



Annual Report

2017-18

Megasoft Limited



Quality Policy

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

Focus Areas



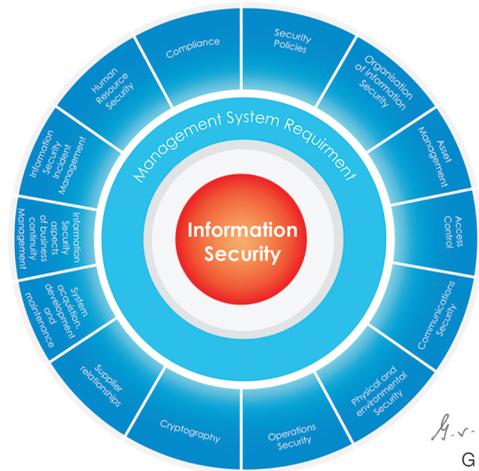
G V Kumar
Managing Director & Chief Executive Officer



Information Security Policy

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

Focus Areas



G V Kumar
Managing Director & Chief Executive Officer



MEGASOFT LIMITED



BLOCK A, WING 1, LEVEL 5 & 6, CYBER GATEWAY, MADHAPUR, HYDERABAD – 500 081, TELANGANA, INDIA

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organization has been audited and found to be in accordance with the requirements of the Management System standard detailed below.

Standard

ISO/IEC 27001:2013

Scope of certification

ACTIVITIES COVERING DESIGN, DEVELOPMENT, DELIVERY AND SUPPORT SERVICE OF MOBILE ENABLED SOFTWARE PRODUCTS & SOLUTIONS

STATEMENT OF APPLICABILITY VER 3.0, 25-AUG-2015

Original cycle start date: 11 March 2014
 Expiry date of previous cycle: 10 March 2017
 Recertification Audit date: 31 March 2017
 Recertification cycle start date: 26 July 2017
 Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: 10 March 2020
 Certificate No. IND17.0485/U Version: 1 Revision date: 26 July 2017

(Signature)
 Signed on behalf of BVCH SAS UK Branch
 Ramesh KOREGAVE
 Director, CERTIFICATION
 South Asia Region



Certification body address: 5th Floor, 66 Prescot Street, London, E1 8HG, United Kingdom.

Local office: Bureau Veritas (India) Private Limited (Certification Business) Manvahi Centre 5th Floor, Kishanahalli Marvahi Marg, Opp. Ansa Industrial Estate, Off Saiji Vihar Road, Andheri (East), Mumbai – 400 072, India.

Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organization. To check this certificate validity please call +91 22 6996 6300.



Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 9001:2015

This is to certify that:

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

Holds Certificate No: FM 633409

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

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

For and on behalf of BSI:

(Signature)
 Chris Cheung, Head of Compliance & Risk - Asia Pacific

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

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

Page: 1 of 1



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This certificate is issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated online. Printed copies can be validated at www.bsiglobal.com/CertDirectory or telephone +91 11 2692 9000. Further clarifications regarding the scope of this certificate and the applicability of ISO 9001:2015 requirements may be obtained by consulting the organization. This certificate is valid only if provided original copies are in complete set.

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK3 8PP, Tel: + 44 345 080 9000
BSI Assurance UK Limited, registered in England under number 7895321 at 389 Chiswick High Road, London W4 4AL, UK.
A Member of the BSI Group of Companies.



Corporate Information:

Board of Directors

GV Kumar, Managing Director
D Sudhakar Reddy, Executive Director
Anil Kumar Sood
Anish Mathew
Leona Ambuja (Ms.)
Uma Garimella (Ms.) (upto 29 May 2018)

Chief Financial Officer

Shridhar Thathachary

Auditors

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

Bankers

Axis Bank Limited

Registered Office

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

Corporate Office

Block A Wing 1, Level 5&6
Cyber Gateway, Hitec City, Madhapur
Hyderabad - 500081 Telangana, India

Registrars and Share Transfer Agents

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

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MEGASOFT LIMITED

CIN: L72200TN1999PLC042730

18th 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 2018.

Financial Results

(₹ lakhs)

Particulars	Standalone		Consolidated	
	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenues	2,851.34	3,104.83	6,625.94	7,014.21
Expenditure	3,115.95	3,548.83	5,665.14	6,452.75
Finance cost	322.83	232.95	519.87	593.78
Depreciation	65.89	66.84	431.16	511.76
Operating profit / (loss)	(653.33)	(743.79)	9.77	(544.07)
Profit before tax	(554.20)	62.24	108.91	220.25
Less: Taxes	(60.23)	(51.63)	(60.23)	(51.63)
Profit after tax	(493.97)	113.87	169.14	271.88
Earnings per share (equity shares, par value ₹ 10 each)				
Basic (₹)	(1.05)	0.24	0.45	0.59
Diluted (₹)	(1.05)	0.24	0.45	0.59

Overview

During the financial year ended 31 March 2018, your company recorded consolidated revenues of ₹ 6625.94 lakhs as compared to ₹ 7,014.21 lakhs for the financial year ended 31 March 2017. The consolidated profit was ₹ 169.14 lakhs during the current year as compared to ₹ 271.88 lakhs in the previous year.

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

Dividend

On account of inadequacy of profits during the financial year ended 31 March 2018, the Board of Directors of the company have not recommended dividend.

Share capital

The paid-up equity share capital as on 31 March 2018 was ₹ 4,426.73 lakhs comprising of 4,42,67,293 equity shares of ₹ 10 each. During the year under review, the company has not issued shares with differential voting rights nor granted stock options or sweat equity.

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

Except as disclosed elsewhere in this report, there have been no 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.

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.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the company, Mr GV Kumar [DIN-00059107] and Mr D Sudhakar Reddy [DIN-00047707], directors of your company, retire by rotation at the ensuing AGM and are eligible for reappointment.

Board Meetings

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

Nomination & Remuneration Policy

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

Board Evaluation

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

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 2018, 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 / loss 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

Pursuant to the Shareholders’ approval via postal ballot in March 2016 and the Joint Development Agreement entered into by the Company with M/s. Darshita Infrastructure Ltd (A Salarpuria Sattva Group Company), the Company during the period under review, commenced the setting up of a large IT facility at its property at Nanakramguda (which was registered in the company’s favour in May 2015 by TSIC through a conditional sale deed). The Company also obtained necessary Statutory approvals from TSIC and other regulatory authorities and the construction is in progress.

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): Being considered a market leader in Mobile Infrastructure space for virtual

operators and Mobile Payments, Your Company further strengthened its Products and Solutions to launch services for multiple Customers based on a Cloud Offering for both Its MSP and Payment Manager offerings. Furthering our focus on building and expanding Your Company’s expertise in latest technologies, your company now built an Enterprise Mobile Data Core Platform as well as additional Mobile Wallet functionalities.

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

(d) The details of foreign exchange earnings and outgo are given in note no. 29 and 30 of the Notes forming part of the standalone financial statements of the company.

Quality certifications

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

ISO 9001:2015 – Quality Management System

QMS enhancing customer satisfaction.

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

ISO 27001:2013 – Information Security Management System

Information security management system enhancing Confidentiality, Availability and Integrity.

Risk Management

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

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

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

At the end of each year, management and the Board jointly develop a list of major risks that company plans to prioritize in the next year. Key areas of Risk Management for the year 2018-19 include Data Security and Privacy, Technology obsolescence, Service Delivery, retention and development of Human Resources, Business competition and continuity, Foreign exchange fluctuations & new compliances.

The main objective of Your Company's risk management policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The risk governance structure is led by the Audit/Risk Compliance Committee, chaired by Mr. Anil Kumar Sood. This committee is responsible for the effective management of the risks facing the Company. The Committee meets on a quarterly basis and reports to the Board. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

Internal Control Systems and Their Adequacy

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

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

Vigil Mechanism / Whistle Blower Policy

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

Related Party Transactions

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.

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.

Particulars of Loans, Guarantees & Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note no. 3, 9 and 27 of the Notes forming part of the standalone financial statements of the company.

Subsidiary Companies

The statement pursuant to Section 129 of the Companies Act, 2013 in respect of subsidiaries is attached as Annexure-1. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the company seeking such information at any point of time and are also available for inspection by any member of the company at the registered office of the company. The company shall furnish a copy of annual accounts of subsidiaries to any member on demand.

Consolidated Financial Statements

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

Fixed Deposits

The company has not accepted any deposits from the public, and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

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.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 has been given in the Annexure-2 appended hereto and forms part of this report.

Auditors' Report

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

Remark by Auditors: "There have been delays by the Company during the year in depositing Statutory Dues with the appropriate authorities. As at 31st March, 2018, under this clause, there has been arrears of outstanding of ₹ 33,80,855 towards TDS under the Income Tax Act, 1961. However, as on the date of this report this outstanding has been paid by the Company."

Explanation: Due to operational difficulties and short term challenges in collections, there were delays in payment of statutory dues. However we have taken steps to strengthen timely collection process to overcome such delays.

Auditors

Statutory Auditors

Members at its 17th Annual General Meeting held on July 28, 2017 Appointed **M/s. N. C. Rajagopal & Co.**, [Firm Registration No.003398S], Chartered Accountants to hold office as auditors of the company till the conclusion of the 22nd Annual General Meeting to be held in the year 2022.

In accordance to the provisions of section 139 of the Companies Act, 2013, The Board of Directors on the recommendation of the Audit Committee has proposed to ratify the appointment of **M/s. N. C. Rajagopal & Co.**, Chartered Accountants, Firm Registration No. 003398S as Statutory Auditors. Further, the Company received a declaration from **M/s. N. C. Rajagopal & Co.**, Chartered Accountants in accordance with the provisions of Section 141 of the Companies Act, 2013 and the Rules framed there under.

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 (CoP-5081/FCS-5837), Practicing Company Secretaries, to undertake the Secretarial Audit of the company. The Secretarial Auditors' Report, in the prescribed format, for the year ended 31 March 2018 is annexed to this Directors' Report and forms part of the Annual Report (Annexure-3). There are no qualifications or adverse remarks made by the secretarial auditor.

Human Resources Development

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

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

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

Listing with Stock Exchanges

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

Acknowledgments

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

For and on behalf of the Board of Directors

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

Place : Hyderabad
Date : 29 May 2018

Annexure-1

Part "A": Subsidiaries

Name of the subsidiary	XIUS Holding Corp (formerly, Boston Communications Group, Inc.) includes XIUS Corp (formerly, Cellular Express, Inc.) & XIUS S DE RL DE CV (formerly, Boston Communications Group De Mexico, S.R.L.	Megasoft Consultants Sdn Bhd
Country	USA & Mexico	Malaysia
Reporting period	31-Mar-18	31-Mar-18
Reporting Currency	USD	MR
Exchange rate (₹)	65.0441	16.7944
	₹ lakhs	₹ lakhs
Share Capital	8,225.50	83.97
Reserves	(12,960.77)	(324.76)
Total Assets	7,183.74	228.12
Total Liabilities	11,919.01	468.91
Investments	-	-
Turnover	4,069.52	1,116.93
Profit / (Loss) before taxation	869.58	(204.06)
Provision for taxation	-	-
Profit / (Loss) after taxation	869.58	(204.06)
Proposed Dividend	-	-
% of Shareholding	100.00%	100.00%

Names of Subsidiaries which are yet to commence operations: NIL

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

Part "B": Associates and Joint Ventures

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

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

Names of Associates which are yet to commence operations: NIL

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

For and on behalf of the Board of Directors

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

Place : Hyderabad
Date : 29 May 2018

Annexure - 2 Form No. MGT-9 - Extracts of Annual Return

AS ON THE FINANCIAL YEAR ENDED 31.03.2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1	Megasoft Consultants Sdn Bhd Suite 18-3, D' Wangsa, Jalan Wangsa Delima 11,53300 Kuala Lumpur, Malaysia	Foreign Company	Subsidiary	100%	2(87)
2	XIUS Holding Corp 15 Tyngsboro Road, Unit 8C, North Chelmsford, MA 01863, USA	Foreign Company	Subsidiary	100%	2(87)
3	XIUS Corp 15 Tyngsboro Road, Unit 8C, North Chelmsford, MA 01863, USA	Foreign Company	Subsidiary	100%	2(87)
4	XIUS S DE RL DE CV (formerly, Boston Communications Group De Mexico, S.R.L.) Paseo de la Reforma 505 piso 32 Col Cuauhtemoc CP 06500, Ciudad de Mexico, Mexico	Foreign Company	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Sl No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoter									
1	Indian									
a	Individual / HUF	3203956	--	3203956	7.24%	3203956	--	3203956	7.24%	--
b	Central Govt	--	--	--	--	--	--	--	--	--
c	State Govt(s)	--	--	--	--	--	--	--	--	--
d	Bodies Corp	--	--	--	--	--	--	--	--	--
e	Banks / FI	--	--	--	--	--	--	--	--	--
f	Any Other	--	--	--	--	--	--	--	--	--
	Sub-total (A)(1):-	3203956	--	3203956	7.24%	3203956	--	3203956	7.24%	--
2	Foreign									
a	NRIs-Individuals	--	--	--	--	--	--	--	--	--
b	Other-Individuals	--	--	--	--	--	--	--	--	--
c	Bodies Corp.	--	--	--	--	--	--	--	--	--
d	Banks / FI	--	--	--	--	--	--	--	--	--
e	Any Other	--	--	--	--	--	--	--	--	--
	Sub-total (A)(2):-	--	--	--	--	--	--	--	--	--
	Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	3203956	--	3203956	7.24%	3203956	--	3203956	7.24%	--
B	Public Shareholding									
1	Institutions									
a	Mutual Funds	--	--	--	--	--	--	--	--	--
b	Banks / FI	12	--	12	--	10012	--	10012	0.0226	0.0225
c	Central Govt	--	--	--	--	--	--	--	--	--
d	State Govt(s)	--	--	--	--	--	--	--	--	--
e	Venture Capital Funds	3762375	--	3762375	8.4992	3762375	--	3762375	8.4992	--
f	Insurance Companies	30478	--	30478	0.0688	30478	--	30478	0.0688	--
g	FIs	--	--	--	--	--	--	--	--	--
h	Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i	Others (specify)									
	Sub-total (B)(1):-	3792865	--	3792865	8.5680	3802865	--	3802865	8.5906	0.0225
2.	Non Institutions									
a	Bodies Corp.									
i	Indian	5170940	2052562	7223502	16.3179	4550127	2052562	6602689	14.9155	-1.4024
ii	Overseas	--	--	--	--	--	--	--	--	--
b	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	10773688	320799	11094487	25.0624	11214709	320799	11535508	26.0587	0.9962
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11691802	2023700	13715502	30.9833	12215891	1914400	14130291	31.9203	0.9370

c	Others (Specify)									
	Clearing Members	97614	--	97614	0.2205	36489	--	36489	0.0824	-0.1380
	Directors and their relatives	2364424	--	2364424	5.3412	2364424	--	2364424	5.3412	0.0000
	Hindu Undivided Family	976584	--	976584	2.2061	1177492	--	1177492	2.6599	0.4538
	Non Resident Indians	1775223	22061	1797284	4.0600	1390413	22061	1412474	3.1907	-0.8692
	Trusts	1075	--	1075	0.0024	1105	--	1105	0.0024	--
		5214920	22061	5236981	11.8303	4969923	22061	4991984	11.2769	-0.5534
	Sub-total (B)(2):-	32851350	4419122	37270472	84.1941	32950650	4309822	37260472	84.1715	-0.0225
	"Total Public Shareholding (B)=(B)(1)+(B)(2)"	36644215	4419122	41063337	92.7622	36753515	4309822	41063337	92.7622	--
	TOTAL (A)+(B)	39848171	4419122	44267293	100.0000	39957471	4309822	44267293	100.0000	--
C	Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
	GRAND TOTAL (A+B+C)	39848171	4419122	44267293	100.0000	39957471	4309822	44267293	100.0000	--

ii. Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	S Ravindra Babu	2688768	6.07%	--	2688768	6.07%	--	--
2	S Ravindra Babu (HUF)	512126	1.16%	--	512126	1.16%	--	--
3	S Saraswathamma	3062	0.01%	--	3062	0.01%	--	--
	Total	3203956	7.2375	--	3203956	7.2375	--	--

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

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3203956	7.24%	3203956	7.24%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	--	--	--	--
	At the end of the year	3203956	7.24%	3203956	7.24%

No changes in promoters' shareholding during year.

iv. Shareholding Pattern of top ten Shareholders:

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

Sl. No	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Date of Purchase/ Sale	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	I LABS VENTURE CAPITAL FUND	3762375	8.50%	NA	No change	NA	3762375	8.50%
2	SRI POWER GENERATION (INDIA) PRIVATE LIMITED	1769822	4.00%	NA	No change	NA	1769822	4.00%
3	GODAVARI GREENLANDS PVT LTD	1343750	3.04%	NA	No change	NA	1343750	3.04%
4	SATYAVATHI DENDUKURI	835500	1.89%	NA	No change	NA	835500	1.89%
5	SRINIVAS RAJU D	747600	1.69%	NA	No change	NA	747600	1.69%
6	VENTURETECH SOLUTIONS P LTD	306173	0.69%	12/1/2018	-108903	Market Sale	197270	0.45%
				19/1/2018	-40270	Market Sale	157000	0.35%
				25/1/2018	-2904	Market Sale	154096	0.35%
7	CHINTALAPATI SRINIVAS RAJU	430000	0.97%	NA	No change	NA	430000	0.97%
8	RAJAGOPALAN SHYAMSUNDER	418294	0.94%	NA	No change	NA	418294	0.94%
9	RAJENDRA Y SHAH	442000	1.00%	28/07/2017	42000	Market Purchase	484000	1.09%
				15/09/2017	25000	Market Purchase	509000	1.15%
10	SUKHAM PROPERTIES PRIVATE LIMITED	359760	0.81%	23/03/2018	-3920	Market Sale	355840	0.80%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	GV Kumar, Managing Director				
	At the beginning of the year	2226911	5.03%	2226911	5.03%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	2226911	5.03%	2226911	5.03%
2	D Sudhakar Reddy				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

3	Anil Kumar Sood				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-
4	Anish Mathew				
	At the beginning of the year	97570	0.22%	97570	0.22%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	97570	0.22%	97570	0.22%
5	Uma Garimella (Ms.)				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-
6	Leona Ambuja (Ms.)				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-
7	Shridhar Thathachary, KMP				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

