



## MEGASOFT LIMITED

CIN : L72200TN1999PLC042730

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Date: 31.08.2020

To

**Bombay Stock Exchange Limited**

Phiroze JeeJee Bhoy Towers

Dalal Street, Fort

Mumbai 400001

**Scrip Code:** 532408

**National Stock Exchange of India Limited**

Exchange Plaza

Bandra-Kurla Complex, Bandra(E)

Mumbai 400051

**Symbol:** MEGASOFT

Dear Sir(s),

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Disclosure on the impact of the COVID-19 pandemic**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) 2015, we would like to inform that in accordance with updated guidelines issued by the Central Government and State government authorities, with respect to COVID-19 please find disclosure under SEBI's circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20.05.2020 on the impact of COVID-19 pandemic on the business operations of the Company, as perceived at this point of time.

We request you to kindly take the above information on your record.

Thanking you,

Yours faithfully,

For Megasoft Limited

**Sridhar Thathachary**

**Chief Financial Officer**



Encl.



### Disclosure on the impact of the COVID-19 pandemic

- (a) **Operations in India:** The Company, in compliance with State and Central Government Lock down orders, shut down its Offices in India for the period 20 March 2019 to 7 May 2020, during which all employees worked from home. While Customer support and core operations team functioned fully, certain routine work like product development were not undertaken during this period. All the operations were resumed in a phased manner subsequently, in accordance with the procedures and guidelines issued by the Central, State Governments and the local authorities. Due to non-availability of local transport currently about 35% employees are physically attending office while the balance continue to work from home. For the staff who are working from home, the company has provided with appropriate infrastructure to facilitate work from home.
- (b) **Ability to maintain operations including units, office spaces functioning:** Subsequent to receipt of permissions from the authorities, the Company has resumed its operations fully and is able to maintain its operations. Safety of our employees and their well-being being paramount during the current CoVID-19 pandemic, the Company has taken several measures to ensure their well-being including measures such as maintaining physical distancing, frequent use of hand sanitizer, wearing of face masks. The Company has developed a policy in line with directives issued by MHA and WHO. All the facilities have been properly sanitized so that our people are safe and secure at the workplace. All safety protocols of temperature sensing, wearing of safety gears, social distancing, facility and vehicle sanitizing etc are being adhered to stringently. Digital medium of communication for meetings etc is being used extensively and the organization as a whole has evolved to work under the new normal.
- (c) **Capital and financial resources:** The Company did face delay in receipt of payments from its customers, during the period March to mid July, 2020 resulting in periodic cash flow disruptions. From second half of July onwards the situation has improved. The company will continue to closely watch the situation in the coming month as it happens.
- (d) **Profitability:** The Company did face an abrupt stoppage of on-going projects since beginning of March 2020 (resulting in a marginal revenue drop in 2019-20) but subsequently, most of them have been resumed by the customers. Being part of an essential & core services industry (Mobile Telecom), the company does not expect a major impact on its revenue or profitability during 2020-21 as of now.



- (e) **Supply chain:** Due to impact of Covid-19 on the global supply chain, the delivery of hardware at our customer premises was delayed impacting implementation delivery times. This results in delayed collections from the customer. Also the payment terms and schedules to the suppliers had to be revised with unplanned cash outflows from the company. The Company hopes that the business will become normal soon.
- (f) **Internal financial reporting and control:** The Internal financial reporting control have been intact. Since the offices are closed due to lockdown, challenges in availability of documents and preparation of financial reporting are being faced as compared to normal course. Financial reporting is delayed due to lockdown. All transactions are duly checked and authorized by concerned competent persons through emails.
- (g) **Ability to service debt and other financing arrangements:** The Company did face difficulties during the period of April – June 2020 and availed interest moratorium during that period. However subsequently the operations and the resultant cash flows have returned to near normal levels and the Company has resumed interest payments etc. Hence the Company does not foresee any difficulty in servicing its debt and interest obligations moving forward.
- (h) **Estimation of future impact of COVID-19 on its operations:** Business landscape is fast changing and continuously evolving. The circumstances are extremely dynamic, hence it is not in a position to ascertain, the future impact on its operations. The Company will continue to closely monitor the developments and the material impact, if any, will be disclosed from time to time to the stock exchanges.