Miscellaneous expenses		29.74	22.36
<b>Total</b>		<b>2,200.72</b>	<b>674.77</b>
<b>28 Exceptional Items (Net)</b>			
Gain Transfer of Land out of JDA		12,755.09	-
Loss on Subsidiaries' disinvestment		(12,413.22)	-
<b>Total</b>		<b>341.87</b>	<b>-</b>
<b>29 Earnings Per Share</b>			
Net Profit /(Loss) attributable to Equity Shareholders (A)		5,58.23	1,38.88
Weighted average number of equity shares outstanding during the period (B) (In Nos.)		6,28,58,066	4,42,67,293
Basic & Diluted EPS (A/B) (in ₹)		0.89	0.31

### 30 Additional Requirement

- a) There are no Immovable properties whose title deeds are not held in the name of the Company.
- b) The Company does not have and investment property.
- c) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) or intangible assets.
- d) The company has not granted any loans or advances in the nature of loans to promoters, Directors, KMPs and related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, either repayable on demand or without specifying any terms or period of repayment.
- e) The Company does not have any Capital-Work-in Progress (CWIP).
- f) The Company does not have any Intangible Assets under Development.
- g) There have been no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- h) In respect of borrowings from a bank on the basis of security of current assets, the periodic returns / statements of current assets filed by the Company with the bank are in agreement with the books of accounts. The Company does not have any borrowings from financial institutions on the basis of security of current assets.
- i) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

- j) The company had no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- k) There are no charges or satisfactions yet to be registered with the Registrar of Companies beyond the statutory period.
- l) The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- m) Ratios

Particulars	Items included in the Numerator / Denominator	Ratio		Reason for Change in ratio (Wherever it is more than 25%)
		2021-22	2020-21	
(i) Current ratio	Current Assets/ Current Liabilities	2.66	0.38	Payment of certain liabilities during the year lead to lower current liabilities, and thus improving this ratio.
(ii) Debt-Equity ratio	Total Outside Debt/Equity Share Holder's Funds	0.14	0.01	This ratio has increased due to the loan taken during the current year.
(iii) Return on Equity ratio	Net Profit After Taxes / Equity Shareholder's Funds	3.03%	0.93%	This ratio has increased due to higher profits due to higher rental receipts and certain exceptional transactions.
(iv) Trade Receivables turnover ratio	Net Sales/ Average Receivables	0.76	0.45	This ratio has improved due to the reduction in the value of trade receivables during the year.
(v) Trade payables turnover ratio	Net Purchases / Average Payables	0.03	0.04	This ratio has reduced due to the lower purchases of software and hardware items during the year.
(vi) Net capital turnover ratio	Revenue from Operations / Average Working Capital	-1.05	-0.34	Reduction of current liabilities during the year lead to lower working capital resulted in this variance.

(vii) Net profit ratio	Net Profit After Taxes / Revenue from Operations	0.40	0.08	Higher rental receipts (Other Income) and certain exceptional transactions lead to higher profit during the year, resulting in this improved ratio.
(viii) Return on Capital employed	Earnings before Interest & Taxes/ Capital Employed	3.94%	2.73%	
(ix) Return on investment	Net Profit After Taxes / Capital Employed	2.66%	0.92%	

**n) Utilisation of Borrowed funds and share premium:**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**o) Undisclosed Income:**

No tax assessments under the Income Tax Act, 1961 (43 of 1961) have been received during the year and hence, there have been no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year. There has also not been any previously unrecorded income or related assets.

**p)** The Company is not covered under the provisions of Section 135 of the Companies Act, 2013.

**q)** The Company has neither traded nor invested in Crypto currency or Virtual Currency during the financial year.

**31 Related party transactions**

**A. Wholly owned Subsidiary companies**

Subsidiary companies	% of Holding	
	As at 31.03.2022	As at 31.03.2021
Velapan Systems Private Limited (w.e.f – 10/03/2022)	100.00%	-
Nelatop Systems Private Limited (w.e.f – 14/03/2022)	90.00%	-
Megasoft Consultants Sdn Bhd, Malaysia (Subsidiary of Nelatop Systems Private Limited)	-	100.00%
XIUS Holding Corp, USA (Subsidiary of Nelatop Systems Private Limited)	-	100.00%

XIUS Corp, USA (Subsidiary of XIUS Holding Corp, USA)	-	-
XIUS S DE RL DE CV, (Subsidiary of XIUS Holding Corp, USA)	-	-

## B Key Managerial Personnel

G.V. Kumar – Managing Director (Till- 10.12.2021)

Sunil Kumar Kalidindi- Additional (Executive) Director and Chief Executive Officer) (w.e.f-10.12.2021)