V. INDEBTEDNESS

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

Sl. No.	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
	Indebtedness at the beginning of the financial year				
i	Principal Amount	1509.51	93.00	0	1602.51
ii	Interest due but not paid				
iii	Interest accrued but not due				
	Total (i+ii+iii)	1509.51	93.00	0	1602.51
	Change in Indebtedness during the financial year				
	*Addition	96.91	0.00		96.91
	*Reduction			0	
	Net Change	96.91	0.00	0	96.91
	Indebtedness at the end of the financial year				
i	Principal Amount	1606.42	93.00	0	1699.42
ii	Interest due but not paid				
iii	Interest accrued but not due				
	Total (i+ii+iii)	1606.42	93.00	0	1699.42

VI. REMUNERATION OF DIRECTORS AND KEY-MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		GV Kumar, MD	D Sudhakar Reddy, ED	
		₹ Lakhs	₹ Lakhs	₹ Lakhs
1	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38.98	13.08	52.06
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
(c)	Profits in lieu of salary u/s17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	No stock options were granted during the year under review	No stock options were granted during the year under review	--
3	Sweat Equity	--	--	--
4	Commission	--	--	--
	- as % of profit	--	--	--
	- other, specify...	--	--	--
5	Others, please specify	--	--	--
	Total (A)			
	Ceiling as per the Act	It is in accordance with the provisions of the Companies Act, 2013		

B. REMUNERATION TO OTHER DIRECTORS

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Anil Kumar Sood	Anish Mathew	Leona Ambuja (Ms.)	Uma Garimella (Ms.)	
		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
1	Independent Directors					
	Fee for attending board / committee meetings	1.50	1.35	2.10	1.50	6.45
	Commission					
	Others, please specify					
	Total (1)	1.50	1.35	2.10	1.50	6.45
2	Other Non-Executive Directors					
	Fee for attending board / committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B) = (1+2)	1.50	1.35	2.10	1.50	6.45
	Total Managerial Remuneration					
	Overall ceiling as per the Act	It is in accordance with the provisions of the Companies Act, 2013				

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

Sl. No.	Particulars of Remuneration	SHRIDHAR THATHACHARY, CFO	RAKHEE JAIN (upto 27 Oct 2017) CS	Total amount
		₹ Lakhs	₹ Lakhs	₹ Lakhs
1	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38.23	4.29	42.52
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961			
(c)	Profits in lieu of salary u/s17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	No stock options were granted during the year under review	No stock options were granted during the year under review	
3	Sweat Equity	--	--	--
4	Commission	--	--	--
	- as % of profit	--	--	--
	- other, specify...	--	--	--
5	Others, please specify	--	--	--
	Total	38.23	4.29	42.52

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :

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

For and on behalf of the Board of Directors

GV Kumar

Managing Director

D Sudhakar Reddy

Executive Director

Place : Hyderabad

Date : 29 May 2018

Annexure – 3

Form No. MR-3 - SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2018

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

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

To

The Members

Megasoft Limited

CIN: L72200TN1999PLC042730

No, 85 Kutcheri Road

Mylapore, Chennai -600004.

I 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 **31st March 2018** complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

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 **31st March 2018** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Companies (Amendment) Act, 2017;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)Guidelines, 1999; and

(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.

(vii) Other laws as may be applicable specifically to the company – NIL

(viii) 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 Bombay Stock Exchange (BSE Ltd) under The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and

(b) The Secretarial Standards including revised 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:

I further report that the Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and no changes in the composition of the Board of Directors that took place during the period under review. 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 during the audit period there was no specific/major events in the Company.

CS M. Damodaran
Company Secretary

FCS : 5837
C P No.: 5081

Place: Chennai
Date : 24 May 2018

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 Organisation of Securities Commissions (IOSCO) principles.

1 COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The company believes in adapting and adhering globally recognised 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 member-ships (excluding in the company) #		No of Directorship(s) held in Indian public limited companies (excluding in the company)*	No of shares held in the company	
			Member	Chairman		No. of shares	%
GV Kumar	Managing Director	00059107 01/09/2004	--	--	--	2226911	5.03%
D Sudhakar Reddy	Executive Director	00047707 06/03/2000	1	1	2	--	--
Anil Kumar Sood	Independent Non-Executive	00086577 28/04/2007	--	--	--	--	--
Anish Mathew	Independent Non-Executive	02545538 31/01/2009	--	--	--	97,570	0.22%
Uma Garimella (Ms.)	Independent Non-Executive	02847624 07/11/2015	--	--	--	--	--
Leona Ambuja (Ms.)	Independent Non-Executive	07138817 31/03/2015	--	--	--	--	--

* 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 four times during the financial year 2017-18:

Director	Board meetings held on			
	May 30, 2017	August 11, 2017	November 13, 2017	February 12, 2018
GV Kumar	✓	✓	✓	✓
D Sudhakar Reddy	✓	✓	Leave of Absence	✓
Anil Kumar Sood	✓	Leave of Absence	✓	✓
Ms Uma Garimella	Leave of Absence	✓	✓	✓
Anish Mathew	✓	✓	✓	Leave of Absence
Ms Leona Ambuja	✓	✓	✓	✓

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 12 February 2018, to discuss:

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

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 judgement 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 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 2017-18:

Members	Audit/Risk & Compliance Committee Meetings held on			
	May 30, 2017	August 11, 2017	November 13, 2017	February 12, 2018
Anil Kumar Sood - Chairperson	✓	Leave of Absence	✓	✓
Anish Mathew	✓	✓	✓	Leave of Absence
D Sudhakar Reddy	✓	✓	Leave of Absence	✓
Uma Garimella	Leave of Absence	✓	✓	✓
Leona Ambuja	✓	✓	✓	✓

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 organisation. The software engineers as well as those rendering clerical, administrative and professional services are suitably remunerated according to the industry norms.

- The terms of reference of the Committee inter alia, include the following:
- Succession planning of the Board of Directors and Senior Management Employees;
- Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
- Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.
- The Committee also approves, allocates and administers the Employee Stock Option Plans delegated by the Board / Shareholders of the company subject to the SEBI Regulations and other statutory regulations from time to time.

The Committee members met four times during the financial year 2017-18:

Director	Nomination & Remuneration Committee Meetings held on			
	May 30, 2017	August 11, 2017	November 13, 2017	February 12, 2018
Anish Mathew - Chairperson	✓	✓	✓	Leave of Absence
Anil Kumar Sood	✓	Leave of Absence	✓	✓
Uma Garimella	Leave of Absence	✓	✓	✓
Leona Ambuja	✓	✓	✓	✓

The company pays sitting fees of ₹ 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 29 June 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
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
GV Kumar	38.98	0	0	38.98
D Sudhakar Reddy	13.08	0	0	13.08
Anil Kumar Sood	0	0	1.50	1.50
Anish Mathew	0	0	1.35	1.35
Leona Ambuja (Ms.)	0	0	2.10	2.10
Uma Garimella (Ms.)	0	0	1.50	1.50

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

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

5 STAKEHOLDERS RELATIONSHIP COMMITTEE

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

- approve / refuse / reject registration of transfer / transmission / transposition of shares.
- allot shares on exercise of stock options and to authorize issue of Share Certificates.
- authorise:
 - (i) Issue of duplicate share certificates and issue of share certificates after split / consolidation / rematerialization 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 two (2) investor grievances received and resolved during the year under report. There were no pending complaints at the beginning or end of the year. There were no transfers pending at the end of the year. All the investor grievance have been resolved to the satisfaction of the investors.

The Committee met two times during the financial year 2017-18

Members	Stakeholders' Relationship Committee Meetings held on	
	May 30, 2017	August 11, 2017
Uma Garimella - Chairperson	Leave of absence	✓
D Sudhakar Reddy	✓	✓
G V Kumar	✓	✓
Anil Kumar Sood	✓	Leave of Absence
Leona Ambuja	✓	✓

The Company Secretary also functions as the Compliance Officer.

6 GENERAL BODY MEETINGS

Annual General Meetings (AGM)

Year	AGM	Location	Date	Time	Special Resolutions passed
2017	17th	Sri Thyaga Braham Gana Sabha (Vani Mahal) No.103, G N Chetty Road, T Nagar, Chennai 600017	28th July 2017	9.00 AM	Nil
2016	16th	The Music Academy, Kasturi Srinivasan Hall (Mini Hall) 168, TTK Road, Alwarpet, Chennai 600014	26th September 2016	10.00 AM	Nil
2015	15th	Sri Thyaga Braham Gana Sabha (Vani Mahal) No.103, G N Chetty Road, T Nagar, Chennai 600017	23rd September 2015	10.00 AM	Nil

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

Extra-ordinary General Meetings (EGM)

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

Postal Ballot

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

7 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.

8 SUBSIDIARY COMPANIES

The company does not have any Indian subsidiary.

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

9 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.

10 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 2018 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.

11 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 2018, the company announced the Audited annual financial results on 29 May 2018.

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. They are also given by way of a press release to various news agencies.

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

12 GENERAL SHAREHOLDER INFORMATION

- **Annual General Meeting**

At 9:00 A.M (IST) on Thursday, 27th September 2018 at Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai - 600083, Tamil Nadu.

- **Financial calendar for 2018-19**

1 April to 31 March

Unaudited quarterly results for 2018-19

First quarter – first half of August 2018

Second quarter / half yearly – first half of November 2018

Third quarter – first half of February 2019

Annual results for the year ending 31 March 2019 – May 2019

Annual General Meeting for the year ending 31 March 2019 – August / September 2019

- **Date of book closure**

21st September 2018 to 27th September 2018 (both days inclusive)

- **Listing on Stock Exchanges**

The company's equity shares are listed in India:

BSE Limited

Phiroze JeeJee Bhoy Towers

Dalal Street, Fort Mumbai 400001

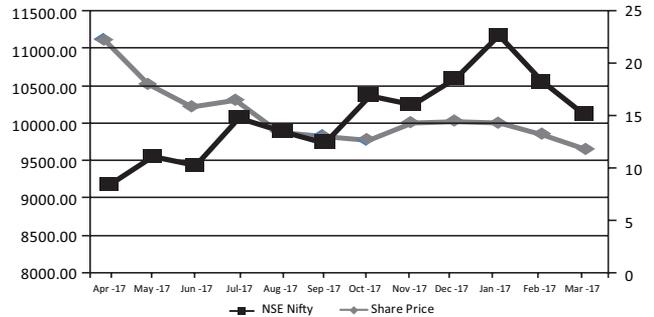
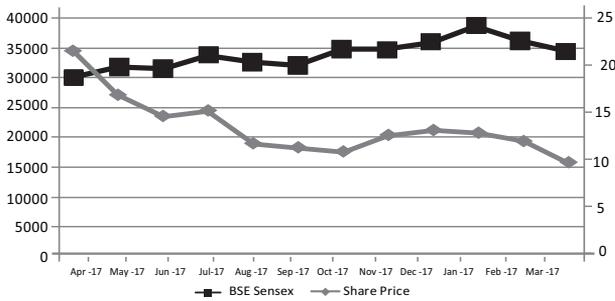
National Stock Exchange of India Limited

Exchange Plaza

Bandra-Kurla Complex, Bandra (E) Mumbai 400051

▪ **Stock market data**

Months	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
	₹	₹	₹	Nos	₹	₹	₹	Nos
April	24.95	20.40	21.65	14,83,672	24.90	20.50	21.75	39,78,417
May	22.30	17.50	17.70	7,94,077	22.30	17.60	17.70	20,93,037
June	18.30	14.00	15.80	9,86,752	18.25	13.45	15.65	29,79,660
July	18.50	15.25	16.30	13,14,294	18.25	14.55	16.25	35,63,914
August	16.80	12.50	13.35	4,49,936	16.85	12.30	13.35	16,55,416
September	15.25	12.60	12.99	5,04,929	15.30	12.55	12.95	16,80,456
October	13.41	11.50	12.62	3,46,654	13.20	11.90	12.65	11,24,895
November	17.29	12.57	14.10	13,04,178	17.20	12.45	14.20	33,72,219
December	14.60	13.00	14.54	4,40,262	14.50	12.85	14.35	6,82,770
January	18.30	14.05	14.300	14,06,725	18.10	13.70	14.15	19,40,426
February	15.87	12.85	13.55	4,67,475	15.95	12.90	13.50	8,55,655
March	13.94	11.52	11.65	3,32,139	13.95	11.60	11.75	11,17,689



▪ **Distribution of shareholding as on 31 March 2018**

No of Shares held	No of Shareholders	% of Shareholders	No of Shares	% of Shareholding
10-5000	19,910	78.80	24,07,566	5.44
5001-10000	2,217	8.77	18,63,542	4.21
10001-20000	1,280	5.07	20,25,854	4.58
20001-30000	478	1.90	12,44,726	2.80
30001-40000	272	1.08	9,69,312	2.19
40001-50000	268	1.06	12,81,368	2.90
50001-100000	417	1.65	32,15,087	7.26
100001 & Above	423	1.67	3,12,59,838	70.62
Total	25,265	100.00	4,42,67,293	100.00

▪ **Dematerialisation of shares**

The company's equity shares are tradable compulsorily in electronic form. The company has established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through Cameo Corporate Services Limited, Registrar and Share Transfer Agents. The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is INE933B01012. Over 90.26% of outstanding equity shares of the company have been dematerialised as on 31 March 2018.

Category	Number of shareholders	Number of shares	% to total equity
Demat mode			
NSDL	15,922	2,44,59,213	55.25
CDSL	8,508	1,54,98,258	35.01
Physical mode	835	43,09,822	09.74
Total	25,265	44,267,293	100.00

▪ Categories of shareholders

	Category of shareholder	No. of shareholders	Total No. of shares	% of shareholding
A	Shareholding of Promoter and Promoter Group			
	Indian Promoters	3	3,203,956	7.24
	Total Shareholding of Promoter Group	3	3,203,956	7.24
B	Public Shareholding			
1	Institutions			
	Mutual Funds / UTI	0	0	0.00
	Financial Institutions / Banks	2	10012	0.02
	Venture Capital Funds	1	3,762,375	8.50
	Insurance Companies	1	30,478	0.07
	Foreign Institutional Investors	0	0	0.00
	Others-Foreign Portfolio Investors	0	0	0.00
	Sub Total B(1)	4	3,802,865	8.59
2	Non-institutions			
	Bodies Corporate	379	66,02,689	14.92
	Individuals			
	Individual shareholders holding nominal share capital up to ₹ 2 lakh	22,851	1,36,85,859	30.92
	Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	171	11,979,940	27.06
	Others:			
	Directors & their Relatives	5	2,364,424	5.34
	HUF	674	11,77,492	2.66
	Trusts	3	1,105	0.00
	NRI	258	14,12,474	3.19
	Clearing Members	32	36,489	0.08
	Sub Total B(2)	24,373	37,260,472	84.17
	Total Public Shareholding (B)=B(1)+B(2)	24,377	41,063,337	92.76
	Total (A+B)	24,380	44,267,293	100.00

Shareholders holding more than 1% of the equity share capital

	Name of the shareholder	No. of shares	% of shareholding
1	I Labs Venture Capital Fund	3,762,375	8.49
2	Venkataraman Kumar Gandaravakottai	2,226,911	5.03
3	Ravindra Babu S	1,971,870	4.45
4	Sri Power Generation (India) Private Limited	1,769,822	4.00
5	Godavari Greenlands Pvt Ltd	1,343,750	3.04
6	Satyavathi Denukuri	8,35,500	1.89
7	Srinivas Raju D	7,47,600	1.69
8	S Ravindra Babu	716,898	1.62
9	Rakesh Mishra	663,150	1.50
10	S Ravindra Babu (HUF)	512,126	1.16
	Total	14,550,002	32.87

- **Registrar and Share Transfer Agents**

Cameo Corporate Services Limited

Subramanian Building, 1, Club House Road, Chennai 600002, India.

Tel: +91.44.28460390, Fax: +91.44.28460129, email: cameo@cameoindia.com

- Share Transfer System and other related matters

- (i) **Share transfers**

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

- (ii) **Nomination facility for shareholding**

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

- (iii) **Payment of dividend through Electronic Clearing Service**

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

- (iv) **Transfer to Investor Education and Protection Fund**

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

- (v) **Correspondence regarding Change of Address, etc.**

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

- (vi) **Pending Investors' Grievances'**

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

- **Go Green initiative**

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

- **Plant locations**

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

- **Address for correspondence**

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

GV Kumar

Managing Director

D Sudhakar Reddy

Executive Director

Place : Hyderabad

Date : 29 May 2018

Management's Discussion and Analysis

(1) Background and Overview

Telecommunication continues to be a highly exciting and transformational arena globally. More so, in the emerging parts of the world, where extensive and rapid roll out of 4G data networks, unprecedented rise in smart phone penetration and fast proliferating mobile applications are shaping a highly integrated digital society. The amazing pace of change was particularly visible in emerging markets like India too that is currently in the middle of a giant leap towards 4G.

In line with the changing future environment, mobile service providers are being stimulated to transform themselves into a platform of opportunities harnessing the digital forces — Mobility & Pervasive Computing, Mobile Wallets & Payments, Predictive Analytics and Cloud Computing to realign their business processes, products and services. Digital transformation is helping mobile service providers mitigate the challenges of shrinking product life cycles, customer engagement and high churn rates.

Mobile operators globally are experiencing one of the most difficult times as their revenues are dwindling. Historical revenues such as voice, SMS, roaming and interconnect are dropping. The introduction of OTT players such as Skype and WhatsApp has forced many operators to reduce prices. Operators are now forced to look at alternate revenue streams to keep up revenue and profit while also reducing churn.

India's telecom sector particularly witnessed a tumultuous year with sharp drop in ARPU & thus drop in profitability of many carriers and witnessed a marked slow down in new launches, delay in entry of new MVNO players and huge reduction in capital spending.

As new generation of technologies and application innovations take root, mobile operators will come across new operational challenges. The challenge of re-invention is no truer for any company than our own. For us, vitalizing the spirit of innovation is central to anything and everything we do – internally and with our clients. With our robust product portfolio, agility in implementation and expertise in managed services, your Company is well placed and making strategic moves to take advantage of this rapidly changing environment to strengthen our position further.

(2) Financial results

Your company reported a turnover of ₹ 6625.94 lakhs in 2018 as against ₹ 7014.21 lakhs in 2017. Profit after tax for the financial year under review is ₹ 169.14 lakhs.

A. Sources of Revenue

The company derives revenues through the following revenue models:

- Hosted Managed Services (Annuity)

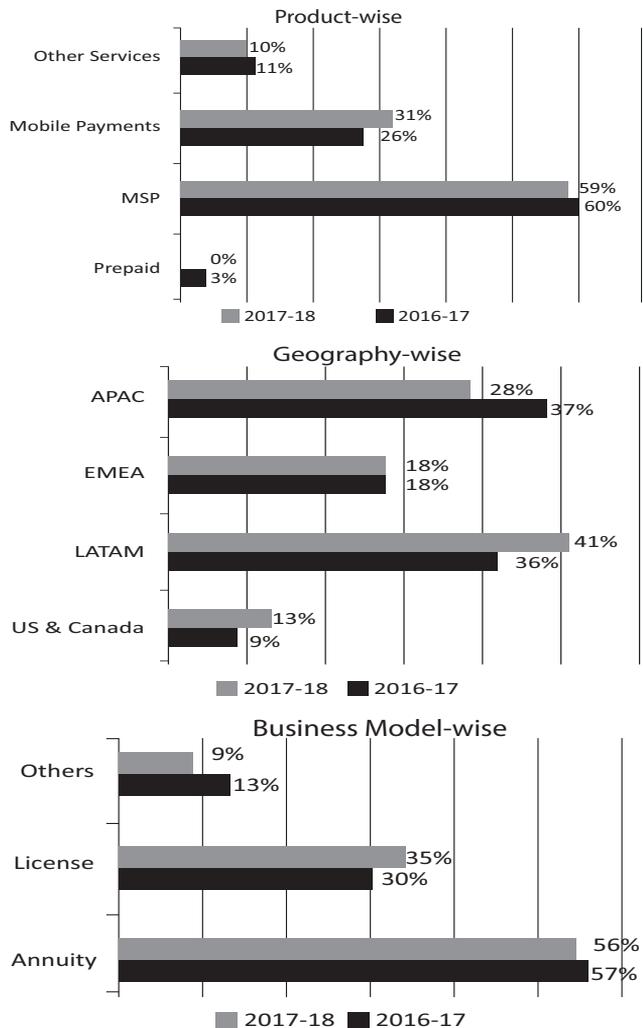
The company operates its platform end-to-end in data centers and gets paid monthly, based on a revenue-share or per-subscriber transaction fee model, around a multi-year contract. The company also normally charges an upfront technology implementation fee from ASP customers.
- Software Licensing

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, Maintenance and Customization

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

B Segment-wise Performance



C Significant Transactions during the period under review

Pursuant to the Shareholders' approval via postal ballot in March 2016 and the Joint Development Agreement entered into by the Company with M/s. Darshita Infrastructure Ltd (A Salarpuria Sattva Group Company), the Company during the period under review, commenced the setting up of a large IT facility at its property at Nanakramguda (which was registered in the company's favour in May 2015 by TSIC through a conditional sale deed). The Company also obtained necessary Statutory approvals from TSIC and other regulatory authorities and the construction is in progress.

(3) Industry Outlook

A MVNO Expansion Continues

The MVNO industry faced a series of challenges in 2017, but growth continued supported by innovation and improved services. Innovative new offers, improved brand identity and the ability to get closer to customers through better-targeted services will remain the key factors that support future growth.

The global market for MVNOs is expected to reach about US\$75 billion by 2023, according to analysts at Forrester Research. Europe dominated the global MVNO market, followed by Asia-Pacific and North America in 2017. The emergence of M2M, cloud and mobile money coupled with increased data usage rates are expected to increase the demand for MVNOs further.

Across Asia, most players predict another year of growth. But analysts agree that the key to success in the vast Asian markets will depend on whether MVNOs can grab the right opportunities at the right times.

Optimism across the African MVNO market is even higher than in Asia. Analysts also believe that the MVNO market will see an “upsurge” in 2018 for various markets and say there is ‘ripe potential’ in the continent.

The size and maturity of the European market is ripe for innovation and leading the way on new technology. Consolidation is likely to be seen amongst operators and large MVNOs, opening the door for new entrants in new niches.

In Latin America, Sonia Agnese, Senior Analyst at Ovum, believes that revenues will increase in line with rising data usage. In Mexico, there is confidence that the introduction of the Compartida Red national wholesale network will result in MVNOs increasing their market share in 2018.

In the US, the MVNO market is considered having ‘stalled’ as high wholesale prices had stifled MVNOs. But analysts believe prices will come down in 2018, further increasing the already fierce levels of competition.

B M2M & IoT

The M2M market has gained substantial significance as a source of connections growth for mobile operators worldwide. In recent times, prices of platforms, end devices, mobile operators along with connectivity costs are declining, owing to which M2M solutions will become established and more mainstream.

According to a report by Research and Market, global number of mobile M2M connections increased by 56 percent during 2017 to reach 647.5 million at the end of the year. By 2022, the number of mobile M2M connections is estimated to grow at a CAGR of 33.1 percent to reach 2.7 billion.

An important aspect of the growth of mobile IoT is its ability to leverage mobility and range as compared to other IoT access methods. Mobile networks operate on existing network infrastructure and offer reliable and quality services with assured security, which plays a vital role in adoption in both industrial and consumer applications.

Mobile IoT offers numerous advantages such as broader coverage, deep indoor penetration and smaller module size, owing to which it is largely preferred in high-density deployments. Mobile technologies, especially LTE, are supported and backed by a consortium of established industry players and various organizations such as 3GPP and GSMA, which is expected to boost market growth in the coming years.

As per IDC, worldwide spending on IoT is forecast to reach USD 772.5 billion in 2018, that represents an increase of 15 percent

over USD 674 billion spent on IoT in 2017. Gartner predicts that by 2020, more than 65 percent of enterprises (up from 30 percent today) will adopt IoT products.

C Mobile Payments

Mobile payments has become a service that customers expect from their banks, financial institutions and e-commerce platforms. That said, the types of mobile payments continue to evolve.

The technology’s ability to provide easily accessible funds on almost any mobile device has been fundamental to its widespread uptake within developing markets such as the Sub-Saharan region which has been the largest early adopter of mobile money so much so that there are now 338 million registered mobile money accounts in various countries across the market.

According to the GSMA, there were 276 million mobile money deployments across 90 countries last year. Deployments such as these have undoubtedly been key drivers in the decreasing amount of revenue generated by cash around the world.

According to data published by Allied Market Research, the mobile payments market is expected to reach a value of \$3,388 billion by 2022, growing at an impressive CAGR of 33.4 percent from 2016 to 2022.

D Cloud Enablement & Services

Mobile technology complexities associated with hybrid cloud deployments and lack of internal skills are pushing operators to increasingly seek third-party support for hybrid cloud initiatives. Mobile service providers are beefing up their cloud enablement services capabilities, specifically around supporting multiple industry-standard cloud platforms, hybrid cloud consulting & rapid migration, security and multi-cloud orchestration.

According to Gartner, the worldwide cloud services market is projected to grow 21.4 percent in 2018 to total \$186.4 billion, up from \$153.5 billion in 2017. The United States will be the largest country market for cloud services in 2018 with its \$97 billion accounting for more than 60 percent of worldwide spending. The United Kingdom and Germany will lead cloud spending in Western Europe at \$7.9 billion and \$7.4 billion respectively, while Japan and China will round out the top 5 countries with spending of \$5.8 billion and \$5.4 billion, respectively.

Digital transformation is driving multi-cloud and hybrid environments for mobile operators to create a more agile and cost-effective environment in Asia Pacific.

E Cyber Security

The mobile-based cybersecurity and data privacy landscape raised new and challenging questions for operators around the world in 2017. We are poised to see new waves of mobile technological disruption and legal complexity in 2018.

The mobile cybersecurity landscape is evolving more rapidly than ever before and threats to critical information and assets are only increasing. Now, mobile operators must think strategically about the cyber threats they face and take practical steps to address associated legal, business and reputational risks.

Markets and Markets estimated that the cybersecurity market is expected to grow from USD 137.85 billion in 2017 to USD 231.94 billion by 2022 at a CAGR of 11 percent. North America is expected to retain its position as the largest market for cybersecurity solutions.

(4) Business Strategy and Focus for 2018

For 2018 and beyond, the company will execute on the following approach to growing the business:

(i) Latin America, US & Africa Focus

Mobile Virtual Network Operator (MVNOs) have been adopting unconventional strategies in the highly saturated and competitive mobile markets in Latin America. MVNOs are selecting innovative operating business models including other strategies such as promoting their products and services over social media platforms, adding new services and targeting under served customer niche segments with specially designed offers.

In United States, the future of MVNOs will depend on more than just operator-centric applications, communications, content and commerce. Across Africa, mobile operators' motivations for hosting MVNOs include segmentation-driven strategies, network utilization-driven strategies and product-driven strategies. In Africa, banking MVNOs seem to be the most successful due to improved mobile banking functionality and customer service ability.

Megasoft has vast operational experience of having deployed its Mobile Services Platform (MSP) for many MVNE/O clients and is confident of addressing varying future business requirements of MVNO customers in Latin America, US and Africa. We intend to grow in scale and scope and become a dominant force and leverage our specialty cloud-based MSP to further extend into new services and growth markets that will translate into profitable revenues.

The dynamics for the MVNO industry in India has been hugely impacted with Jio's entry and its ultra-affordable pricing. This has led to the number of mobile operators being reduced with the current wave of consolidation and the parenting landscape for VNOs shrinking. Fierce competition among operators to retain customers and revenue market share has also posed enormous challenges for MVNOs to negotiate viable terms.

Your Company is driving hard to grow our existing business and our addressable markets too – this means adding channels, adding new local talent and manpower and simply selling more to existing and new clients.

A major focus in 2018 is customer service delivery of previously awarded contracts. Converting these contractual customer agreements into live revenue production, with fully ramped end-user connections / subscribers over the term of the agreement, is among our highest operating priorities. This is our lifeblood and it is the driver of current and future revenues.

(ii) Expanding to New MVNO Markets

The global MVNO market is poised to expand at a CAGR of 7.2 percent in terms of revenue between 2017 and 2023. At this pace, the market will increase from US\$49.51 bn in 2017 to US\$75.25 bn by the end of 2023. By subscriber type, the consumer segment holds dominance in the overall market mainly because of incessantly increasing demand for low-cost data and voice services among an increasing customer base.

Government regulations that support MVNO services is bolstering the growth of this market. Low-cost bundled up differentiator services offered by Mobile Network Operators (MNOs) is also accentuating the growth of this regional market.

With changing regulatory environments, it is expected that critical markets will open their doors and create more supportive

regulation for MVNOs, increasing competition and consumer welfare in the telecom industry. Megasoft will continue to pursue MVNO growth markets such as Latin America, US, Middle East & Africa.

The large MVNOs are considering mergers and acquisitions and strategic alliances to bolster their position across geographies. This includes serving untapped business areas in order to gain competitive edge. Apart from this, immense growth opportunities is attracting small-sized vendors to enter the market through business alliances and partnerships.

Megasoft is well-positioned to target new and specific niche MVNO markets with services such as mobile payments, machine-to-machine (M2M) and Internet of Things (IoT). It is such offerings that are expected to drive the future growth of this segment.

(iii) Focus on Mobile Payments

Instant is the new norm of today's connected, digital economies. Customers expect no different from their payment services. To meet consumers' rising expectations, Megasoft with its extensive experience in developing and running mission-critical payment processing and switching solutions to modernize the growth of immediate payments.

According to research firm eMarketer, India is now the world's fastest-growing "proximity mobile payment" market in the world. Proximity payments refer to scanning, tapping, swiping, or checking in with a mobile device at the point of sale. The number of mobile payment users in India surged 75.5 percent from 32 million in 2016 to 56.2 million in 2017. This year, the number is expected to grow to 77.8 million – nearly 30 percent of India's total number of smart phone users.

Designed to cater to universal payment needs, our Payment Manager system orchestrates connections between payment service providers including banks, mobile network operators and electronic money institutions to create a central payment clearing and settlement infrastructure for instant domestic and international transfers.

(iv) Focus on IoT Opportunities

The Internet of Things (IoT) is one of the exponential technologies accelerating innovation across all industries. With billions of connected devices predicted to come to market by 2020, the IoT will transform usage of telecom networks to rise inexorably as consumers increasingly depend on connected smart phones in addition to the demands of Internet of Things (IoT).

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

For global mobile service providers who seek to deliver a growing bouquet of services, the end-to-end management and ability to integrate into an operator's service management systems is fundamental in making the Megasoft IoT platform an ideal choice.

Your Company has grown significant traction in Americas and will be deploying the IoT platform for one of the leading mobile operators in the US during this year.

(v) Continued Innovation and R&D Efforts

Your Company's ability to ideate, innovate and successfully launch new technology platforms and services has always been the corner stone for its continued success, survival & growth

all these years and your Company will continue this tradition of innovation in this year as well. New Product teams are working on building cutting edge technologies and new offerings to be launched in the coming years and Your Company accordingly expects to launch many new products & services.

(5) Our Offering

1 Mobile Services Platform (MSP)

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

- XIUS MSP provides end-to-end infrastructure for 3G/4G Mobile Operators, MVNE/MVNOs, Converged Broadband 4G/LTE Service Providers, Mobile Operator Wholesale Departments, and M2M/IoT Service Providers.
- XIUS MSP offers a complete suite of cost-competitive and reliable infrastructure options that enable mobile services delivery along with real-time rating and billing.
- Megasoft is best positioned to enable service providers navigate an increasingly complex mobile ecosystem by allowing to launch branded mobile services.

In 2018, automation will play a central role in optimizing an MVNO's daily operations, boosting revenue uptake in the process and helping mobile operators to better serve their customers. Increasing numbers of MVNOs will begin streamlining customer journeys from the ground up for digital delivery.

With the goal of enhancing customer experience and increasing efficiency of mobile operator communication channels, your Company has already invested valuable resources and R&D effort in upgrading its cloud-based Mobile Services Platform (MSP) to a host of state-of-the-art features and capabilities.

2 M2M & IoT

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

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

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

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

3 Payments

With more than a decade of experience in providing mobile payment technologies and services globally, your Company with its vast array of platforms and applications, led by its Payment Manager platform, is poised to grow further in this exciting industry segment.

Alternative payments such as e-wallets, mobile and digital currencies, are playing an increasingly prominent role in the

payments space – a trend largely driven by the emerging markets. There are many countries that have not only adopted alternative payment methods but have come to view them as their trusted and preferred payment method of choice.

Your Company, already a strong player in the Latin American payments market, is not only aiming to consolidate in the geography, but is also poised to expand into new markets that are fast emerging in the digital payment space.

(6) Risks and Concerns

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

Market Risk

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

The telecommunications industry in India has witnessed many developments and undergone tremendous transformation through several policy reforms and regulations. Market consolidation, declining tariff, opening up of the sector to foreign investments, changing customer demands and technological developments has led to increased competition among telecom service providers and their technology partners.

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

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

Revenue Risk

The past two years have seen telecom companies wrestle with financial, operational and implementation issues. We are helping our clients to navigate through this period of uncertainty but your Company foresees the likelihood of reduced revenues from customers. In certain cases, there may be incremental costs to acquire a contract and certain costs to fulfill a contract. Some entities may wish to reconsider current contract terms and business practices. This necessitates us to look for newer opportunities and markets that are not experiencing perilous times as far as their mobile operators are concerned.

Protection of Intellectual Property Rights

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

Litigation

There is an increasing trend towards litigation regarding intellectual property rights, patents and trademarks in the software and telecom industry. There are also other corporate

legal risks including contractual performance and product performance. The company has an insurance policy in place to mitigate these risks.

Foreign Currency Fluctuation

The company enjoys a substantial exposure to foreign exchange-related risks on account of earnings denominated in foreign currencies by exporting software, products and solutions. A majority of the company's revenues are US\$ denominated; the continued depreciation of the Indian rupee vis-à-vis the US\$ can result in much higher interest and capital repayment outflows for the company. Also, such huge fluctuations make revenue and profit projections more unpredictable.

Client Concentration

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

(7) Internal Controls

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

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

The continuance of the company's 'cash and caution' policy enabled the company to remain profitable at the end of the financial year.

(8) Human Assets

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

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

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

(9) Quality Certifications

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

ISO 9001:2015 – Quality Management System

This certification ensures customer satisfaction for the company's products & solutions.

ISO 27001:2013 – Information Security Management System

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

(10) Property

Pursuant to the Shareholders' approval via postal ballot in March 2016 and the Joint Development Agreement entered into by the Company with M/s. Darshita Infrastructure Ltd (A Salarpuria Sattva Group Company), the Company during the period under review, commenced the setting up of a large IT facility at its property at Nanakramguda (which was registered in the company's favour in May 2015 by TSIC through a conditional sale deed). The Company also obtained necessary Statutory approvals from TSIC and other regulatory authorities and the construction is in progress.

The company continues its tight cost controls, debt reduction and repayment.

(11) 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

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

Reserves and surplus

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

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

Borrowings

The total debt in the current year increased to ₹ 4,704.46 lakhs from ₹ 4,598.06 lakhs in the previous year. The changes also reflect the fluctuations in foreign currency rate.

Deferred tax liability / asset

The deferred tax asset is ₹ 91.74 lakhs at the end of the financial year as against deferred tax asset of ₹ 31.59 lakhs in the previous year.

Trade Payables & Other current liabilities

The trade payables and other current liabilities increased to ₹ 11,450.72 lakhs in 2018 from ₹ 9,552.85 lakhs in 2017. The increase is due to trade payables in the normal course of business and also on account of monies received from the developer of Nanakramguda property, the entire money of which was utilised for settling the old contractor.

Provisions

As at	Short term		Long term		Total	
	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017
	₹ lakhs					
Provision for retirement benefits	32.83	15.38	165.86	180.87	198.69	196.25

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

Fixed assets

The fixed assets increased to ₹ 9712.48 lakhs in the current year from ₹ 8529.45 lakhs in the previous year. This increase includes addition of WIP of the semi constructed building at the company's property at Nanakramguda.