Shridhar Thathachary-Chief Financial Officer

Srivalli Susarla- Company Secretary

### Details of Related Party Transactions during the year:

Particulars	For Year Ended 31.03.2022 ₹ in lakhs	For year ended 31.03.2021 ₹ in lakhs
<b>Wholly Owned Subsidiary Companies</b>		
<b>Sale of Services :</b>		
1. Megasoft Consultants Sdn Bhd	204.92	418.84
2. XIUS Corp , USA	833.53	741.03
<b>Loan Given (Repayment of Subsidiary debt)</b>		
1.XIUS Holding Corp,USA	2,846.73	-
<b>Investment made:</b>		
1.Nelatop Systems Private Limited	585.90	-
2.Velapan Systems Private Limited	66.00	-
3.XIUS Holding Corp, USA		
- Further Investment	379.84	-
- Conversion of Loan to Equity	9,197.32	-
4. Megasoft Consultants Sdn Bhd, Malaysia	90.35	-
<b>Disinvestments made</b>		
1. XIUS Holding Corp, USA	15,130.61	-
2.Megasoft Consultants Sdn Bhd, Malaysia	153.98	-
<b>Corporate Guarantees for Foreign Currency Loan from Bank :</b>		
1. XIUS Holding Corp , USA	-	2838.12
<b>Key Managerial Personnel</b>		
1. Remuneration to Directors	36.20	38.98
<b>Balance at the end of the year :</b>		
<b>A. Trade Receivables :</b>		
Megasoft Consultants Sdn Bhd	-	349.21
XIUS Corp, USA	-	342.82
<b>B. Loans and Advances</b>		
XIUS Holding Corp , USA	-	6,350.59
Maximum amount Outstanding during the year		
-XIUS Holding Corp , USA	9,197.33	6,350.59

### 32 Commitments & Contingencies

(i) Bank guarantees

162.50

162.50

(ii) Income Tax

(a) The Company has appealed against the Assessment order for a demand of ₹ 628.09 lakhs for the Assessment years 2012-13 and for the assessment year 2013-14.

(b)Tax deducted at Source amounting to ₹ 17.79 lakhs for assessment years 2014-15 to 2017-18 is pending at the TDS circle.

**33. Payment to Auditors**

Statutory Audit Fees	16.00	13.00
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**34. Expenditure in foreign currency**

Travel expenses	0.28	-
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**35. Earnings in foreign currency**

Software development services	1232.88	1529.18
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**36. 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	
	31-03-2022	31-03-2021
Present Obligation at period beginning – Current	111.68	113.23
Service cost	9.93	8.57
Interest on defined benefit obligation	7.34	7.07
Past Service Cost	-	-
Actuarial (gain) / Loss	-	-
Benefit Directly Paid by the Employer	(24.67)	(23.84)
Current Liability (within 12 months)	-	-
Actuarial (gain) / Loss-Due to Change in Demographic Assumptions	3.49	1.12
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	5.04	(2.75)
Actuarial (gain) / Loss- Due to Change In Financial Experience	4.11	8.30
Present Value of Benefit Obligation at the End of the Period	116.92	111.68

**Amount Recognized in Balance Sheet**

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
(Present Value of Benefit Obligation at the end of the Period)	(116.92)	(111.68)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(116.92)	(111.68)
Net (Liability)/Asset Recognized in the Balance Sheet	(116.92)	(111.68)

**Expenses recognized in statement of profit and loss account**

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Current Service Cost	9.93	8.57
Net Interest Cost	7.34	7.07
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effects of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	17.27	15.64

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

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Actuarial (Gains)/Losses on Obligation for the period	12.64	6.66
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	12.64	6.66

**Sensitivity Analysis**

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Projected Benefit Obligation on Current Assumptions	116.92	111.68
Delta Effect of +1% Change in Rate of Discounting	(3.72)	(7.65)
Delta Effect of -1% Change in Rate of Discounting	4.03	8.74
Delta Effect of +1% Change in Rate of Salary Increase	3.41	8.08
Delta Effect of -1% Change in Rate of Salary Increase	(3.32)	(7.18)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.44)	0.27
Delta Effect of -1% Change in Rate of Employee Turnover	0.46	(0.31)

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.

### 37. 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

### 38. Leases

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

#### (a) Lease Income

##### Company as a Lessor

Other Income includes ₹ 2195.93 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 2022	March,31 2021
Payable within one year	106.27	92.38
Payable between one and five years	296.46	402.73
Payable after five years		-
<b>Total</b>	<b>402.73</b>	<b>495.11</b>

#### (ii) Amount recognized in profit or loss

	March,31 2022	March,31 2021
Lease expense-minimum lease payments	45.33	40.63
<b>Total</b>	<b>45.33</b>	<b>40.63</b>

#### (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'21	Apr-Mar'20
Reclassified on account of adoption of Ind AS 116		-
Opening Lease Liability	495.11	49.72
Additions	0.00	552.60
Repayments(a)	92.38	107.21
Closing Lease liability	402.73	495.12
Interest Expenses in Finance cost(b)	45.33	40.63
Hitherto accounted as		
Rental Expenses (c) = (a)+(b)	137.71	147.83
Depreciation on Right of Use Assets(d)	114.41	129.34
Impact of adoption of Ind AS 116 in profit and Loss Account (d+b-c)	22.03	22.14

Particulars	March,31 2022	March,31 2021
Carrying value of Right of Use Assets	355.91	470.32