Goodwill on consolidation

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

Investments

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

Trade receivables

The Increase in trade receivables (net of provisions) stood at ₹ 7,461.41 lakhs as against ₹ 6,316.53 lakhs in the previous year.

Cash and bank balances

The current year cash and bank balances of ₹ 89.84 lakhs was lower on account of operating expenses. The previous year-end balance was ₹ 115.99 lakhs.

Short term loans and advances

The short term loans and advances decreased to ₹ 1578.96 lakhs in 2018 from ₹ 1661.81 lakhs in 2017

Results of operations (consolidated)

For the period / year ended	31-Mar-2018 ₹ lakhs	31-Mar-2017 ₹ lakhs
Revenues	6625.94	7014.21
EBIDTA	1059.94	1325.79
Finance cost	519.87	593.78
Depreciation	431.16	511.76
Profit before tax	108.91	220.25
Less: Taxes	(60.23)	(51.63)
Profit after tax	169.14	271.88

Revenues

The consolidated revenues decreased to ₹ 6,625.94 lakhs in 2018 from ₹ 7,014.21 lakhs in 2017.

Other Income / (Expenses)

The foreign exchange profit (net) was ₹ 8.56 lakhs in current year 2018 as against ₹ (50.84) lakhs loss (net) in the previous financial year. This movement was on account of foreign currency rate fluctuation.

Software, hardware and material costs

The Software, hardware and material costs of ₹ 2,158.34 lakhs in 2018 and ₹ 1,697.14 lakhs in 2017 are on account of project supplies at the customer site for execution of the project contracts.

Employee cost

The decrease in employee cost to ₹ 2,045.82 lakhs in 2018 from ₹ 2,051.49 lakhs in 2017 is in the normal course of business.

Other expenses

The decrease in other expenses to ₹ 1,460.98 lakhs in 2018 from ₹ 2,704.12 lakhs in 2017 is due to the company's continued efforts in tight cost controls.

Finance cost

The finance cost decreased to ₹ 519.87 lakhs in 2018 from ₹ 593.78 lakhs in 2017.

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 ₹ 511.76 lakhs in the previous financial year to ₹ 431.16 lakhs in 2018 is in the normal course of business.

FINANCIAL PERFORMANCE (STANDALONE)

Share capital

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

Reserves and surplus

The net effect from the Statement of Profit & Loss during the year has been carried forward in full to the Reserves and Surplus.

Borrowings

The total debt in the current year increased to ₹ 1,699.43 lakhs from ₹ 1,602.51 lakhs in the previous year.

Deferred tax liability/asset

The deferred tax asset was ₹ 91.74 lakhs at the end of the financial year as against deferred tax asset of ₹ 31.51 lakhs in the previous year.

Trade Payables & Other current liabilities

The trade payables and other current liabilities increased to ₹ 9,377.81 lakhs in 2018 from ₹ 6,587.46 lakhs in 2017. The increase is due to trade payables in the normal course of business and also on account of monies received from the developer of Nanakramguda property, the entire money of which was utilised for settling the old contractor.

As at	Short term		Long term		Total	
	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017
	₹ lakhs					
Provision for retirement benefits	32.83	15.38	165.86	180.87	198.69	196.25

Provisions

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

Fixed assets

The fixed asset was ₹ 7,035.55 Lakhs as against ₹ 5,463.55 lakhs in the previous year. This is the net effect of addition of WIP of the semi constructed building at the company's property at Nanakramguda.

Investments

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

Trade Receivables

The Trade Receivables increased from ₹ 3,609.77 lakhs in the previous year to ₹ 4,750.18 lakhs in the current year. This increase also includes foreign currency exchange fluctuations.

Cash and bank balances

The cash and bank balance was ₹ 37.13 lakhs in 2018 as against ₹ 73.20 lakhs in 2017.

Short term loans and advances

The short term loans and advances decreased from ₹ 7,519.84 lakhs in 2017 to ₹ 7,115.87 lakhs in 2018.

Result of Operations (Standalone)

For the period / year ended	31-Mar-2018 ₹ lakhs	31-Mar-2017 ₹ lakhs
Revenues	2851.34	3104.83
EBIDTA	(165.48)	362.04
Finance cost	322.83	232.95
Depreciation	65.89	66.84
Profit before tax	(554.20)	62.25
Less: Taxes	(60.23)	(51.62)
Profit after tax	(493.97)	113.87

Revenues

Revenues were ₹ 2851.34 lakhs in 2018 as against ₹ 3104.83 lakhs in 2017.

Other Income / (Expenses)

The foreign exchange gain (net) was ₹ 8.56 lakhs in 2018 as against loss of ₹ (49.94) lakhs in 2017. The foreign exchange movement was on account of foreign currency rate fluctuation.

Software, hardware and material costs

The Software, hardware and material costs was ₹ 899.22 lakhs in 2018 as against ₹ 927.11 lakhs in 2017.

Employee cost

The employee cost increased from ₹ 1,581.57 lakhs in 2017 to ₹ 1,588.50 lakhs in 2018 in the normal course of the business.

Other expenses

The decrease in other expenses from ₹ 1040.15 lakhs in 2017 to ₹ 628.23 lakhs in 2018 is due to the company's continued efforts in tight cost controls.

Finance cost

The increase in finance cost from ₹ 232.95 lakhs in 2017 to ₹ 322.83 lakhs in 2018 was on account of reduced utilization of bank limits during part of the previous year.

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 ₹ 65.89 lakhs in 2018 as against ₹ 66.84 lakhs in 2017.

Auditors' Certificate on Corporate Governance

To the Members of Megasoft Limited

We have examined the compliance of conditions of Corporate Governance by Megasoft Limited for the year ended 31st March 2018, 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 Regn.No.003398S)

Arjun S
Partner
[M.No. 230448]

Place: Hyderabad

Date: 29 May 2018

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

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

- (1) We have reviewed the financial statements and the cash flow statement for the financial year ended 31 March 2018 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.

Hyderabad
29 May 2018

GV Kumar
Managing Director & CEO

Shridhar Thathachary
CFO

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

This is to confirm that the company has adopted a Code of Conduct for the Board of Directors and senior management of the company. The same is available on website of the company at www.megasoft.com. As Managing Director of Megasoft Limited and as required by Regulation 31 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, I hereby declare that all the Board members and senior management personnel of the company have affirmed compliance with the Code of Conduct for the financial year 2017-18

Hyderabad
29 May 2018

GV Kumar
Managing Director

Independent Auditors' Report on Consolidated Financial Statements

To the Members of the Megasoft Limited

Report on the consolidated financial Statements

We have audited the accompanying consolidated Ind AS Financial Statements of Megasoft Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's responsibility for the consolidated 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 of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and change in equity of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 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 the 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 Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of comparative financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and 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 consolidated Ind AS financial statements

Opinion

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 for the year give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs (financial position) of the Group as at 31st March, 2018;
- in the case of the Statement of Profit and Loss including other comprehensive income, of the Profit for the year ended on that date;
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date; and

- in the case of Statement of changes in Equity, of the change in equity for the year ended on that date.

Other matters

- We did not audit the financial statements and other financial information, in respect of foreign subsidiaries. These financial statements and the other financial information have been audited by other auditors, which financial statement, other financial information and auditors report have been furnished to us by the management. Our opinion on the consolidated financial statement, in so far as it relates to the amount and disclosure included in respect of the subsidiaries and our report in terms of sub section (3) section 143 of the act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirement above, 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 and otherwise financial information certified by the management.

- The comparative financial information of the company for the year ended 31st march 2017 and the transition date opening balance sheet as at 1st April 2016 included in these consolidated IND AS Financial Statements, are based on the previously issued statutory financial statements prepared in accordance with the companies (Accounting Standard) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 30th May 2017 and 28th May 2016 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

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

- 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.
- 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.
- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as referred to in Notes to the consolidated Ind AS financial statements.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.

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

Arjun S
Partner
(Membership No. 230448)

Place : Hyderabad
Date : 29 May 2018

Consolidated Balance Sheet

	Note	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs	As at 1st-Apr-2016 ₹ lakhs
ASSETS				
Non-current assets				
Property, Plant and Equipment	2	3,951.08	8,080.63	8721.85
Capital WIP	2	5,761.40	-	-
Intangible assets	2	-	448.82	493.99
Goodwill		10,157.50	10,157.50	10,157.50
Financial assets				
Investment				
- Other Financial Assets	3	113.52	103.20	93.82
Deferred tax assets	4	91.74	31.59	-
Other non current assets	5	22.95	34.40	45.86
Current assets				
Financial assets				
- Trade receivable	6	7,461.41	6,316.53	6,501.19
- Cash and cash equivalents	7	61.54	56.08	454.25
Other balances with banks	8	28.30	59.91	59.91
Current tax Assets	19	454.57	364.73	-
Other current assets	9	1,578.96	1,661.81	1,632.69
TOTAL ASSETS		29,682.97	27,315.20	28,161.06
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	4,426.73	4,426.73	4,426.73
Other equity	11	9,101.05	8,737.56	8,358.38
Total		13,527.78	13,164.29	12,785.11
Non-current liabilities				
Financial liabilities				
Other Financial liabilities	12	861.79	865.69	-
Provisions	13	165.86	180.87	156.33
Deferred tax liabilities (net)	14	-	-	28.95
Current liabilities				
Financial Liabilities				
- Borrowings	15	4,704.46	4,598.06	9,809.76
- Trade payables	16	2,686.47	2,889.27	3,188.16
- Other financial liabilities	17	1,601.62	1,596.93	1,887.17
Provisions	18	561.91	562.85	65.16
Current tax liabilities	19	-	-	53.35
Other current liabilities	20	5,573.08	3,457.24	187.08
TOTAL EQUITY & LIABILITIES		29,682.97	27,315.20	28,161.06

Significant accounting policies 1
 Other notes to Financial Statements 2-36
 The notes referred to above form integral part of these financial statements

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

Arjun .S
 Membership No: 230448

Place: Hyderabad
 Date : 29 May 2018

For and on behalf of the Board

GV Kumar
 Managing Director

Anish Mathew
 Director

Shridhar Thathachary
 Chief Financial Officer

D Sudhakar Reddy
 Executive Director

Anil Kumar Sood
 Director

Consolidated Statement of Profit & Loss

	Note	For the year ended 31-Mar-2018 ₹ lakhs	For the year ended 31-Mar-2017 ₹ lakhs
INCOME			
Revenue			
Revenue from operations		6,625.94	7,014.21
Other income	21	99.13	764.33
		6,725.07	7,778.54
Expenses			
Software, hardware and material cost		2,158.34	1,697.14
Excise duty	-		
Employee benefits expense	22	2,045.82	2,051.49
Finance costs	23	519.87	593.78
Depreciation and amortisation expense		431.16	511.76
Other expenses	24	1,460.98	2,704.12
Total Expenses		6,616.17	7,558.28
Profit/(Loss) Before Tax		108.91	220.25
Tax expense			
Current tax		-	8.91
Deferred tax		(60.23)	(60.54)
Total tax expense		(60.23)	(51.63)
Profit/(Loss) for the year		169.14	271.88
Other Comprehensive Income			
A i) Items that will not be reclassified to profit and loss			
Remeasurements of post employment benefit obligations		28.13	(9.01)
Changes in fair value of FVOCI equity instruments			
Others			
ii) Income tax relating to items that will not be reclassified to profit or loss			
Other Comprehensive Income for the year		28.13	(9.01)
Total Comprehensive Income for the year		197.26	262.87
Earnings per equity share (in ₹)	25		
(1) Basic		0.45	0.59
(2) Diluted		0.45	0.59
Significant accounting policies	1		
Other notes to Financial Statements	2-36		
The notes referred to above form integral part of these financial statements			

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

Arjun .S
Membership No: 230448

Place: Hyderabad
Date : 29 May 2018

For and on behalf of the Board

GV Kumar
Managing Director

Anish Mathew
Director

Shridhar Thathachary
Chief Financial Officer

D Sudhakar Reddy
Executive Director

Anil Kumar Sood
Director

Statement of changes in equity

A Equity Share Capital						(Amounts in Lakhs)	
Equity shares of ₹ 10 each, Issued, Subscribed and Paid up	Balance as at 1st April, 2016	Changes in equity share capital	Balance as at 31st March, 2017	Changes in equity share capital	Balance as at 31st March, 2018		
Equity shares with voting rights	4,426.73		4,426.73		4,426.73		
Equity shares without voting rights	-				-		-
B Other Equity							
Particulars	Securities Premium Reserve	Reserves and Surplus					Total
		Capital Reserve	Business Reconstruction Reserve	General Reserve	Foreign Exchange Reserve	Retained Earnings	
Balance as at 1st April 2016	250.7	1,218.9	21.4	1,327.8	(2,358.0)	7,897.6	8,358.4
Changes in accounting policy or prior period errors							
Profit for the year	-	(1,213.3)	-	1,218.9	100.9	271.9	378.4
Other comprehensive income							
Total comprehensive income for the year	-	(1,213.3)	-	1,218.9	100.9	271.9	378.4
Issue of Share Capital							
Transfer from bond redemption reserve							
Transfer to bond redemption reserve							
Balance as at 31st March 2017	250.7	5.6	21.4	2,546.7	(2,257.1)	8,169.5	8,736.7
Balance as at 1st April 2017	250.7	5.6	21.4	2,546.7	(2,257.1)	8,169.5	8,736.7
Changes in accounting policy or prior period errors							
Profit for the year					167.0	197.3	364.3
Other comprehensive income							
Total comprehensive income for the year					167.0	197.3	364.3
Balance as at 31st March 2018	250.7	5.6	21.4	2,546.7	(2,090.1)	8,366.8	9,101.0

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

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Anil Kumar Sood
Director

Consolidated Cash Flow Statement

	For the year ended 31-Mar-2018	For the year ended 31-Mar-2017
	₹ lakhs	₹ lakhs
A. Cash flow from Operating Activities		
Net Profit Before Tax	108.91	220.25
Adjusted for:		
OCI		
Depreciation	431.16	511.76
Loss/(Profit) on sale of Fixed Assets	-	(733.93)
Provision for retirement benefits	(28.13)	(9.01)
Interest Income	(2.45)	(4.91)
Interest & Bank Charges	519.87	593.78
Unrealised Foreign Exchange Fluctuation	(167.02)	(100.89)
Operating Profit Before Working Capital Changes	862.34	477.04
Adjusted for:		
Trade and other Receivables	(1,723.71)	(268.48)
Trade and other payables	1,926.00	4,275.44
Prepaid Expenses	583.30	70.75
Other Financial Assets	(10.32)	(9.38)
Cash Generated from operations	1,637.61	4,545.37
Current Tax (Current and relating to Previous years)	(8.91)	8.91
Deferred Tax	(60.15)	(60.54)
Net Cash from / (Used in) Operating Activities [A]	1,568.55	4,493.75
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(20.45)	-
Sale of Fixed Assets	-	863.48
Capital Work In Progress (WIP)	(1,611.40)	-
Interest Income (Gross)	2.45	4.91
Intangible	448.82	45.17
Net Cash from / (Used in) Investing Activities [B]	(1,180.58)	913.56
C Cash flow from Financial Activities		
Increase on Short Term Borrowings	106.40	-
Repayment of deposits	31.61	-
Repayment of Borrowings	-	(5,211.70)
Interest & Bank Charges	(519.87)	(593.78)
Net Cash flow from/(Used in) Financing Activities [C]	(381.85)	(5,805)
Net Cash Flows during the year {A+B+C}	5.46	(398.17)
Cash & Cash Equivalents(Opening Balance)	56.08	454.25
Cash & Cash Equivalents (Closing Balance)	61.54	56.08
Increase / (Decrease) in Cash & Cash equivalents	5.46	(398.17)
Net Increase / (Decrease) in Cash & Cash equivalents	5.46	(398.17)

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 : 29 May 2018

For and on behalf of the Board

GV Kumar
Managing Director

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D Sudhakar Reddy
Executive Director

Anil Kumar Sood
Director

Notes forming part of Consolidated Financial Statements

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

Note 1: 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 has its registered office in Chennai. The company's shares are listed on BSE and NSE, in India. The company is a unique trans-nation company with customers, employees and operations across multiple continents and combines the best global practices with a focus on the global telecommunication domain.

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

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

B Basis of Preparation

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

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

An explanation of how the transition to IND AS has affected the previously reported financial position, financial performance and cash flows is provided in Notes 30 and 31 to the Financial statements.

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.

Significant accounting policies

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

a Revenue Recognition

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

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

b Property, Plant and Equipment

i. Initial and Subsequent Recognition:

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

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

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

determined following the applicable accounting policies relating to depreciation/ amortization.

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

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

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

ii. Depreciation

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

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

iii. Goodwill and Other Intangible Assets:

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

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

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

iv. Capital work – in – progress:

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

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

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

c Cash Flow Statement

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

d Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred

before the earliest period presented, the opening balances of assets, liabilities, and equity for the earliest period presented, are restated.

e Income Tax

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

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

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

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

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

F Employee Benefits

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

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

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

g Foreign currency translation

The consolidated financial statements are prepared in Indian Rupees, which is the functional currency for Megasoft Limited. The translation of the functional currencies into the reporting currency is performed for assets and liabilities of the foreign subsidiary companies

currency exchange rate 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 exchange. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation is translated at the rates used

for the transaction of the values of the assets on which depreciation is computed. Net gain/loss on foreign currency translation is recognized in the profit & loss Account.

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

Gain / Losses on settlement of transaction arising on cancelled or renewal of such a forward exchange contract are recognized as income or expenses for the period. In all other cases the gain or loss on contract is computed by multiplying the foreign currency amount of the

forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier period) is recognized in the profit or loss account for the period.

h Borrowing Cost

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

i Impairment of Non – Financial Assets

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

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

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

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

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

j. Earnings per share

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

K Provisions and Contingent Liabilities

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

l Business Combination

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

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

m Financial Instruments

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

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

➤ Financial asset

Amortised Cost

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

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

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

Financial assets at FVTPL

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

Financial assets at FVOCI

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non – trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognised in Other Comprehensive Income, except for interest and dividend income, impairment losses 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.

a. Exemptions availed

In preparing the IND AS financials, the company has availed certain exemptions and exceptions in accordance with IND AS 101.

➤ **Deemed cost**

IND AS 101 provides an option to the first time adopter of IND AS to either use cost model or revaluation model in case of recognition of Property, Plant and Equipment in accordance with IND AS 16 as well as Intangible assets as per IND AS 38. The company has availed the exemption available and has elected to use the previous GAAP carrying value as Deemed cost.

➤ **Business Combination**

IND AS 101 provides an exemption for all transactions qualifying as Business combinations occurred before 1st April, 2015 not to be restated under IND AS 103. Accordingly, the company has availed this exemption and has continued to recognise the Goodwill created under Business combination at carrying value as on 01st April, 2015.

b. IND AS Mandatory exceptions

The Company has applied following exceptions from full perspective application of IND AS Mandatorily require under IND AS 101;

i) **Estimates**

The Company's estimates in accordance with IND AS at the date of transition shall be consistent with estimates under Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

ii) **Classification and Measurement of Financial Assets**

As given under IND AS 101, the company has availed the exception to assess the classification and measurement financial assets on the basis of the facts and circumstances that exist at the date of transition to IND AS.

2 Fixed Assets

(₹ lakhs)

Particulars	Gross Block						Depreciation						Net Block		
	Cost as at 1-Apr-2016	Cost as at 1-Apr-2017	Additions	Deletions / Adjustments	Foreign exchange translation difference	Cost as at 31-Mar-2018	As at 1-Apr-2016	As at 1-Apr-2017	For the period/ year	On Deletions / Adjustments	Foreign exchange translation difference	Total as at 31-Mar-2018	As at 1-Apr-2016	As at 31-Mar-2017	As at 31-Mar-2018
(A) Tangible Assets															
Land & Land development	5,665.67	5,049.60	1,611.40	-		6,661.00	-	-	-	-	-	-	5,665.67	5,049.60	6,661.00
Plant & Machinery	93.63	366.64	31.44		(3.47)	394.61	187.92	211.06	39.78	-	(2.86)	247.98	94.29	155.58	146.63
Computer systems & Software	14,298.36	14,146.80	65.83		(301.43)	13,911.20	11,292.65	11,429.06	332.43	-	(201.10)	11,560.39	3,005.71	2,717.74	2,350.81
Furniture & Fittings	544.70	569.84	8.22		(5.96)	572.10	416.91	425.40	22.61	-	(4.20)	443.81	127.79	144.44	128.29
Vehicles	87.36	84.80	-			84.80	70.39	71.53	4.29	-	-	75.82	16.97	13.27	8.98
	20,689.72	20,217.68	1,716.89		(310.86)	21,623.71	11,967.87	12,137.05	399.11	-	(208.16)	12,328.00	8,721.85	8,080.63	9,295.71
(B) Intangible Assets															
Intellectual Property Rights	68.00	68.00	-			68.00	68.00	68.00	-	-		68.00	-	-	-
Patents	1,216.59	1,189.19	-			1,189.19	722.60	740.37	32.05	-		772.42	493.99	448.82	416.77
	1,284.59	1,257.19	-			1,257.19	790.60	808.37	32.05	-		840.42	493.99	448.82	416.77
Total	21,974.31	21,474.87	1,716.89	-	(310.86)	22,880.90	12,758.47	12,945.42	431.16	-	(208.16)	13,168.42	9,215.84	8,529.45	9,712.48
Previous year	18,991.43	21,974.31	6,757.57	(6,930.39)	(326.62)	21,474.87	9,895.24	12,758.47	511.76	(1,589.39)	(324.81)	12,945.42	9,096.19	9,215.84	8,529.45

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs	As at 1st-Apr-2016 ₹ lakhs
3 Other Financial asset			
Security Deposit	113.52	103.20	93.82
Total	113.52	103.20	93.82
4 Deferred tax (asset)/ liabilities (net) - Non Current			
Property, Plant and equipment and intangible assets	30.34	20.91	-
Provision for employee benefits	61.40	10.68	-
Total	91.74	31.59	-
5 Other Non Current asset			
Prepaid expenses	22.95	34.40	45.86
Total	22.95	34.40	45.86
6 Trade Receivables			
Unsecured			
- Considered good	7,461.41	6,316.53	6,501.19
- Others	-	-	-
Total	7,461.41	6,316.53	6,501.19
7 Cash and cash equivalents			
Balances with banks			
- Current accounts	61.42	54.49	453.60
- Other Bank Deposits	-	-	-
Cash on hand	0.12	1.59	0.65
Total	61.54	56.08	454.25
8 Other Bank balances			
Deposits held as Margin Money	28.30	59.91	59.91
Total	28.30	59.91	59.91
9 Other Current Assets			
Loan and advances to subsidiary company	-	-	-
Prepaid Expenses	560.36	670.80	690.21
Advance to suppliers	-	-	20.59
Security Deposits	58.20	52.70	59.60
Accrued Interest receivable	13.31	38.89	34.91
Indirect Tax Receivable	561.38	485.21	405.85
Other advances			
- Staff Advance	6.11	8.89	21.98
- Others	379.60	405.32	399.55
Total	1,578.96	1,661.81	1,632.69
10. Note 10 : Share Capital			
a) Authorised Capital	7,500.00	7,500.00	7,500.00
75,00,00,000 Equity shares of ₹ 10 each			
(PYs: 75,00,00,000 Equity shares of ₹ 10 each)	7,500.00	7,500.00	7,500.00
Issued, Subscribed and Fully Paid up Capital			
4,42,67,293 Equity Shares of ₹ 10/- each, Fully paid up	4,426.73	4,426.73	4,426.73
(PY : 2017- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)			
(PY : 2016- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)	4,426.73	4,426.73	4,426.73

	As at 31-Mar-2018 ₹ lakhs		As at 31-Mar-2017 ₹ lakhs		As at 1st-Apr-2016 ₹ lakhs	
b) Reconciliation of number of shares outstanding at the beginning and end of reporting period						
	Number	Amount	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	4,42,67,293	4,426.73
Shares Issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73	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						
	No. of shares	%	No. of shares	%	No. of shares	%
I labs Venture Capital Fund	3,762,375	8.50%	3,762,375	8.50%	3,762,375	8.50%
Venkatraman Kumar Gandaravakottai	2,226,911	5.03%	2,226,911	5.03%	2,226,911	5.03%
e) During the period of five years immediately preceding the reporting date including the current year, the company has neither bought back nor issued any bonus shares.						
11 Other Equity						
a Securities premium account						
Closing balance		250.66		250.66		250.66
b Foreign Exchange Fluctuation Reserve						
Opening balance		(2,257.13)		(2,358.02)		(2405.95)
Net Profit/ (Loss) for the year		167.02		100.89		47.93
Closing balance		(2,090.11)		(2,257.13)		(2,358.02)
c Capital Reserve						
Closing balance		5.59		5.59		1218.92
d Business Reconstruction Reserve						
Closing balance		21.38		21.38		21.38
e General Reserve						
Closing balance		2,546.73		2,546.73		1327.82
f Retained earnings						
Opening balance		8,170.33		7,898.45		9321.38
Net Profit/ (Loss) for the year		197.26		271.88		129.82
Transitional effect of change in the useful life of assets, as per schedule II of the Companies Act 2013		-		-		(1589.39)
Adjustments*		-		-		35.82
Closing balance		8,367.60		8,170.33		7897.62
Total		9,101.85		8,737.56		8,358.38
12 Other Financial Liability - Non Current						
Deferred Premium translation of Financial Liability		58.00		134.97		-
Security Deposit - JDA		803.79		730.72		-
Total		861.79		865.69		-
13 Provisions - Non Current						
Provision for Gratuity		130.54		137.18		156.33
Provision for Leave encashment		35.32		43.69		-
Total		165.86		180.87		156.33
14 Deferred tax (asset)/ liabilities (net) - Non Current						
Property, Plant and equipment and intangible assets		-		-		33.20
Provision for employee benefits		-		-		(4.26)
Total		-		-		28.94

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs	As at 31-Mar-2016 ₹ lakhs
15 Borrowings - Current			
Secured			
Working Capital/ Demand Loan From Bank	4,305.76	4,200.32	7,017.84
Unsecured			
From other body corporate	398.71	397.74	2,791.92
Total	4,704.46	4,598.06	9,809.76
16 Trade Payables			
Due to micro, small and medium and micro enterprises Amount payable to contractors/suppliers/others	2,686.47	2,889.27	3,188.16
Total	2,686.47	2,889.27	3,188.16
The company has complied this information based on the current information in its possession. As at the year end, no supplier has intimated the company about its status as a Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.			
17 Other Financial Liabilities			
Interest Accrued and due on Borrowings	1,524.64	1,519.95	1,887.17
Deferred premium translation of Financial Liabilities	76.98	76.98	-
Total	1,601.62	1,596.93	1,887.17
18 Provisions - Current			
Provision for Gratuity	26.00	15.38	7.6
Provision for Leave Encashment	6.83	-	-
Provision for Outstanding Expenses	529.07	547.47	57.56
Total	561.91	562.85	65.16
19 Current Tax Assets			
Provision for Taxation(net)	(454.57)	(364.73)	53.35
Liability Component of Compound financial instruments	-	-	-
Total	(454.57)	(364.73)	53.35
20 Other current liabilities			
Current maturity of Financial Lease Obligations	-	-	0.66
Statutory Dues Payable	88.84	14.15	12.56
Salary Payable	359.96	122.46	122.34
Other Payables*	5,124.28	3,320.64	51.52
* Includes amounts received on JDA property.			
Total	5,573.08	3,457.24	187.08

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs
21 Other Income		
Interest Income	12.77	14.29
Foreign exchange gain	8.56	(50.84)
Other Non - operating Income	0.82	9.16
Profit/loss sale /discard of Fixed Asset	-	733.93
Amortization Income	76.98	57.78
Total	99.13	764.33
22 Employee benefit expense		
Salaries and Wages	1,940.60	1936.55
Contribution to Provident Fund and other funds	84.16	81.76
Staff Welfare	21.06	33.18
Total	2,045.82	2,051.49
23 Finance costs		
Interest expenses	468.92	462.40
Bank Charges	50.95	131.38
Total	519.87	593.78

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs
24 Other expenses		
Direct Expenses	-	-
Services Rendered by business associates and Others	461.41	605.28
Electricity Charges	69.39	102.27
Insurance Expenses	91.41	92.14
Travelling and conveyance	205.86	485.10
Legal and professional charges	80.23	81.55
Rates and taxes	2.39	13.08
Rent	243.64	250.67
Repairs and Maintenance	85.88	228.95
Communication costs	46.93	233.58
Business promotion expenses	97.07	199.01
Printing and stationery	4.71	6.93
Audit fees (Excluding Taxes)	17.03	12.06
-For Statutory Audit	8.00	16.00
Rebate and Discount	-	295.08
Miscellaneous expenses	47.00	82.42
(under this head, there is no expenditure which is in excess of 1% of Revenue of Operations or ₹ 10 Lakhs whichever is higher)		
Total	1,460.98	2,704.12
25 Earnings Per Share		
Net Profit /(Loss) attributable to Equity Shareholders (A) (In ₹)	197.26	262.87
Weighted average number of equity shares outstanding during the period (B) (In Nos.)	44267293	44267293
Basic & Diluted EPS (A/B) (in ₹)	0.45	0.59
26 Related party transactions		
A. Associates		
Entities controlled by Director/s		
D Sudhakar Reddy		
NMR Property Development Private Limited	Sricity Holdings India Private Limited	
Sricity Private Limited	Sricity Utility Services Private Limited	
Suprani Farms Private Limited	Sri Dhruva Builders Private Limited	
B. Directors & Key Management Personnel		
GV Kumar		
D Sudhakar Reddy		

Details of Related Party Transactions during the year :		
Particulars	For Year Ended 31.03.2018 ₹ lakhs	For year ended 31.03.2017 ₹ lakhs
Associates :		
1. Reimbursement of Common Expenses received	13.92	12.50
2. Due to / (from)	(2.45)	(2.08)
Directors & Key Management Personnel :		
1. Remuneration to Executive Directors	52.06	52.06
2. Commission to Non-Executive Directors	-	-
3. Directors Sitting Fees	6.45	6.15

27 Commitments & Contingencies

- | | | |
|--|-------|--------|
| (i) Estimated amount of contracts pending execution on capital account (net of advances) | -- | -- |
| (ii) Bank guarantees | 67.05 | 326.50 |
| (iii) Issuance of Stand-by Letter of credit by the company's bankers in respect of working capital loan taken by the wholly owned subsidiary. The said loan taken by the subsidiary is further secured by way of a corporate guarantee of the company. | | |
| (iv) The Company has appealed against the Assessment order for a demand of ₹ 645.88 lakhs for the Assessment years 2012-13 and 2013-14 and 2013-14 to 2016-17 of CIT Appeals, TDS circle and Income Tax Appellate Tribunal. | | |

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs
28. Segmental Information		
Subsequent to divestment of IT Services ('BlueAlly') Division, w.e.f. 1 October 2009, 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.		
Business Segment (Primary)		
Revenues - Telecom	6,625.94	7,014.21
Segment profit	960.80	561.46
Less: Finance cost	519.87	593.78
Less: Depreciation	431.16	511.76
Other Income / (Expenses)	99.13	764.33
Profit before taxes	108.91	220.25
Less: Taxes	(60.23)	(51.63)
Profit after taxes	169.14	271.88
-- --		
Geographical Segment (Secondary)		
Revenues		
USA & Canada	861.37	631.28
South America & Latam	2,716.64	2,525.12
Middle East & Africa	1,192.67	1,262.56
APAC	1,855.26	2,595.25
	6,625.94	7,014.21
Carrying amount of segment assets		
USA & Canada	6,901.47	6,307.47
South America	4,498.50	4,111.32
Middle East & Africa	1,171.36	1,070.54
APAC	6,271.36	5,731.59
	18,842.69	17,220.92

29. 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	
	31-03-2018	31-03-2017
Present Obligation at period beginning – Current	152.5	127.59
Service cost	18.42	18.79
Interest on defined benefit obligation	11.45	10.14
Past Service Cost	2.24	-
Actuarial (gain) / Loss		
Benefit Directly Paid by the Employer		(12.99)
Current Liability (within 12 months)		
Actuarial (gain) / Loss	(5.40)	3.98
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	(4.13)	5.96
Actuarial (gain) / Loss- Due to Change In Financial Experience	(18.58)	(0.93)

Amount Recognized in Balance Sheet

Particulars	31 st March 2018	31 st March 2017
(Present Value of Benefit Obligation at the end of the Period)	(156.54)	(152.55)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(156.54)	(152.55)
Net (Liability)/Asset Recognized in the Balance Sheet	(156.54)	(152.55)

Expenses recognized in statement of profit and loss account

Particulars	31 st March 2018	31 st March 2017
Current Service Cost	18.42	18.79
Net Interest Cost	11.45	10.14
Past Service Cost	2.23	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effects of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	32.11	28.94

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

Particulars	31 st March 2018	31 st March 2017
Actuarial (Gains)/Losses on Obligation for the period	(28.12)	(9.01)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	-	-

Sensitivity Analysis

Particulars	31 st March 2018	31 st March 2017
Projected Benefit Obligation on Current Assumptions	156.54	152.55
Delta Effect of +1% Change in Rate of Discounting	(13.82)	(12.99)
Delta Effect of -1% Change in Rate of Discounting	16.30	15.17
Delta Effect of +1% Change in Rate of Salary Increase	15.02	15.17
Delta Effect of -1% Change in Rate of Salary Increase	(12.92)	(13.28)
Delta Effect of +1% Change in Rate of Employee Turnover	2.65	1.51
Delta Effect of -1% Change in Rate of Employee Turnover	(30.04)	(1.76)

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.

30. Note on First time adoption of Ind AS:**i) Measurement of Certain Financial assets at Amortised cost:**

Under Previous GAAP, all financial assets have been carried at cost or carrying value. Whereas under Ind AS, they are measured and recognized at Fair value and discounted using the post tax borrowing rate. Accordingly, the total equity as on the transition date has been decreased by NIL and profit for the year ended 31st March, 2017 has increased by ₹ 3.76 Lacs.

ii) Other Comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in Statement of profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the Statement of Profit or Loss as "Other Comprehensive income" includes remeasurement of Post – employment benefit obligations.

iii) Remeasurements of Post employment benefits:

Under Ind AS, the actuarial gains / losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of Profit or loss. Under the Previous GAAP, these remeasurements were forming part of the Profit and loss account. As a result of this, the Profit for the year ended 31st March 2017, has been decreased by ₹ 9.01 Lacs

iv) Prior Period items:

Under Ind AS, material prior period errors are corrected retrospectively, by restating the comparative amounts for the prior periods presented in which the error occurred.

v) Other Equity

Other equity including retained earnings as at 1st April, 2017 has been adjusted consequent to the above Ind AS adjustments, wherever necessary.