### 39 .Assets Pledged as Security:

Particulars	31st March 2022	31st March 2021
<b>Non-current assets</b>		
<b>First Charge</b>		
<b>Non - Financial Assets</b>		
Property, Plant and Equipment (Land & Building)	18,023.27	13253.71
<b>Total Non-current assets pledged as security</b>	<b>18,023.27</b>	<b>13,253.71</b>
<b>Current assets</b>		
<b>First Charge</b>		
<b>Financial assets</b>		
Trade receivable	-	2,822.74
<b>Total Current assets pledged as security</b>	<b>0.00</b>	<b>2,822.74</b>
<b>Total assets pledged as security</b>	<b>18,023.27</b>	<b>16,076.45</b>

### 40 Fair Value Measurements:

a) Financial Instruments by Category and their Fair Values:

Particulars	As at 31st March 2022		As at 31st March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets:</b>				
Investment	651.90	651.90	3,395.70	3,395.70
Security Deposits	132.08	132.08	127.66	127.66
Trade Receivables	898.20	898.20	2,822.74	2,822.74
Cash and Cash Equivalents	3,220.04	3,220.04	18.44	18.44
Other Bank balances	199.31	199.31	47.23	47.23
Loans	750.00	750.00	0.00	0.00
<b>Total Financial Assets</b>	<b>5,851.53</b>	<b>5,851.53</b>	<b>6,411.78</b>	<b>6,411.78</b>
<b>Financial Liabilities:</b>				

Borrowings	2,500.00	2,500.00	112.35	112.35
Lease Liabilities	402.73	402.73	495.11	495.11
Trade Payables	755.96	755.96	928.94	928.94
Other Financial Liabilities	2,193.65	2,193.65	1,706.44	1,706.44
<b>Total Financial Liabilities</b>	<b>5,852.34</b>	<b>5,852.34</b>	<b>3,242.85</b>	<b>3,242.85</b>

**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.

**41. 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 2022	As at 31st March 2021
Equity	18,451.01	14,955.16
Debt	2500.00	112.35
<b>Total</b>	<b>20,951.00</b>	<b>15,067.51</b>

**42. Income Taxes:**

The major components of Income Tax expense for the years ended 31st March, 2022 and 31st March, 2021 are as under:

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

Particulars	Year ended 31st March 2022	Year ended 31st March 2021
Current Tax	-	-
Deferred Tax	62.14	(0.85)
<b>Total</b>	<b>62.14</b>	<b>(0.85)</b>

Deferred tax asset as at 31st March, 2022 and 31st March, 2021 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 2022	Year ended 31st March 2021
<b>Profit before tax</b>	<b>620.37</b>	<b>138.03</b>
Tax on the above	156.13	34.74
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income and adjustment of brought forward losses	(156.13)	(34.74)
Adjustments to profit as per previous year GAAP under Ind AS		-
<b>Income Tax expense</b>		-

c) Tax assets / liabilities

Particulars	As at 31st March 2022	As at 31st March 2021
Opening tax (asset) / liability	(705.75)	(571.62)
Add : Taxes Paid	-	(75.11)
Add : Credit availed	(231.45)	(59.02)
Less : Refund		
Less: Current tax payable	-	-
<b>Closing tax (asset) / liability</b>	<b>(937.20)</b>	<b>(705.75)</b>

d) Deferred Tax

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Deferred Tax Liability:</b>		
On Account of Depreciation differences	-	359.76
On account of Employee Benefits		-
Total Deferred Tax Liability	-	<b>359.76</b>
<b>Deferred Tax Asset:</b>		
On account of Depreciation differences	29.67	-
On account of Employee Benefits	39.60	37.70
On Account of carried forward losses	758.04	384.20
Total Deferred Tax assets available		<b>421.90</b>
Recognition of Deferred Tax Asset(Net)	-	<b>62.14</b>
Unused deferred Tax Asset (Not recognised)	<b>827.31</b>	-

### 43 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.

#### i) 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.

#### Trade Receivable

The company closely monitors the credit worthiness of the debtors and only sells goods to credit worthy parties. The Company's internal systems are configured to define credit limits of customers, thereby limiting the credit risk to pre calculated amount.

#### ii) Expected Credit Loss( ECL)

##### FY 2021-22

Particulars	0-180 days	180-365 days	More than 365 days	Total
Gross Carrying amount	43.97	53.95	800.28	898.20
Expected credit loss provisioning	-	-	-	-
Carrying amount of Trade receivables (Net of Provisions)	43.97	53.95	800.28	898.20

##### FY 2020-21

Particulars	0-180 days	180-365 days	More than 365 days	Total
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Gross Carrying amount	661.62	211.11	2210.02	3,082.74
Expected credit loss provisioning	-	-	260	260.00
Carrying amount of Trade receivables (Net of Provisions)	661.62	211.11	1950.02	2,822.74

#### 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, 2022:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	103.10	720.07	1,676.83	2500.00
Lease Liabilities	106.27	296.46	-	402.73
Trade Payables	755.96	-	-	755.96
Other Financial Liabilities	218.73	1974.92	-	2,193.65
<b>Total Financial Liabilities</b>	<b>1,184.06</b>	<b>2,991.45</b>	<b>1,676.83</b>	<b>5,852.34</b>

##### 31st March, 2021:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	112.35	-	-	112.35
Lease Liabilities	92.38	402.73	-	495.11
Trade Payables	928.94	-	-	928.94
Other Financial Liabilities	138.54	1,567.90	-	1,706.44
<b>Total Financial Liabilities</b>	<b>1,272.22</b>	<b>1,970.62</b>	<b>-</b>	<b>3,242.85</b>

#### 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, 2022 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, 2022	As at 31st March, 2021
Variable Rate Borrowings	2,500.00	112.35

#### 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, 2022	31st March, 2021
Interest cost – increase by 5% on existing Interest cost*	8.15	10.98
Interest cost – decrease by 5% on existing Interest cost*	(8.15)	(10.98)

\* Holding all other variables constant.