31. Reconciliation between Previous GAAP and Ind AS:

Ind AS 101 Requires an entity to reconcile equity, total comprehensive income and cash flows under the erstwhile Indian GAAP and the Ind AS for the previous financial years. The previous GAAP figures are based on the audited financial statements of the Company for the year ended 31st March, 2017.

a) Reconciliation of Total Equity as at 31st March, 2017 and 1st April 2016

Particulars		1st April 2017	1st April 2016
Total Equity as per Previous GAAP	A	13,159.05	12,785.94
Add/ (Less) adjustments under Ind AS			
Fair Value Measurement of Financial assets		(2.08)	-
Fair Value Measurement of Financial Liability		7.33	(0.83)
Total adjustment	B	5.25	(0.83)
Total Equity as per Ind AS	A+B	13,164.29	12,785.11

b) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2017

Particulars	Note	31st March 2017
Profit after Tax as per Previous GAAP		266.63
Add/ (Less) adjustments under Ind AS		
IND AS Adjustments for Financial assets		(2.08)
IND AS Adjustments for Financial Liability & Others		(1.68)
Profit after Tax as per Ind AS		262.87
Total Comprehensive income for the year		262.87

c) Impact on Ind AS Adoption on the Statement of Cash flows as at 31st March 2017

Particulars	As per Previous GAAP	Effect on Ind AS	As per Ind AS
Net cash flow from Operating activities	5,171.72	677.97	4,493.75
Net cash flow from Investing activities	185.13	(728.43)	913.56
Net cash flow from Financing activities	(5,755.02)	50.46	(5,805.48)
Net increase / (decrease) in cash and cash equivalents	(398.17)	(0.00)	(398.17)
Cash balance as on 1st April, 2016	454.25		454.25
Cash balance as on 31st March, 2017	56.08	(0.00)	56.08

32. Assets Pledged as Security:

Particulars	31st March 2018	31st March 2017	As at 1st April 2016
Non-current assets			
First Charge			
Non - Financial Assets			
Property, Plant and Equipment	899.60	5,049.60	5,665.67
Capital work-in-progress			
Intangible assets			
Total Non-current assets pledged as security	899.60	5,049.60	5,665.67

Current assets**First Charge****Financial assets**

Trade receivable	7,461.41	6,316.53	6,501.19
Cash and cash equivalents			
Other bank balances			

Non - Financial Assets

Inventories

Total Current assets pledged as security	7,461.41	6,316.53	6,501.19
Total assets pledged as security	8,361.01	11,366.13	12,166.86

33. Fair Value Measurements:**a) Financial Instruments by Category and their Fair Values:**

Particulars	As at 31st Mar 2018		As at 31st Mar 2017		As at 1st Apr 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:						
Security Deposits	113.52	113.52	103.20	103.20	93.82	93.82
Trade Receivables	7,461.41	7,461.41	6,316.53	6,316.53	6,501.19	6,501.19
Cash and Cash Equivalents	61.54	61.54	56.08	56.08	454.25	454.25
Other Bank balances	28.30	28.30	59.91	59.91	59.91	59.91
Total Financial Assets	7,664.77	7,664.77	6,535.72	6,535.72	7,109.17	7,109.17
Financial Liabilities:						
Borrowings	4,704.46	4,704.46	4,598.06	4,598.06	9,809.76	9,809.76
Trade Payables	2,686.47	2,686.47	2,889.27	2,889.27	3,188.16	3,188.16
Other Financial Liabilities	2,463.41	2,463.41	2,462.62	2,462.62	1,887.17	1,887.17
Total Financial Liabilities	9,854.34	9,854.34	9,949.95	9,949.95	14,885.09	14,885.09

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.

34. 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 2018	As at 31st March 2017	As at 1st April 2016
Equity	4,426.73	4,426.73	4,426.73
Debt	4,305.76	4,200.32	7,017.84
Total	8,732.49	8,627.05	11,444.57

35. Income Taxes:

The major components of Income Tax expense for the years ended 31st March, 2017 and 31st March, 2016 are as under: a) Income Tax recognized in Statement of Profit and Loss:

Particulars	(Amounts in Lakhs)	
	Year ended 31st March 2018	Year ended 31st March 2017
Current Tax	-	8.91
Deferred Tax	(60.23)	(60.54)
Total	(60.23)	(51.63)

Deferred tax asset as at 31st March, 2018 and 31st March, 2017 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		
Profit before tax	108.91	220.25

	Year ended 31st March 2018	Year ended 31st March 2017
Tax on the above	-	8.91
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Adjustments to profit as per previous year GAAP under Ind AS	-	-
Income Tax expense	-	8.91
c) Tax assets / liabilities		
Particulars		
Opening tax (asset) / liability	(364.73)	53.35
Add : Taxes Paid	-	
Add : Credit availed	(89.84)	(427)
Less : Refund		
Particulars		
Less: Current tax payable	-	(8.91)
Closing tax (asset) / liability	454.57	(364.73)
d) Deferred Tax		
Particulars		
Deferred Tax Liability:		
On account of Employee Benefits	-	
Total Deferred Tax Liability	-	-
Deferred Tax Asset:		
On account of Depreciation differences	30.34	20.91
On account of Employee Benefits	61.40	10.68
Total Deferred Tax assets available	91.74	31.59
Recognition of Deferred Tax asset to the extent of Deferred Tax liability	91.74	31.59
Unused Deferred Tax asset (Not recognised)	-	-

36. 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 amortised 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	Recognised 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

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 amortised cost and deposits with banks and financial institutions, as well as credit exposures to trade customers including outstanding receivables.

Credit risk management

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

b) Liquidity risk:

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

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

Maturities of Financial Liabilities: 31st March, 2018:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	4,704.46	-	-	4,704.46
Trade Payables	2,686.47	-	-	2,686.47
Other Financial Liabilities	-	1,601.62	-	1,601.62
Total Financial Liabilities	7,390.93	1,601.62	-	8,992.55
31st March, 2017:				
Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	4,598.06	-	-	4,598.06
Trade Payables	2,889.27	-	-	2,889.27
Other Financial Liabilities	-	76.98	-	76.98
Total Financial Liabilities	7,487.33	76.98	-	7,564.31
31st March, 2016:				
Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	9,809.76	-	-	9,809.76
Trade Payables	3,188.16	-	-	3,188.16
Other Financial Liabilities	-	-	-	-
Total Financial Liabilities	12,997.92	-	-	12,997.92

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, 2017 and April 01, 2016 the Company's borrowings at variable rate were mainly denominated in Rupees. The Company's fixed rate borrowings are carried at amortised 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.

(i) 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, 2018	As at 31st March, 2017	As at 1st April, 2016
Variable rate borrowings	4,305.76	4,200.32	7,017.84

(ii) 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, 2018	31st March, 2017
Interest cost – increase by 5% on existing Interest cost*	23.45	23.12
Interest cost – decrease by 5% on existing Interest cost*	(23.45)	(23.12)

* Holding all other variables constant.

Independent Auditors' Report to the Members of Megasoft Limited

Report on the Standalone Financial Statements

We have audited the accompanying Ind AS financial statements of MEGASOFT LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements, that give a true and fair view of the State of affairs (financial position), Profit or Loss (financial performance including Other Comprehensive Income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing & detecting the 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

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 for the year give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs (financial position) of the Company as at 31st March, 2018;
- b) in the case of the Statement of Profit and Loss including other

comprehensive income, of the loss for the year ended on that date;

- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date; and
- d) in the case of Statement of changes in Equity, of the change in equity for the year ended on that date.

Other matters

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 30th May 2017 and 28th May 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure - A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 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 appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changed 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 prescribed under Section 133 of the Act.
 - e) On the basis of written representations received from the directors as on 31st March, 2018, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2018, from being appointed as a director under Section 164(2) of the Act.
 - f) With respect to the adequacy of Internal Financial Control over Financial Reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure - B."
 - g) With respect to the other matters 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.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company.

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

Arjun S
Partner
(Membership No. 230448)

Place : Hyderabad
Date : 29 May 2018

Annexure A to the Auditors' Report

(Referred to in Para 6 of our report of even date)

- i. In respect of the company's property, plant and equipment
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment were by which property, plant and equipment are verified in phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment's were verified during the year and no material discrepancies were noticed on such verification. This periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) The title deeds of immovable properties are held in the name of the Company.
- ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any inventories. Thus, paragraph 3(ii) of the order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans except to its wholly owned subsidiary. The repayments are on demand and the terms are not prejudicial to the company's interest. There are no overdue amounts on the loans granted to the wholly owned subsidiary.
- iv. In our opinion and according to the information and explanation given to us, the company has complied with the provisions of the Section 185 and 186 of the Act with respect to loan and investments made.
- v. The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under. Therefore, reporting under clause (v) of the Companies (Auditor's Report) Order, 2016 does not arise.
- vi. As per the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act.
- vii.
- (a) During the financial year there has been delays by the Company in depositing undisputed statutory dues, as applicable to it, to the appropriate authorities.
- There are no arrears of outstanding statutory dues beyond the period mentioned in clause vii (a) of the Order as at the balance sheet date except for ₹ 33.80 lakhs in respect of Tax deducted at Source under the Income tax Act, 1961 which has been subsequently paid.
- (b) According to the information and explanations given to us following are the disputed dues payable in respect of income-tax as on 31 March 2018: (1) Income Tax and Interest amounting to ₹ 379.71 lakhs pertaining to the Assessment Year 2012 – 13 (FY 2011 – 12) is pending at ITAT. (2) Income Tax and Interest amounting to ₹ 248.38 lakhs pertaining to the Assessment Year 2013 – 14 (FY 2012 – 13) is pending at CIT Appeals. (3) Tax Deducted at Source amounting to ₹ 17.79 lakhs for Assessment Years 2014-15 to 2017-18 (FY 2013-14 to 2016-17) is pending at the TDS Circle.
- viii The company has not defaulted in repayment of loans to the banks, hence reporting regarding delay or default under this clause does not arise.
- ix The Company has not raised moneys by way of Initial Public Offer or Further Public Offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable
- x According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- xi According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii In our opinion, the Company is not a Nidhi Company. Hence, reporting under Clause (xii) of the Companies (Auditor's Report) Order, 2016 does not arise.
- xiii According to the information and explanation given to us and in our opinion, the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the standalone Ind AS Financial Statements etc., as required by the applicable Indian Accounting Standard.
- xiv According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares. Hence, reporting under Clause (xiv) of the Companies (Auditor's Report) Order, 2016 does not arise.
- 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, 2016 does not arise.
- xvi According to the information and explanation 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.

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

Arjun S
Partner
(Membership No. 230448)

Place : Hyderabad
Date : 29 May 2018

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Section 143 (3) (i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Megasoft Limited ("the Company") as of March 31, 2018 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 controls 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 judgement, 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 authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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)

Arjun S
Partner
(Membership No. 230448)

Place : Hyderabad
Date : 29 May 2018

Balance Sheet

	Note	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs	As at 1st-April-2016 ₹ lakhs
ASSETS				
Non-current assets				
Property, Plant and Equipment	2	1,274.15	5,463.55	6,053.30
Capital WIP	2	5,761.40	-	-
Financial assets				
- Investment	3(i)	5,617.08	5,617.08	5,617.08
- Other Financial Assets	3(ii)	113.52	103.20	93.82
Deferred tax assets	4	91.74	31.51	-
Other non current assets	5	22.95	34.40	45.86
Current assets				
Financial assets				
- Trade receivable	6	4,750.18	3,609.77	3,277.91
- Cash and cash equivalents	7	8.83	13.29	193.17
Other balances with banks	8	28.30	59.91	59.91
Current tax Assets (Net)	19	454.57	364.62	-
Other current assets	9	7,115.87	7,519.84	2,807.39
TOTAL ASSETS		25,238.58	22,817.16	18,148.44
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	4,426.73	4,426.73	4,426.73
Other equity	11	9,734.61	10,200.46	10,089.97
Total Equity		14,161.34	14,627.19	14,516.70
Non-current liabilities				
Financial liabilities				
-Other Financial Liability	12	861.79	865.69	-
Provisions	13	165.86	180.87	156.33
Deferred tax liabilities (net)	14	-	-	29.04
Current liabilities				
Financial Liabilities				
- Borrowings	15	1,699.43	1,602.51	1,670.71
- Trade payables	16	2,269.25	1,414.21	1,467.05
- Other financial liabilities	17	116.82	116.82	39.85
Provisions	18	420.58	561.85	47.71
Current tax liabilities	19	-	-	53.48
Other current liabilities	20	5,543.51	3,448.03	167.58
TOTAL EQUITY & LIABILITIES		25,238.58	22,817.16	18,148.44

Significant accounting policies

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Other notes to Financial Statements

`2-39

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

As per our Report of even date attached

For and on behalf of the Board

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

Chartered Accountants

Firm registration no: 003398 S

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

Arjun .S

Membership No: 230448

Anish Mathew
Director

Anil Kumar Sood
Director

Place: Hyderabad

Date : 29 May 2018

Shridhar Thathachary
Chief Financial Officer

Statement of Profit & Loss

	Note	For the year ended 31-Mar-2018 ₹ lakhs	For the year ended 31-Mar-2017 ₹ lakhs
Revenue			
Revenue from operations		2,851.34	3,104.83
Other income	21	99.13	806.02
		2,950.47	3,910.85
Expenses			
Software, hardware and material cost		899.22	927.11
Employee benefits expense	22	1,588.50	1,581.57
Finance costs	23	322.83	232.95
Depreciation and amortisation expense		65.89	66.84
Other expenses	24	628.23	1,040.15
		3,504.68	3,848.62
Profit/(Loss) Before Tax		(554.20)	62.24
Tax expense			
Current tax		-	8.91
Deferred tax		(60.23)	(60.54)
Total tax expense		(60.23)	(51.63)
Profit/(Loss) for the year		(493.97)	113.87
Other Comprehensive Income/(Loss)			
A i) Items that will not be reclassified to profit and loss			
Remeasurements of post employment benefit obligations		28.13	(9.01)
ii) Income tax relating to items that will not be reclassified to profit or loss			
Other Comprehensive Income for the year		28.13	(9.01)
Total Comprehensive Income for the year		(465.84)	104.86
Earnings per equity share (in ₹)	25		
(1) Basic		(1.05)	0.24
(2) Diluted		(1.05)	0.24

Significant accounting policies

Other notes to Financial Statements

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

As per our Report of even date attached

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

Chartered Accountants

Firm registration no: 003398 S

Arjun .S

Membership No: 230448

Place: Hyderabad

Date : 29 May 2018

For and on behalf of the Board

GV Kumar
Managing Director

Anish Mathew
Director

Shridhar Thathachary
Chief Financial Officer

D Sudhakar Reddy
Executive Director

Anil Kumar Sood
Director

Statement of changes in equity

							(Amounts in Lakhs)
A Equity Share Capital							
Equity shares of ₹ 10 each, Issued, Subscribed and Paid up			Balance as at 1st April, 2016	Changes in equity share capital	Balance as at 31st March, 2017	Changes in equity share capital	Balance as at 31st March, 2018
Equity shares with voting rights			4,426.73	-	4,426.73	-	4,426.73
Equity shares without voting rights			-	-	-	-	-
B Other Equity							
Particulars	Securities Premium Reserve	Reserves and Surplus				Total	
		Capital Reserve	Business Reconstruction Reserve	General Reserve	Retained Earnings		
Balance as at 1st April 2016	250.7	1,218.9	21.4	1,327.8	7,271.2	10,090.0	
Changes in accounting policy or prior period errors							
Profit for the year	-	(1,213.3)	-	1,218.9	104.9	110.5	
Other comprehensive income							
Total comprehensive income for the year	-	(1,213.3)	-	1,218.9	104.9	110.5	
Issue of Share Capital							
Transfer from bond redemption reserve							
Transfer to bond redemption reserve							
Balance as at 31st March 2017	250.7	5.6	21.4	2,546.7	7,376.1	10,200.5	
Balance as at 1st April 2017	250.7	5.6	21.4	2,546.7	7,376.1	10,200.5	
Changes in accounting policy or prior period errors							
Profit for the year					(465.8)	(465.8)	
Other comprehensive income							
Total comprehensive income for the year					(465.8)	(465.8)	
Balance as at 31st March 2018	250.7	5.6	21.4	2,546.7	6,910.2	9,734.6	

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 : 29 May 2018

For and on behalf of the Board

GV Kumar
Managing Director

Anish Mathew
Director

Shridhar Thathachary
Chief Financial Officer

D Sudhakar Reddy
Executive Director

Anil Kumar Sood
Director

Cash Flow Statement

	For the year ended 31-Mar-2018 ₹ lakhs	For the year ended 31-Mar-2017 ₹ lakhs
Cash flow from Operating Activities		
Net Profit Before Tax	(554.20)	62.27
Adjusted for:		
Depreciation	65.89	66.84
Loss/(Profit) on sale of Fixed Assets	-	733.93
Gratuity	28.13	(9.01)
Interest Income	12.77	14.29
Interest & Bank Charges	322.83	232.95
Unrealised Foreign Exchange Fluctuation	(8.56)	49.94
Exceptional & Other non recurring items		
Operating Profit Before Working Capital Changes	(133.15)	1,151.20
Adjusted for:		
Trade and other Receivables	(880.51)	(5,543.85)
Trade and other payables	2,790.35	4,555.54
Prepaid Expenses	11.46	36.34
Other Financial Assets	(20.64)	-
Cash Generated from operations	1,767.51	199.24
Net prior year adjustments		
Current Tax (Current and relating to Previous years)	-	(8.91)
Deferred Tax	60.23	60.54
Net Cash from / (Used in) Operating Activities [A]	1,827.74	250.87
Cash Flow from Investing activities		
Purchase of Fixed Assets	(76.49)	(211.02)
Capital Work In Progress (WIP)	(1,561.40)	-
Proceeds from sale of investment	-	5.59
Interest Income (Gross)	-	4.91
Net Cash from / (Used in) Investing Activities [B]	(1,637.89)	(200.51)
Cash flow from Financial Activities		
Increase on Short Term Borrowings	96.91	2.70
Proceed from Maturity of Bank Deposits	31.61	-
Interest & Bank Charges	(322.83)	(232.95)
Net Cash flow from/(Used in) Financing Activities [C]	(194.31)	(230.25)
Net Cash Flows during the year {A+B+C}	(4.46)	(179.88)
Cash & Cash Equivalents(Opening Balance)	13.29	193.17
Cash & Cash Equivalents (Closing Balance)	8.83	13.29
Increase / (Decrease) in Cash & Cash equivalents	(4.46)	(179.88)

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 : 29 May 2018

For and on behalf of the Board

GV Kumar
Managing Director

Anish Mathew
Director

Shridhar Thathachary
Chief Financial Officer

D Sudhakar Reddy
Executive Director

Anil Kumar Sood
Director

Notes forming part of Standalone Financial Statements

[All amounts in the financial statements are presented in Rupees in Lakhs, as otherwise stated]

Note 1: 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 has its registered office in Chennai. The company's shares are listed on BSE and NSE, in India. The company is a unique trans-nation company with customers, employees and operations across multiple continents and combines the best global practices with a focus on the global telecommunication domain.

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

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

An explanation of how the transition to IND AS has affected the previously reported financial position, financial performance and cash flows is provided in Notes 30 and 31 to the Financial statements.

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.