#### 44. Update on COVID-19

Year 2021-2022 saw an overall improvement in the COVID-19 situation and operations stabilizing and slowly returning to normalcy. Majority of the employees have resumed work from office. However as a mark of precaution the Company continues to have all the precautions in place and follow safety protocols that are necessary for the safety and wellbeing of the employees. The company would also continue to abide / adhere to any government orders that are currently in place and if any issued in the future.

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

As per our Report of even date attached

For and on behalf of the Board of Megasoft Limited

for **N.C.Rajagopal & Co.**

Chartered Accountants

Firm Registration No: 003398 S

**Sunil Kumar Kalidindi**

Executive Director

**Anil Kumar Sood**

Director

**Anish Mathew**

Director

Arjun S.

Membership No: 230448

**Shridhar Thathachary**

Chief Financial Officer

**Srivalli Susarla**

Company Secretary

Place: Hyderabad

Date: 30th May, 2022



**MEGASOFT LIMITED**

CIN: L24100TN1999PLC0427320

85, Kutchery Road, Mylapore, Chennai 600004, Tamil Nadu, India.

www.megasoft.com

**Notice of the 22<sup>nd</sup> Annual General Meeting**

**Notice** is hereby given that the **22<sup>nd</sup> Annual General Meeting (AGM)** of the Members of **MEGASOFT LIMITED** will be held on Friday, the 23<sup>rd</sup> September, 2022, 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 31<sup>st</sup> March, 2022, the report of the Auditors thereon and the Directors' Report.
- (ii) The Audited Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2022 and the report of the Auditors thereon.

**(2) Re-appointment of Director**

To appoint a Director in place of Mr. Sunil Kumar Kalidindi (DIN- 02344343), who retires by rotation and, being eligible, offers himself for re-appointment.

**(3) Re-appointment of Statutory Auditors of the Company for a second term of five years**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time M/s. N.C. Rajagopal & Co. Chartered Accountants ICAI Firm Registration No. 003398S, Chennai, Tamil Nadu be and is hereby re-appointed as the Statutory Auditors of the Company for a second term of 5 (Five) years to hold office from the conclusion of this 22<sup>nd</sup> Annual General Meeting until the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to fix such remuneration plus service tax, out of pocket and travelling expenses, etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors based on the recommendation of the Audit/ Risk & Compliance Committee."

## Special Business

### (4) 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 meaning of section 143(8) of the Companies Act, 2013 and to fix their remuneration.”

### (5) Appointment of Mr. Suryanarayana Raju Nandyala as an Independent Director (Non-Executive) of the Company:

To consider and if thought fit, to give assent/ dissent to the following Resolution as **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 197, 198 read with Schedule-IV and V thereto and other applicable provisions of the Companies Act, 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof), relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also provisions of Articles of Association of the Company, and on the basis of the recommendation of the Nomination and Remuneration Committee and consent of the Board of Directors at their Meetings held on 30<sup>th</sup> May 2022, the approval of the Members of the Company be and is hereby accorded for appointment of Mr. Suryanarayana Raju Nandyala (DIN-01581731), as an Independent Director (Non-Executive) of the Company not liable to retire by rotation and to hold office for a period of 5 consecutive years i.e. upto 22<sup>nd</sup> September, 2027.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorized to sign the requisite forms/ documents and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

### (6) Increase in overall managerial remuneration limits:

To consider and, if thought fit, with or without modification, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** in accordance with the provisions of Section 197 of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company at their meeting held on 08<sup>th</sup> August, 2022, approval of the members of the Company be and is hereby accorded to increase the overall limit of managerial remuneration payable beyond specified limits under Section 197 of Companies Act 2013 in respect of any financial year as per notification issued by Ministry of Corporate Affairs (MCA) dated 12 September 2018 under notified provisions of the Companies (Amendment) Act, 2017 (Amendment Act, 2017) and amended schedule V of Companies Act,

2013 thereby Part I and Part II related to conditions to be fulfilled for the Appointments and Remuneration of a Managing or Whole-time director or a Manager without the approval of the Central Government but by the approval of members in the general meeting via special resolution .

**RESOLVED FURTHER THAT** where in any Financial Year, the Company has no profits or profits are inadequate, the overall managerial remuneration paid to Directors shall not exceed Rs. 2,50,00,000 (Rupees Two Crores Only) per annum.