Significant accounting policies

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

a. Revenue Recognition

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

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

b. Property, Plant and Equipment

i Initial and Subsequent Recognition:

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

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

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

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

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

The Property, Plant and equipment of the Company are physically verified in a phased manner to cover all the items of PPE over a period of three years, which in the

Management's opinion, is reasonable having regard to the size of the Company and the nature of its assets.

ii Depreciation

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

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

iii Goodwill and Other Intangible Assets:

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

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

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

iv Capital work – in – progress:

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

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

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

c. Cash Flow Statement

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

d. Prior Period Errors

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

e. Income Tax

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

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax

rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

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

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

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

f. Employee Benefits

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

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

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

g. Foreign currency translation

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

h. Borrowing Cost

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

during extended periods when active development activity on the qualifying assets is interrupted.

i. Impairment of Non – Financial Assets

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

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

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

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

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

j. Earnings per share

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

k. Provisions and Contingent Liabilities

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

l. Business Combination

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

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

m. Financial Instruments

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

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

➤ **Financial asset**

Amortised Cost

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

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

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

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are 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, impairment losses 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.

n. Exemptions availed

In preparing the IND AS financials, the company has availed certain exemptions and exceptions in accordance with IND AS 101.

➤ Deemed cost

IND AS 101 provides an option to the first time adopter of IND AS to either use cost model or revaluation model in case of recognition of Property, Plant and Equipment in accordance with IND AS 16 as well as Intangible assets as per IND AS 38. The company has availed the exemption available and has elected to use the previous GAAP carrying value as Deemed cost.

➤ Business Combination

IND AS 101 provides an exemption for all transactions qualifying as Business combinations occurred before 1st April,

2015 not to be restated under IND AS 103. Accordingly, the company has availed this exemption and has continued to recognise the Goodwill created under Business combination at carrying value as on 01st April, 2015.

o. IND AS Mandatory exceptions

The Company has applied following exceptions from full perspective application of IND AS Mandatorily require under IND AS 101;

i) Estimates

The Company's estimates in accordance with IND AS at the date of transition shall be consistent with estimates under Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

ii) Classification and Measurement of Financial Assets

As given under IND AS 101, the company has availed the exception to assess the classification and measurement financial assets on the basis of the facts and circumstances that exist at the date of transition to IND Sricity Private Limited

2 Fixed Assets

Particulars	Gross Block				Depreciation				Net Block				
	Cost as at 1-Apr-2016	Cost as at 1-Apr-2017	Additions	Deletions / Adjustments	Cost as at 31-Mar-2018	As at 1-Apr-2016	As at 1-Apr-2017	For the period/year	On Deletions / Adjustments	Total as at 31-Mar-2018	As at 1-Apr-2016	As at 31-Mar-2017	As at 31-Mar-2018
(A) Tangible Assets													
Land & Land development	5,665.67	5,049.60	1,611.40	-	6,661.00	-	-	-	-	-	5665.67	5,049.60	6,661.00
Plant & Machinery	108.84	140.36	15.44	-	155.80	10.83	24.76	18.68	-	43.44	98.02	115.60	112.36
Computer systems & Software	1,378.78	1,443.00	10.83	-	1,453.83	1,238.70	1,289.94	45.50	-	1,335.44	140.08	153.06	118.39
Furniture & Fittings	181.51	181.51	0.22	-	181.73	36.88	37.41	0.51	-	37.92	144.63	144.10	143.81
Vehicles	69.64	67.08	-	-	67.08	64.75	65.89	1.19	-	67.08	4.90	1.19	-
	7,404.44	6,881.55	1,637.89	-	8,519.44	1,351.16	1,418.00	65.88	-	1,483.88	6,053.30	5,463.55	7,035.56
(B) Intangible Assets													
Intellectual Property Rights	68.00	68.00	-	-	68.00	68.00	68.00	-	-	68.00	-	-	-
Patents	2.68	2.68	-	-	2.68	2.68	2.68	-	-	2.68	-	-	-
	70.68	70.68	-	-	70.68	70.68	70.68	-	-	70.68	-	-	-
Total	7,475.12	6,952.23	1,637.89	-	8,590.12	1,488.68	1,488.68	65.88	-	1,554.56	6,053.30	5,463.55	7,035.56
Previous year	6,202.93	7,475.14	1,402.21	(130.00)	7,475.14		1,421.84	63.70	(130.00)	1,421.84	4,714.79	6,053.30	5,463.55

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs	As at 1st-April-2016 ₹ lakhs
3 Financial Asset			
(i) Investment measured at Cost			
In Subsidiaries Companies			
Megasoft Consultants Sdn Bhd			
A company incorporated in Malaysia	63.63	63.63	63.63
500,000 ordinary shares of MR 1 each fully Paid up			
XIUS Holding Corp (Formerly, Boston Communications Group, Inc.)			
A company incorporated in USA	5,553.45	5,553.45	5,553.45
1000 shares of USD 0.001 each fully Paid up			
	5,617.08	5,617.08	5,617.08
(ii) Security Deposit	113.52	103.20	93.82
Total	5,730.60	5,720.28	5,710.89
4 Deferred Tax Asset - Non Current			
On account of depreciation	30.34	20.83	-
On account of others	61.40	10.68	-
Total	91.74	31.51	-
5 Other Non Current asset			
Prepaid expenses	22.95	34.40	45.86
Total	22.95	34.40	45.86
6 Trade Receivables			
Unsecured, considered good			
- Exceeding six months from the date they were due for payment	2,144.72	2,822.17	2,288.87
- Others	2,605.46	787.60	989.04
Total	4,750.18	3,609.77	3,277.91
7 Cash and cash equivalents			
Balances with banks			
- Current accounts	8.71	11.70	192.52
Cash on hand	0.12	1.59	0.65
Total	8.83	13.29	193.17
8 Other Bank balances			
Deposits held as Margin Money	28.30	59.91	59.91
Total	28.30	59.91	59.91
9 Other Current Assets			
Loan and advances to subsidiary company	6,428.44	6,870.90	2,207.96
Prepaid Expenses	51.72	36.34	40.87
Advance to suppliers			20.59
Security Deposits	49.85	52.70	47.70
Accrued Interest receivable	13.31	38.89	34.91
Indirect Tax Receivable	540.11	485.21	405.85
Other advances			
- Staff Advance	5.30	8.66	22.36
- Others	27.13	27.14	27.14
Total	7,115.87	7,519.84	2,807.39

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs	As at 1st-April-2016 ₹ lakhs
Note 10 : Share Capital			
a) Authorised Capital	7,500.00	7,500.00	7,500.00
75,00,00,000 Equity shares of ₹ 10 each (PYs: 75,00,00,000 Equity shares of ₹ 10 each)	7,500.00	7,500.00	7,500.00
Issued, Subscribed and Fully Paid up Capital			
4,42,67,293 Equity Shares of ₹ 10/- each, Fully paid up (PY : 2017- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up) (PY : 2016- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)	4,426.73	4,426.73	4,426.73
	4,426.73	4,426.73	4,426.73

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

Particulars	Equity Shares		Equity Shares		Equity Shares
	As at 31st March,2018		As at 31st March,2017		As at 1st April 2016
Shares outstanding at the beginning of the year	44,267,293	4,426.73	44,267,293	4,426.73	44,267,293
Shares Issued during the year	-	-	-	-	-
Shares outstanding at the end of the year	44,267,293	4,426.73	44,267,293	4,426.73	44,267,293

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,2018		As at 31st March,2017		As at 1st April 2016	
	No. of shares	%	No. of shares	%	No. of shares	%
I labs Venture Capital Fund	3,762,375	8.50%	3,762,375	8.50%	3,762,375	8.50%
Venkatraman Kumar Gandaravakottai	2,226,911	5.03%	2,226,911	5.03%	2,226,911	5.03%

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

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs	As at 1st-April-2016 ₹ lakhs
11 Other Equity			
Securities premium account			
Opening balance	250.66	250.66	250.66
Changes during the year			
Closing balance	250.66	250.66	250.66
Capital Reserve	5.59	5.59	1,218.92
Closing balance	5.59	5.59	1,218.92
Business Reconstruction Reserve	21.38	21.38	21.38
Closing balance	21.38	21.38	21.38
General Reserve	2,546.75	2,546.75	1,327.82
Closing balance	2,546.75	2,546.75	1,327.82
Retained Earnings	6,910.24	7,376.08	7,271.19
Total	9,734.61	10,200.46	10,089.97

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs	As at 1st-April-2016 ₹ lakhs
12 Other Financial Liability - Non Current			
Security Deposit - JDA	803.79	730.72	-
Deferred premium translation of Financial Liabilities	58.00	134.97	-
Total	861.79	865.69	-
13 Provisions - Non Current			
Provision for Gratuity	130.54	137.18	120.00
Provision for Leave encashment	35.32	43.69	36.33
Total	165.86	180.87	156.33
14 Deferred tax (asset)/ liabilities (net) - Non Current			
Property, Plant and equipment and intangible assets	-	-	33.30
Provision for employee benefits	-	-	(4.26)
Total	-	-	29.04
15 Borrowings - Current			
Secured			
Loans repayable on demand - Working Capital Loan	1,606.43	1,509.51	1512.21
Unsecured			
Others	93.00	93.00	158.50
Total	1,699.43	1,602.51	1,670.71
Working Capital Loan has been primarily secured by exclusive charge on the current assets and collaterally secured by the Fixed Assets of the Company. The Company has also given its land that is currently under development as collateral security for this loan. The rate of interest on this loan is 3 months MCLR + 4.5% and there have been no defaults in repayments during the year.			
16 Trade Payables			
Due to micro, small and medium and micro enterprises	2,269.25	1,414.21	1,467.05
Amount payable to contractors/suppliers/others			
Total	2,269.25	1,414.21	1,467.05
The company has complied this information based on the current information in its possession. As at the year end, no supplier has intimated the company about its status as a Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.			
17 Other Financial Liabilities			
Interest Accrued and due on Borrowings	39.85	39.85	39.85
Deferred premium translation of Financial Liabilities	76.98	76.98	-
Total	116.82	116.82	39.85
18 Provisions - Current			
Provision for Gratuity	26.00	15.38	7.60
Provision for Leave Encashment	6.83		-
Provision for Outstanding Expenses	387.75	546.47	40.11
Total	420.58	561.85	47.71
19 Current Tax Liabilities/(Asset)			
Provision for Taxation (Net of Advance tax/ TDS CY: Nil; PYs: ₹ 8.92 lakhs)	(454.57)	(364.62)	53.48
	-	-	-
Total	(454.57)	(364.62)	53.48
20 Other current liabilities			
Current maturity of Financial Lease Obligations	-	-	0.66
Statutory Dues Payable	82.00	14.15	12.56
Salary Payable	337.23	100.51	100.83
Other Payables*	5,124.28	3,333.37	53.53
* Includes amounts received on JDA property.			
Total	5,543.51	3,448.03	167.58

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs
21 Other Income		
Interest Income	12.77	14.29
Foreign exchange gain/(loss)	8.56	-
Other Non - operating Income	0.82	0.03
Profit/loss sale /discard of Fixed Asset	-	733.93
Amortization Income - JDA Land	76.98	57.78
Total	99.13	806.03
22 Employee benefit expense		
Salaries and Wages	1,483.25	1,472.34
Contribution to Provident Fund and other funds	84.16	81.76
Staff Welfare	21.09	27.48
Total	1,588.50	1,581.57
23 Finance costs		
Interest expenses	271.88	215.38
Bank Charges	50.95	17.56
Total	322.83	232.95
24 Other expenses		
Services Rendered by business associates and Others	40.10	102.93
Foreign exchange loss	-	49.94
Electricity Charges	69.39	67.27
Insurance Expenses	34.81	25.99
Traveling and conveyance	79.66	303.66
Legal and professional charges	42.35	43.73
Rates and taxes	2.39	4.61
Rent	190.58	187.66
Repairs and Maintenance	82.60	111.75
Communication costs	24.51	25.44
Business promotion expenses	5.66	28.34
Printing and stationery	4.71	6.93
Audit fees (Excluding Taxes)	-	2.66
-For Statutory Audit	8.00	16.00
Miscellaneous expenses	43.48	63.24
(under this head, there is no expenditure which is in excess of 1% of Revenue of Operations or ₹ 10 Lakhs whichever is higher)		
Total	628.23	1,040.13
25 Earnings Per Share		
Net Profit /(Loss) attributable to Equity Shareholders (A) (In ₹)	(465.84)	104.87
Weighted average number of equity shares outstanding during the period (B) (In Nos.)	44,267,293	44,267,293
Basic & Diluted EPS (A/B) (in ₹)	(1.05)	0.24
26 Related party transactions		
A Wholly owned Subsidiary companies		
Megasoft Consultants Sdn Bhd, Malaysia		
XIUS Holding Corp , USA		
XIUS Corp, USA (Step down subsidiary of XIUS Holding Corp, USA)		
XIUS S DE RL DE CV, formerly Boston Communications Group De Mexico, S.R.L (Step down subsidiary of XIUS Holding Corp, USA)		
B Associates		
Entities controlled by Director/s		
D Sudhakar Reddy		
NMR Property Development Private Limited		Sricity Holdings India Private Limited

Sricity Private Limited

Sricity Utility Services Private Limited

Suprani Farms Private Limited

Sri Dhruva Builders Private Limited

C. Directors & Key Management Personnel

GV Kumar – Managing Director

D Sudhakar Reddy – Executive Director

	As at 31-Mar-2018 ₹ lakhs	As at 31-Mar-2017 ₹ lakhs
Details of Related Party Transactions during the year :		
Wholly Owned Subsidiary Companies		
Sale of Services :		
1. Megasoft Consultants Sdn Bhd	1119.72	1201.77
2. XIUS Corp , USA	292.13	-
Trade Receivables :		
1.Megasoft Consultants SdnBhd	233.08	-
2.XIUS Corp , USA	230.99	84.16
3.XIUS S DE RL DE V (formerly Boston Communications Group De Mexico, S.R.L)	79.60	79.60
Loans and Advances :		
1. XIUS Holding Corp, USA	6,428.44	6,870.90
Corporate Guarantees for Foreign Currency Loan from Bank :		
1. XIUS Holding Corp , USA	2699.33	2690.80
Associates :		
1. Reimbursement of Common Expenses received	13.92	12.50
2. Due to / (from)	(2.45)	(2.08)
3. Remuneration to Executive Directors	52.06	52.06
4. Commission to Non Executive Directors	-	-
5. Directors Sitting Fees	6.45	6.15
Balance at the end of the year :		
1. XIUS Holding Corp , USA	6428.44	6870.90
2. Maximum amount Outstanding during the year		
3. XIUS Holding Corp , USA	6428.44	6870.90
27 Commitments & Contingencies		
(i) Bank guarantees	67.05	326.50
(ii) Issuance of Stand-by Letter of credit by the company's bankers in respect of working capital loan taken by the wholly owned subsidiary. The said loan taken by the subsidiary is further secured by way of a corporate guarantee of the company.		
(iii) The Company has appealed against the Assessment order for a demand of ₹ 645.88 lakhs for the Assessment years 2012-13 and 2013-14 and 2013-14 to 2016-17 of CIT Appeals, TDS circle and Income Tax Appellate Tribunal.		
28. Payment to Auditors		
Audit fee (including taxes)	8.00	16.05
Out of Pocket Expenses	--	2.61
29. Expenditure in foreign currency		
Travel expenses	13.34	215.34
Software development expenses and hardware material	--	378.31
Others	--	6.58
30. Earnings in foreign currency		
Software development services	2626.52	2537.47
31. 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 st March 2018	31 st March 2017
Present Obligation at period beginning – Current	152.5	127.59
Service cost	18.42	18.79
Interest on defined benefit obligation	11.45	10.14
Past Service Cost	2.24	-
Actuarial (gain) / Loss		
Benefit Directly Paid by the Employer		(12.99)
Current Liability (within 12 months)		
Actuarial (gain) / Loss	(5.40)	3.98
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	(4.13)	5.96
Actuarial (gain) / Loss- Due to Change In Financial Experience	(18.58)	(0.93)

Amount Recognized in Balance Sheet

(Present Value of Benefit Obligation at the end of the Period)	(156.54)	(152.55)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(156.54)	(152.55)
Net (Liability)/Asset Recognized in the Balance Sheet	(156.54)	(152.55)

Expenses recognized in statement of profit and loss account

Current Service Cost	18.42	18.79
Net Interest Cost	11.45	10.14
Past Service Cost	2.23	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effects of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	32.11	28.94

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

Actuarial (Gains)/Losses on Obligation for the period	(28.12)	(9.01)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	-	-

Sensitivity Analysis

Projected Benefit Obligation on Current Assumptions	156.54	152.55
Delta Effect of +1% Change in Rate of Discounting	(13.82)	(12.99)
Delta Effect of -1% Change in Rate of Discounting	16.30	15.17
Delta Effect of +1% Change in Rate of Salary Increase	15.02	15.17
Delta Effect of -1% Change in Rate of Salary Increase	(12.92)	(13.28)
Delta Effect of +1% Change in Rate of Employee Turnover	2.65	1.51
Delta Effect of -1% Change in Rate of Employee Turnover	(30.04)	(1.76)

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.

32. Segment Reporting

The company prepares consolidated financial statements, hence as per Accounting Standard 17 on Segment Reporting segment information has not been provided in the standalone financial statements.

33. Note on First time adoption of Ind AS:

i) Measurement of Certain Financial assets at Amortised cost:

Under Previous GAAP, all financial assets have been carried at cost or carrying value. Whereas under Ind AS, they are measured and recognized at Fair value and discounted using the post tax borrowing rate. Accordingly, the total equity as on the transition date has been decreased by NIL and profit for the year ended 31st March, 2017 has increased by ₹ 5.25 Lacs

ii) Other Comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in Statement of profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the Statement of Profit or Loss as "Other Comprehensive income" includes remeasurement of Post – employment benefit obligations

iii) Remeasurements of Post employment benefits:

Under Ind AS, the actuarial gains / losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of Profit or loss. Under the Previous GAAP, these remeasurements were forming part of the Profit and loss account . As a result of this, the Profit for the year ended 31st March 2017, has been decreased by ₹ 9.01 Lacs

iv) Prior Period items:

Under Ind AS, material prior period errors are corrected retrospectively, by restating the comparative amounts for the prior periods presented in which the error occurred.

v) Other Equity

Other equity including retained earnings as at 1st April, 2017 has been adjusted consequent to the above Ind AS adjustments, wherever necessary.