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolutions, the Board of Directors (which term shall be deemed to include any Committee of the Board authorized in the said behalf) be and is hereby authorized to do all such acts, deeds and things, as it may in absolute discretion deem necessary, proper or desirable , and to settle any question, difficulty or doubt that may arise in respect to aforesaid without being required to seek any further consent or approval of the Members of the Company, or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**(7) Increase in managerial remuneration payable to Mr. Sunil Kumar Kalidindi, Executive Director & CEO of the Company:**

To consider and, if thought fit, with or without modification, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (**“Act”**) read with Schedule V to the Act and the rules made thereunder, including any statutory modification thereof, and relevant rules read with SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and on the basis of the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors at their Meetings held on 08th August, 2022 and subject to the approval of the Central Government, if any, the approval of the Members of the Company be and is hereby accord to increase the managerial remuneration payable to Mr. Sunil Kumar Kalidindi (DIN: 02344343) Executive Director & CEO of the Company from Rs. 30 lakhs per annum to Rs 75 lakhs per annum despite inadequacy or absence of profits and is over and above the statutory limit of 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013 for a period of three years commencing from the date of the ensuing Annual General Meeting on the following terms and conditions:

(i) Salary: Rs. 3,50,000/- per month

(ii) Perquisites

- a. House Rent Allowance upto 50% Salary
- b. Reimbursement of medical expenses as per the rules of the Company
- c. Leave travel concession/allowance as per the rules of the Company
- d. Group Medclaim Insurance Coverage as per the rules of the Company
- e. Group personal Accident Insurance Coverage as per the rules of the Company
- f. other allowances as per the rules of the Company

(iii) Other benefits:

- a. leave with Salary as per the rules of the Company
- b. Provident fund as per the rules thereof
- c. Gratuity as per the rules of the Company
- d. Encashment of Leave as per the rules of the Company

**“RESOLVED FURTHER THAT** the Board of Directors (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

**“RESOLVED FURTHER THAT** the terms of remuneration as set out in the Explanatory Statement of this Resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to Mr. Sunil Kumar Kalidindi (DIN: 02344343) Executive Director & CEO of the Company, subject to such other approvals as may be necessary.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized 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 or employee 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**

.....  
**Sunil Kumar Kalidindi**  
(DIN: 02344343)  
Executive Director & CEO

Place: Hyderabad  
Date: 08th August, 2022

## **NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide Circular No. 02/2021 dated January, 13, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January, 15, 2021 had permitted Companies to conduct Annual General Meeting (AGM) during the year 2022 through video conferencing (VC) or Other Audio Visual Means (OAVM), without the physical presence of the members at common venue. In compliance with the MCA Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January, 13, 2021, Circular No. 20/2021 dated December 08, 2021 and Circular No. 2/2022 dated May 05, 2022 (MCA Circulars) and Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January, 15, 2021 and Circular No. SEBI/HO/DDHS/DDHS\_Div2/P/CIR/2022/079 dated June 03, 2022 applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 22<sup>nd</sup> 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. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
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 22<sup>nd</sup> 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. Since the 22<sup>nd</sup> AGM is being held through VC/ OAVM, the route map of the venue of the Meeting is not annexed to this Notice.
5. As per the provisions under the MCA Circulars, Members attending the 22<sup>nd</sup> AGM 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.
6. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, Circular No. 2/2022 dated May 05, 2022 and Circular No. SEBI/HO/DDHS/DDHS\_Div2/P/CIR/2022/079 dated June 03, 2022, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
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](http://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 Saturday, September 17, 2022 to Friday, September 23, 2022 (both days inclusive).

9. Members may note that pursuant to the General Circular No. 20/2020 dated May 5, 2020 Circular No. 2/2022 dated May 05, 2022 issued by the MCA and and Circular No. SEBI/HO/DDHS/DDHS\_Div2/P/CIR/2022/079 dated June 03, 2022 issued by SEBI, 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 sending email at investor@cameoindia.com.
10. After due verification and receipt of email address updation request, the Company will send the annual report at 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, members 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 members 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 22nd 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.
18. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on a first come first served basis. This will not include large members (members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
19. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.megasoft.com. The Notice can also be

accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

**I. DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:**

1. In compliance with the MCA Circulars and SEBI Circulars aforementioned the notice of the 22nd AGM along with the Annual Report 2021-22 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 2021-22 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](http://www.bseindia.com) and [www.nseindia.com](http://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 [investor@cameoindia.com](mailto:investor@cameoindia.com)

**II. THE INSTRUCTIONS OF MEMBERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/ OAVM ARE AS UNDER:**

1. 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.
2. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
3. The voting period begins on Monday, September 19, 2022 at 9.00 a.m. and ends on Thursday, September 22, 2022 at 5.00 p.m. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, September 16, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
4. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242** dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its members, in respect of all members' resolutions. However, it has been observed that the participation by the public non-institutional members / retail members is at a negligible level.
5. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facilities to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members.
6. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat**

**accounts/ websites of Depositories/ Depository Participants.** Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

7. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

8. Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meeting is given below:

➤ **For Individual members holding securities in Demat mode:**

<b>Type of members</b>	<b>Login Method</b>
Individual members holding securities in Demat mode with <b>CDSL Depository</b>	<p>i. Users who have opted for CDSL’s Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>ii. After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers’ site directly.</p> <p>iii. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi./Registration/ EasiRegistration">https://web.cdslindia.com/myeasi./Registration/ EasiRegistration</a></p> <p>iv. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.</p>
Individual member s holding securities in demat mode with <b>NSDL Depository</b>	<p>i. If you are already registered for the NSDL IDeAS facility, please visit the e-Services website of NSDL. Open a web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting ” under e-Voting services and you will be able to see the e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

	<p>ii. If the user is not registered for IDEAS e-Services, option to register is available at <a href="https://eservices.nSDL.com">https://eservices.nSDL.com</a>. Select "Register Online for IDEAS "Portal or click at <a href="https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>iii. Visit the e-Voting website of NSDL. Open a web browser by typing the following URL: <a href="https://www.evoting.nSDL.com/">https://www.evoting.nSDL.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to the NSDL Depository site wherein you can see the e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
Individual members (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting options. Once you click on the e-Voting option, you will be redirected to the NSDL/CDSL Depository site after successful authentication, wherein you can see the e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual members holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

<b><u>Login type</u></b>	<b><u>Helpdesk details</u></b>
Individual members holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cDSLindia.com">helpdesk.evoting@cDSLindia.com</a> or contact at toll free no. 1800 22 55 33
Individual members holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nSDL.co.in">evoting@nSDL.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

➤ **For non-individual members and physical members**

- i. The members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii. Click on Shareholders.
- iii. 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.
- iv. Next enter the Image Verification as displayed and Click on Login.

- v. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

	<b>For Physical members and other than individual members holding shares in Demat.</b>
PAN	<ul style="list-style-type: none"> <li>i. Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat members as well as physical members )</li> <li>ii. members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<ul style="list-style-type: none"> <li>i. 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.</li> <li>ii. 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 (v).</li> </ul>

- vii. After entering these details appropriately, click on “SUBMIT” tab.
- viii. 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.
- ix. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for the Megasoft Limited on which you choose to vote.
- xi. 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.
- xii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiii. 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.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xvi. 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.
- xvii. Facility for Non – Individual members and Custodians –Remote Voting

a. Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required

- to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - c. 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.
  - d. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - e. 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.
  - f. Alternatively Non Individual members 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 and to the Company at the email address viz; [investors@megasoft.com](mailto: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.

**III. INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC/ OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meetings & e-Voting on the day of the AGM is the same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend the meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. members who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. members are encouraged to join the Meeting through Laptops / iPads for better experience.
5. Further members will be required to allow cameras and use the Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. members who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance at least Seven (7) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [investors@megasoft.com](mailto:investors@megasoft.com). The members who do not wish to speak during the AGM but have queries may send their queries in advance Seven (7) days prior to meeting mentioning their name, demat account number/ folio number, email id, mobile number at [investors@megasoft.com](mailto:investors@megasoft.com). These queries will be replied to by the company suitably by email.

8. Those members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.
9. Only those members , 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.
10. If any Votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members attending the meeting.

**IV. PROCESS FOR THOSE MEMBERS WHO'S EMAIL ADDRESSES IS NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical members- please provide necessary details like Folio No., Name of members, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@megasoft.com.
2. For Demat members -Please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat members – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meeting through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. 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 toll free no. 1800 22 55 33.

## EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Annexed to the Notice convening the 22<sup>nd</sup> Annual General Meeting to be held on 23<sup>rd</sup> September , 2022

### **Item No.3 – Re-appointment of Statutory Auditors of the Company for a second term of five years**

M/s. N.C. Rajagopalan & Co. Chartered Accountants, ICAI Firm Registration No. 003398S, Chennai were appointed as the Statutory Auditors of the Company at the 17<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> July,2017 for a term of 5 years and they hold office upto conclusion of the ensuing Annual General Meeting of the Company and are eligible for reappointment for a further period of 5 years.

Further, the Company received the consent thereto along with a declaration from M/s. N.C. Rajagopal & Co., Chartered Accountants to the effect that if they will be appointed, it would be in accordance with the provisions of Section 141 of the Companies Act,2013 and the rules framed thereunder for appointment as Statutory Auditors of the Company. As confirmed by the Audit Committee and stated in their report on financial statements, the Auditors have reported their independence from the Company and its subsidiary according to the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the ethical requirements relevant to audit and the firm holds the 'Peer Review' certificate as issued by 'ICAI.

The Board of Directors in consultation with the Audit Committee may fix, alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

Based on the recommendations of the Audit Committee and the Board of Directors, it is hereby proposed to re-appoint M/s. N.C. Rajagopalan & Co. Chartered Accountants for a second and final term of five consecutive years, who, if appointed, shall hold office from the conclusion of this 22<sup>nd</sup> AGM till the conclusion of the 27<sup>th</sup> AGM of the Company.

The Board recommends the resolution set out at Item No. 3 of the Notice for approval by the Members by way of an Ordinary Resolution

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 – 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.5 – Appointment of Mr. Suryanarayana Raju Nandyala as an Independent Director (Non-Executive) the Company**

Mr. Suryanarayana Raju Nandyala was appointed as an Additional Director (Non-Executive) of the Company with effect from 24<sup>th</sup> December, 2021, in accordance with the provisions of section 161 of the Companies Act, 2013 read with the Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 relevant rules, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and holds office only up to the date of the ensuing Annual General Meeting of the Company.