34. Reconciliation between Previous GAAP and Ind AS:

Ind AS 101 Requires an entity to reconcile equity, total comprehensive income and cash flows under the erstwhile Indian GAAP and the Ind AS for the previous financial years. The previous GAAP figures are based on the audited financial statements of the Company for the year ended 31st March, 2017.

a) Reconciliation of Total Equity as at 31st March, 2017 and 1st April 2016

Particulars	Note	1st April 2017	1st April 2016
Total Equity as per Previous GAAP	A	14,622.75	14,517.53
Add/ (Less) adjustments under Ind AS			
Fair Value Measurement of Financial assets		(2.08)	-
Fair Value Measurement of Financial Liability & Others		6.52	(0.83)
Total adjustment	B	4.44	(0.83)
Total Equity as per Ind AS	A+B	14,627.19	14,516.70

b) Reconciliation of Total Comprehensive Income for the year ended 31st March,2017

Particulars	31st March,2017
Profit after Tax as per Previous GAAP	99.61
Add/ (Less) adjustments under Ind AS	
IND AS Adjustments for Financial assets	(2.08)
IND AS Adjustments for Financial Liability & Others	7.33
Total adjustments	5.25
Profit after Tax as per Ind AS	104.86

c) Impact on Ind AS Adoption on the Statement of Cash flows as at 31st March 2017

Particulars	As per Previous GAAP	Effect on Ind AS	As per Ind AS
Net cash flow from Operating activities	(462.62)	(713.49)	250.87
Net cash flow from Investing activities	533.42	733.93	(200.51)
Net cash flow from Financing activities	(250.69)	(20.44)	(230.25)
Net increase / (decrease) in cash and cash equivalents	(179.88)		(179.88)
Cash balance as on 1st April, 2016	193.17		193.17
Cash balance as on 31st March, 2017	13.29	-	13.29

35. Assets Pledged as Security:

Particulars	31st March 2018	31st March 2017	As at 1st April 2016
Non-current assets			
First Charge			
Non - Financial Assets			
Property, Plant and Equipment	899.60	5,049.60	5,665.67
Capital work-in-progress			
Intangible assets			
Total Non-current assets pledged as security	899.60	5,049.60	5,665.67
Current assets			
First Charge			
Financial assets			
Trade receivable	4,750.18	3,609.77	3,277.91
Cash and cash equivalents			
Other bank balances			
Non - Financial Assets			
Inventories			
Total Current assets pledged as security	4,750.18	3,609.77	3,277.91
Total assets pledged as security	5,649.79	8,659.37	8,943.58

36. Fair Value Measurements:

a) Financial Instruments by Category and their Fair Values:

Particulars	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:						
Investment	5,617.08	5,617.08	5,617.08	5,617.08	5,617.08	5,617.08
Security Deposits	113.52	113.52	103.20	103.20	93.82	93.82
Trade Receivables	4,750.18	4,750.18	3,609.77	3,609.77	3,277.91	3,277.91
Cash and Cash Equivalents	8.83	8.83	13.29	13.29	193.17	193.17
Other Bank balances	28.30	28.30	59.91	59.91	59.91	59.91
Total Financial Assets	10,517.91	10,517.91	9,403.24	9,403.24	9,241.88	9,241.88
Financial Liabilities:						
Borrowings	1,699.43	1,699.43	1,602.51	1,602.51	1,670.71	1,670.71
Trade Payables	2,269.25	2,269.25	1,414.21	1,414.21	1,467.05	1,467.05
Other Financial Liabilities	978.61	978.61	982.52	982.52	39.85	39.85
Total Financial Liabilities	4,947.29	4,947.29	3,999.23	3,999.23	3,177.60	3,177.60

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.

37. 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 2018	As at 31st March 2017	As at 1st April 2016
Equity	4,426.73	4,426.73	4,426.73
Debt	1,606.43	1,509.51	1,512.21
Total	6,033.16	5,936.24	5,938.94

38. Income Taxes:

The major components of Income Tax expense for the years ended 31st March, 2018 and 31st March, 2017 are as under:

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

Particulars	(Amounts in Lakhs)	
	Year ended 31st March 2018	Year ended 31st March 2017
Current Tax	-	8.91
Deferred Tax	(60.23)	(60.54)
Total	(60.23)	(51.63)

Deferred tax asset as at 31st March, 2018 and 31st March, 2017 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 2018	Year ended 31st March 2017
Profit before tax	(554.20)	62.24
Tax on the above	-	8.91
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Adjustments to profit as per previous year GAAP under Ind AS	-	-
Income Tax expense	-	8.91

c) Tax assets / liabilities

Particulars	As at 31st March 2018	As at 31st March 2017
Opening tax (asset) / liability	(364.62)	53.48
Add : Taxes Paid	-	-
Add : Credit availed	(89.95)	(427.00)
Less : Refund	-	-
Less: Current tax payable	-	(8.91)
Closing tax (asset) / liability	(454.57)	(364.62)

d) Deferred Tax		
Particulars	As at 31st March 2018	As at 31st March 2017
Deferred Tax Liability:		
On account of Employee Benefits	-	-
Total Deferred Tax Liability	-	-
Deferred Tax Asset:		
On account of Depreciation differences	30.34	20.83
On account of Employee Benefits	61.40	10.68
Total Deferred Tax assets available	91.74	31.51
Recognition of Deferred Tax asset to the extent of Deferred Tax liability	91.74	31.51
Unused Deferred Tax asset (Not recognised)	-	-

39. 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 amortised 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	Recognised 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 counterparty 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 amortised cost and deposits with banks and financial institutions, as well as credit exposures to trade customers including outstanding receivables.

Credit risk management

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

b) Liquidity risk:

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

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

Maturities of Financial Liabilities: 31st March, 2018:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	1,699.43	-	-	1,699.43
Trade Payables	2,269.25	-	-	2,269.25
Other Financial Liabilities	-	116.82	-	116.82
Total Financial Liabilities	3,968.68	116.82	-	4,085.50

31st March, 2017:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	1,602.51	-	-	1,602.51
Trade Payables	1,414.21	-	-	1,414.21
Other Financial Liabilities	-	116.82	-	116.82
Total Financial Liabilities	3,016.72	116.82	-	3,133.54

31st March, 2016:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	1,670.71	-	-	1,670.71
Trade Payables	1,467.05	-	-	1,467.05
Other Financial Liabilities	-	39.85	-	39.85
Total Financial Liabilities	3,137.76	39.85	-	3,177.60

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, 2017 and April 01, 2016 the Company's borrowings at variable rate were mainly denominated in Rupees. The Company's fixed rate borrowings are carried at amortised 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, 2018	As at 31st March, 2017	As at 1st April, 2016
Variable rate borrowings	1,606	1,510	1,512

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, 2018	31st March, 2017
Interest cost – increase by 5% on existing Interest cost*	13.59	10.77
Interest cost – decrease by 5% on existing Interest cost*	(13.59)	(10.77)

* Holding all other variables constant.



MEGASOFT LIMITED

CIN: L72200TN1999PLC042730

Registered Office : 85, Kutchery Road, Mylapore, Chennai 600004, Tamilnadu, India.
www.megasoft.com

Notice of the 18th Annual General Meeting

NOTICE is hereby given that the **18th Annual General Meeting** of the Members of **MEGASOFT LIMITED** will be held at 9:00 A.M (IST) on Thursday, 27th September 2018 at Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai - 600083, Tamil Nadu to transact the following business:

Ordinary Business

- (1) Adoption of financial statements
To receive, consider and adopt:
 - (i) the audited standalone financial statements of the Company for the year ended 31st March 2018, the report of the Auditors thereon and the Directors' Report.
 - (ii) the audited Consolidated Financial statements of the Company for the year period ended 31st March 2018 and the report of the Auditors thereon.
- (2) Re-appointment of director
 - (i) To appoint a Director in place of Mr D Sudhakar Reddy (DIN-00047707), who retires by rotation and, being eligible offers himself for re-appointment.
- (3) Re-appointment of director
To appoint a Director in place of Mr GV Kumar (DIN-00059107), who retires by rotation and, being eligible offers himself for re-appointment.
- (4) Ratification of appointment of Auditor
To ratify the appointment of Auditors and to fix their remuneration and in this regard, to consider, and to pass with or without modification the following resolution as an ordinary resolution :

“RESOLVED THAT pursuant to section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and pursuant to the resolution passed by the members at the AGM held on 28th July 2017, the appointment of M/s. N.C.Rajagopal & Co, FRN 003398 S as the auditors of the Company to hold the office till the conclusion of the 22nd AGM to be held in the year 2022 be and is hereby ratified to examine and audit the accounts of the company, that the Board of Directors be and is hereby authorised to fix the remuneration payable to them for the FY 2018-19 as may be determined in consultation with the Auditor.”

“RESOLVED FURTHER THAT the Board be and is hereby

authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to the above resolution.”

Special Business

- (5) Appointment of Branch Auditor

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

“RESOLVED THAT pursuant to the provisions of section 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 authorised to appoint from time to time Branch Auditors of any Branch office of the Company, whether existing or which may be opened / acquired hereafter outside India, based on the recommendation of the Audit / Risk & Compliance Committee, in consultation with the Company's Auditors, any person(s) qualified to act as Branch Auditor within the meaning of section 143(8) of the Companies Act, 2013 and to fix their remuneration.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to the above resolution.”

By order of the Board of Directors

For Megasoft Limited

Place : Hyderabad
Date : 29 May 2018

GV Kumar
Managing Director

NOTES

- (1) The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
- (2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote on his / her behalf in the meeting and such person can act as a proxy on behalf of members of the company not exceeding 50 (Fifty) and holding in aggregate not more than 10% (Ten percent) of the total shares. A member holding more than 10% (Ten percent) of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (3) The instrument appointing the Proxy, duly completed must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the ANNUAL GENERAL MEETING is enclosed.
- (4) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the Company.
- (5) Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
- (6) Representatives/Proxies submitted on behalf of Limited Companies, Societies and Partnerships firms, etc. must be supported by appropriate resolution / authority as applicable issued by the member organisation.
- (7) Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
- (8) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
- (9) The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
- (10) Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
- (11) Members desiring any information with regard to Accounts/ Reports are requested to write to the Company at least ten days before the meeting so as to enable the management to keep the information ready.
- (12) The Register of Members and Share Transfer Books of the Company will remain closed from 21 September 2018 to 27 September 2018 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013 and the applicable regulations of the SEBI Listing Regulations entered into with the Stock Exchanges.
- (13) Members who are holding physical shares more than one folio are requested to intimate to the company / Registrar & Share Transfer Agents the details of all their Folio Numbers for consolidation into a single Folio.
- (14) Members whose shareholding is in the electronic mode are requested to direct change of address notifications and update bank account details to their respective Depository Participant(s).
- (15) Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID number on all correspondences with the Company. The transfer deeds, communication for change of address, bank details, ECS details, mandates (if any), should be lodged with the Registrar & Share Transfer Agents ('RTA') of the Company, Cameo Corporate Services Limited, Chennai. Members whose shares are held in the electronic mode are requested to intimate the same to their respective Depository Participants.
- (16) The Company is concerned about the environment and utilises natural resources in a sustainable way. The Ministry of Corporate Affairs ('MCA'), Government of India, has by its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively; permitted companies to send official documents to their shareholders electronically as part of its Green Initiative in Corporate Governance. Recognising the spirit of the Circular issued by the MCA, we are sending documents like Notice convening the Annual General Meetings, Financial Statements, Directors' Report, Auditors' Report, etc., to the email address provided by you with your depositories.
- (17) Annual Report 2018 with Attendance Slip and Proxy forms are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purpose unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report are being sent by the permitted mode.
- (18) Members may note that the Notice of the 18th Annual General Meeting and the Annual Report 2018 will also be available on the Company's website www.megasoft.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at investors@megasoft.com.
- (19) Additional information pursuant to SEBI Listing Regulations in respect of the Directors seeking appointment at the Annual General Meeting is furnished and forms part of the Notice. The directors have furnished the requisite consents/declarations for their appointment/re-appointment.
- (20) The Securities and Exchange Board of India ('SEBI') has mandated the submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- (21) Voting through electronic means - Pursuant to Section 110 of the Companies Act, 2013 and the Rules framed thereunder and Regulation 44 of the Listing Regulations, the Company is pleased to provide a facility to the members to exercise their right to vote at the 18th Annual General Meeting by electronic means and all the business shall be transacted through e-voting services provided by CDSL. The instructions for e-voting are given herein below.
- (22) The Company has appointed Mr M Damodaran, Sole Proprietor of M/s Damodaran & Associates, Practising Company Secretaries, Chennai as Scrutinizer for conducting the e-voting process in fair and transparent manner.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 24 September 2018 at 9.00 A.M. and ends on 26 September 2018 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 20 September 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:
- (ix) After entering these details appropriately, click on "SUBMIT" tab.

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the Megasoft Limited on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Explanatory Statement

(Pursuant to Section 102(1) of the Companies Act, 2013)

Item No.5

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 authorise 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.

The Board recommends the resolution set forth in Item No.5 for the approval of the shareholders.

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

Place : Hyderabad
Date : 29 May 2018

GV Kumar
Managing Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 18TH ANNUAL GENERAL MEETING PURSUANT TO SEBI LISTING REGULATIONS

The brief resume, experience and functional expertise and the membership on the various Boards and Committees, of Directors proposed to be re-appointed / appointed at Sl. Nos. 2&3 of the Notice of the 18th Annual General Meeting as required under the provisions of SEBI Listing Regulations are given below:

Name of the Director	D Sudhakar Reddy	GV Kumar
Date of Birth	15 June 1958	31 July 1966
Date of Appointment	6 March 2000	1 September 2004
Qualification	Fellow Member of The Institute of Chartered Accountants of India	Electrical Engineer with Post Graduate degree in Management
Experience in Specific-functional area	He was in practice for over fifteen years and has over 16 years of practical experience in the field of finance and administration with corporates.	Founder & CEO of XIUS India Limited (which was merged with the company in 2004) and has over 27 years of experience in IT & Telecom Industries
List of companies in which directorship held in other companies	08	01
Chairman / Members of the Committee of the Board of companies in which he is Director	Member of Audit/Risk & Compliance Committee of the company	
	Member of Stakeholders Relationship Committee of the company	Member of Stakeholders Relationship Committee of the company
Shareholding in the company	NIL	2226911

Directorship in foreign companies, membership in governing councils, chambers and other bodies, Partnership firms, etc.,are not included. Membership in non-mandatory Committees is also not included.

None of the aforesaid Director is related to each other or to any other Director on the Board of the Company.



Route Map for AGM venue

**MEGASOFT LIMITED**

CIN: L72200TN1999PLC042730

Registered Office : 85, Kutchery Road, Mylapore, Chennai 600004, Tamilnadu, India.
www.megasoft.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) :

Registered Address : E-mail Id :

Folio No : DP ID /Client Id :

I/We, being the member (s) holding _____ number of equity shares of the above named company, hereby appoint

1. Name : _____ Address : _____

E-mail Id : _____ Signature : _____, or failing him

2. Name : _____ Address : _____

E-mail Id : _____ Signature : _____, or failing him

3. Name : _____ Address : _____

E-mail Id : _____ Signature : _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 18th Annual General Meeting to be held at Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai - 600083, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	For	Against	Abstained
Ordinary Business				
1	To consider and adopt: (i) Audited Standalone Financial Statements and Report of the Board of Directors and Auditors thereon (ii) Audited Consolidated Financial statements and Reports of the Auditors thereon.			
2	Re-appointment of Mr. D Sudhakar Reddy (DIN-00047707), who retires by rotation			
3	Re-appointment of Mr. GV Kumar(DIN-00059107), who retires by rotation			
4	Ratification of appointment of statutory auditors			
Special Business				
5	Appointment of Branch auditor			

Signed this _____ day of _____ 2018

Signature of shareholder:

Signature of First Proxy holder

Signature of Second Proxy holder

Signature of Proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix ₹ 1/-
Revenue
Stamp
& Sign
Across the
Stamp



**MEGASOFT
MEGASOFT LIMITED**

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ATTENDANCE SLIP

Name of the shareholder _____

Regd Folio No. _____

DP/ Client ID No.* _____

No. of shares held _____

I hereby certify that I am a Member/Proxy for the Member of the Company

I hereby record my presence at the 18th Annual General Meeting of the Company at Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai - 600083, Tamil Nadu.

(Signature of Member /Proxy)

Member's /Proxy's name in BLOCK LETTERS

Note: Please Fill up this attendance slip and hand it over at the entrance of the meeting hall

Members are requested to bring their copies of the Annual Report to the Meeting

* For share(s) held in electronic form.

Global Offices

INDIA

Megasoft Limited

85, Kutchery Road
Mylapore, Chennai 600004
Phone: +91 44 24616768
Fax : +91 44 24617810
Email : contact@megasoft.com

Block 'A' Wing 1,
Level 5 & 6, Cyber Gateway,
Madhapur, Hyderabad – 500081.
Telangana, India.

Phone: +91- 40 - 4033 0000
Fax : +91- 40 - 4013 3555
Email : contact@megasoft.com

UNITED STATES

Megasoft Limited

42467 Hundonmoore
DR Chantilly VA 20152, USA

XIUS Holding Corp

15 Tyngsboro Road Unit 8C,
North Chelmsford
MA 01863, USA
Phone: +1 781-904-5000
Fax : +1 781-904-5601

XIUS Corp

15 Tyngsboro Road
Unit 8C, North Chelmsford
MA 01863, USA
Phone: +1 781-904-5000
Fax : +1 781-904-5601

MEXICO

XIUS S DE RL DE CV

(Formerly Boston Communications
Group De Mexico, S.R.L.)
Paseo de la Reforma
505 piso 32 Col Cuauhtemoc
CP 06500, Ciudad de
Mexico, Mexico
Phone : +52 (55) 85034200

MALAYSIA

Megasoft Consultants Sdn Bhd

Suite 18-3, D' Wangsa
Jalan Wangsa Delima 11
53300 Kuala Lumpur,
Malaysia
Phone: +60-3-4142 0071
Fax : +60-3-4147 4144

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:

Megasoft Limited,
No 85 Kutchery Road,
Mylapore,
Chennai 600004