The matter regarding appointment of Mr. Suryanarayana Raju Nandyala was placed before the Nomination & Remuneration Committee, and considering his varied experience, skills, knowledge & capabilities, it recommended his appointment as Independent Director for a term of 5 years upto 22<sup>nd</sup> September, 2027 in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has received consent, declaration of non-disqualification in terms of Section 164 of the Companies Act, 2013, and a declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the provisions of section 149 of the Act, an Independent Director shall hold office for a term upto five consecutive years on Board of a Company and is not liable to retire by rotation.

In the opinion of the Board, Mr. Suryanarayana Raju Nandyala fulfills the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as an Independent Non-Executive Director of the Company and is independent of the management. The Board opined that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Suryanarayana Raju Nandyala as an Independent Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to appointment of Mr. Suryanarayana Raju Nandyala as an Independent Director for a term of five consecutive years with effect from 23<sup>rd</sup> September, 2022 to 22<sup>nd</sup> September, 2027 for the approval by the members of the Company.

Copy of the draft letter for appointment of Mr. Suryanarayana Raju Nandyala as an Independent Director (Non-Executive) setting out terms and conditions would be available for inspection by members in terms of Note No. 5 of the Notes in the accompanying Notice.

Except Mr Suryanarayana Raju Nandyala, No other Director(s) or Key Managerial Personnel(s) or their relatives is concerned or interested in the Resolution.

**Item No. 6 – Increase in overall managerial remuneration limits.**

As per Section 197 of the Companies Act, 2013 read with schedule V to the companies act 2013 along with the Ministry

of Corporate Affairs (MCA) through its notification dated 12 September 2018 notified provisions of the Companies (Amendment) Act, 2017 (Amendment Act, 2017) and amended schedule V of Companies Act, 2013, provides for payment of managerial remuneration by Companies, requires members approval for payment of managerial remuneration to the managerial person if remuneration exceeds beyond the specified limit as specified under the relevant provisions of Section 196, 197 and Schedule V to the Companies Act, 2013 pursuant to notification issued by Ministry of Corporate Affairs (MCA) dated 12 September 2018.

Pursuant to the recommendations of Nomination & Remuneration Committee and the Board of Directors of the Company at their Meetings held on 08th August, 2022 approval of the members by way of Special Resolution is sought to increase the overall limit of managerial remuneration payable by the Company in respect of any financial year wherein the Company has no profits or profits are inadequate shall not exceed Rs. 2,00,00,000 (Rupees Two Crores Only).

Hence the Board recommends the resolution for member approval by way of Special Resolution set out at item no.6 for approval of the members.

None of the Directors or Key Managerial Personnel or their relatives is concerned or interested in the Resolution.

**Item No. 7 – Increase in managerial remuneration payable to Mr. Sunil Kumar Kalidindi, Executive Director & CEO of the Company.**

As per Section 197 and other applicable provisions of the act, the remuneration payable to any one managing director or whole-time director or manager shall not exceed 5% of the net profits of the Company and if there are more than one such director, the remuneration payable to all such directors and manager taken together shall not exceed 10% of the net profits calculated as per Section 198 of the Companies Act, 2013.

Mr. Sunil Kumar Kalidindi was regularized as an Executive Director (Professional, Executive) & Chief Executive Officer of the Company for a term up to (3) three consecutive years effective from 10th December, 2021 till 9th December, 2024, in accordance with the provisions of 152, 196 and 203 read with Schedule-V thereto and other applicable provisions of the Companies Act, 2013 and the Rules framed there under through Postal Ballot results dated 04th June, 2022. The remuneration of Mr. Sunil Kumar Kalidindi shall be revised based on the recommendation of Nomination & Remuneration committee and Board of directors at their meetings held on 08th August, 2022. The remuneration shall be revised from Rs. 30 lakhs per annum to Rs. 75 lakhs per annum. Following is the break-up of minimum remuneration proposed to be paid to Mr. Sunil Kumar Kalidindi, Executive Director & CEO of the Company despite inadequacy or absence of profits is as under in any financial year:

- (i) Salary: Rs. 3,50,000/- per month
- (ii) Perquisites
  - a) House Rent Allowance upto 50% Salary
  - b) Reimbursement of medical expenses as per the rules of the Company
  - c) Leave travel concession/ allowance as per the rules of the Company
  - d) Group Mediclaim Insurance Coverage as per the rules of the Company
  - e) Group personal Accident Insurance Coverage as per the rules of the Company
  - f) other allowances as per the rules of the Company
- (iii) Other benefits:
  - a) leave with Salary as per the rules of the Company
  - b) Provident fund as per the rules thereof
  - c) Gratuity as per the rules of the Company
  - d) Encashment of Leave as per the rules of the Company

Mr. Sunil Kumar Kalidindi is not-disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

Mr Sunil Kumar Kalidindi has done Bachelor of Engineering from PSG College of Engineering, Coimbatore and obtained a master's degree in management from University of Leicester (UK) and a Master's degree in Finance from London Business school.

He has worked with M/s Fitchner India Limited, Chennai before joining the KVK group. As a CEO, he contributed to the group companies in developing, managing and operating power plants. He has lead the Group in corporate finance and fund raising. He has specialized in the areas of Commercial, business development and day to day operations of the Companies.

He has also pioneered a software venture for smart metering with government Utilities. He has built an e-commerce platform for coal trading which has some large corporates as its clients. He has lead an acquisition of a web based power trading platform recently which acts like a power exchange for generators and consumers.

Except Mr. Sunil Kumar Kalidindi, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in the Notice.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee considers the increase in remuneration of Mr. Sunil Kumar Kalidindi as a Executive Director & CEO in the interest of the Company and recommends the Special resolution as set out in the Notice for approval of Members.

By order of the Board of Directors  
For **Megasoft Limited**

.....  
**Sunil Kumar Kalidindi**  
(DIN: 02344343)  
Executive Director & CEO


Place: Hyderabad


Date: 08th August, 2022

# OUR OFFICES

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 [contactus@megasoft.com](mailto:contactus@megasoft.com)

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Telangana, India

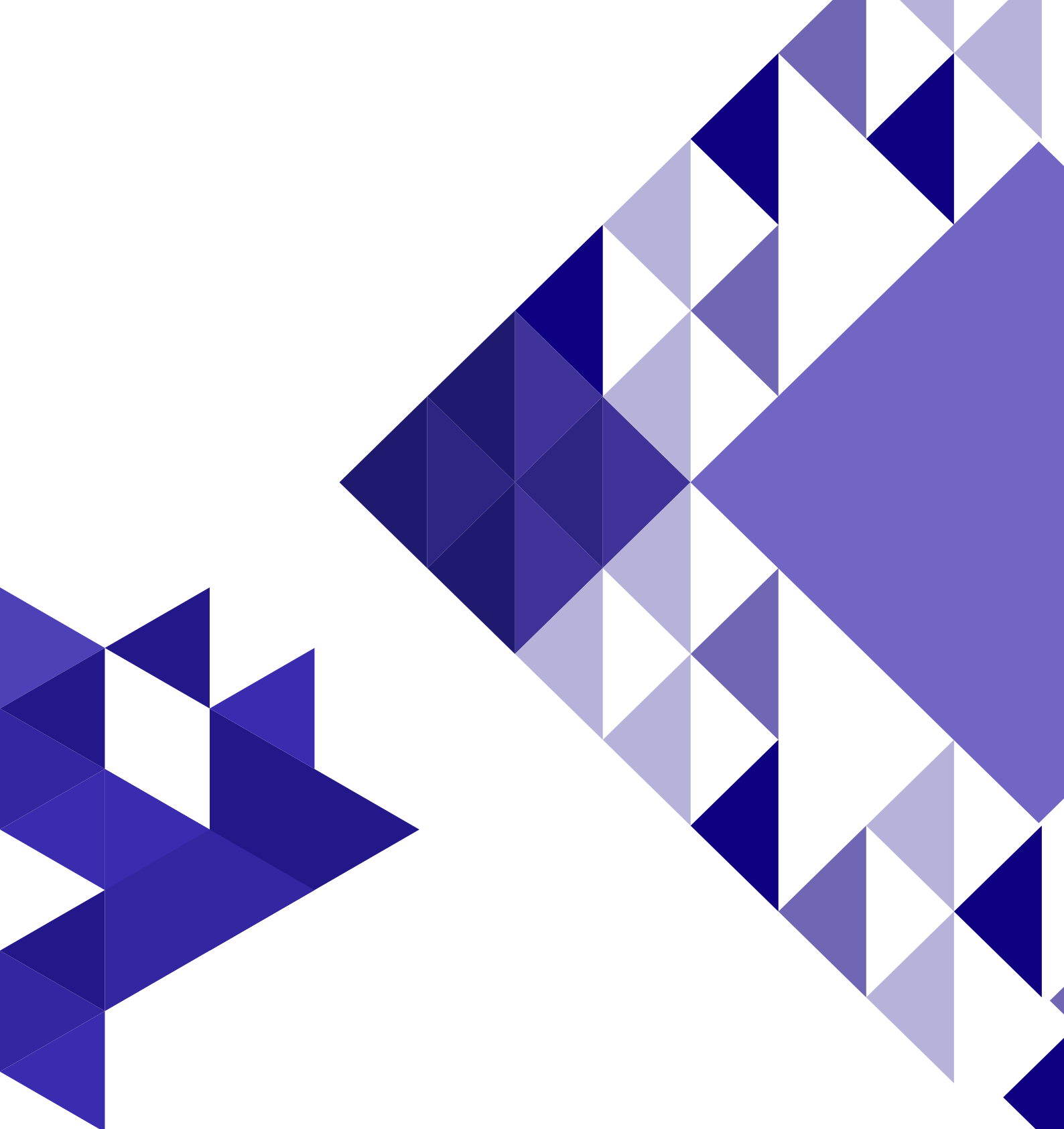
 +91 40 4033 0000

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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.



**Registered Office:**

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