



MEGASOFT LIMITED

CIN : L72200TN1999PLC042730
Block "A" Wing 1, Level 5 & 6, Cyber Gateway
Madhapur, Hyderabad - 500081
Telangana, India.

Tel +91 (40) 4033 0000; Fax : +91 (40) 4013 3555
website : www.megasoft.com

Date: 22.07.2019

To,

BSE 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/ Madam,

Sub: Notice of 19th Annual General Meeting (AGM), Annual Report for the financial year 2018-19 & Book Closure for AGM.

This is to inform you that the 19th AGM of the Members of Megasoft Limited (" Company") is scheduled on Tuesday, the 13th day of August, 2019 at 09.00 A.M. at Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai-600083, Tamil Nadu, India.

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") please find attached a copy of Annual Report for the financial year 2018-19 along with notice of the AGM for your information and records.

Pursuant to Regulation 42 of SEBI Listing Regulations, Register of Members and Share Transfer Books will remain closed from Tuesday, August 6 2019 to Wednesday, August 14, 2019 (both days inclusive) for the purpose of Annual General Meeting.

This is for your information and records.

Thanking You,

For Megasoft Limited


Shridhar Thathachary
Chief Financial Officer





Annual Report

2018-19



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



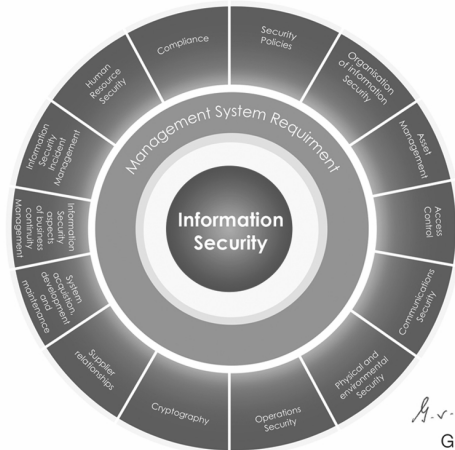
G V Kumar
Managing Director &
Chief Executive Officer



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

BUREAU VERITAS
Certification



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)
Manwah Centre 5th Floor, Krishanlal Marwah Marg,
Opp. Arise Industrial Estate, Off Sakin 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 6695 6300.



Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 9001:2015

This is to certify that:

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

Holds Certificate No:

FM 633409

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

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

For and on behalf of BSI:

[Signature]
Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2012-04-24

Effective Date: 2018-04-25

Latest Revision Date: 2018-04-23

Expiry Date: 2021-04-24

Page: 1 of 1



...making excellence a habit.™

This certificate was 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.bsi-global.com/ClientDirectory or telephone +91 11 2092 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 MK5 8PP. Tel: + 44 345 080 9000
BSI Assurance UK Limited, registered in England under number 7805212 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.)

Chief Financial Officer

Shridhar Thathachary

Company Secretary and Compliance Officer

Srivalli Manda

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

19th ANNUAL REPORT

Directors' Report

To the Members,

Your Directors hereby present their report of the business and operations of your Company along with the audited financial statements, for the financial year ended March 31, 2019, as under :-

Financial Results

(₹ lakhs)

Particulars	Standalone		Consolidated	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenues	2,363.77	2,851.34	6,187.37	6,625.94
Expenditure	2,828.42	3,115.95	5,990.21	5,665.14
Finance cost	373.25	322.83	614.83	519.87
Depreciation	98.37	65.89	375.76	431.16
Operating profit / (loss)	(936.27)	(653.33)	(793.43)	9.77
Profit before tax	77.66	(544.20)	70.52	108.91
Less: Taxes	36.50	(60.23)	37.10	(60.23)
Profit after tax	41.15	(493.97)	33.42	169.14
Earnings per share (equity shares, par value ₹ 10 each)				
Basic (₹)	0.09	(1.05)	0.08	0.45
Diluted (₹)	0.09	(1.05)	0.08	0.45

Overview

During the financial year ended 31 March 2019, your company recorded consolidated revenues of ₹ 6,187.37 as compared to ₹ 6,625.94 Lakhs for the financial year ended 31 March 2018. The consolidated profit was ₹ 33.42 Lakhs during the current year as compared to ₹ 169.14 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 2019, the Board of Directors of the company do not recommend any dividend.

Share Capital

The paid-up equity share capital as on 31 March 2019 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, affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this report.

Directors and Key Managerial Personnel

The company has received the necessary declaration from all the Independent Directors in accordance with Section 149 (7) of the Companies Act 2013, that they meet the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as an Independent Director during the year.

During the year under review, Ms. Uma Garimella, Independent Director of the Company tendered her resignation with effect from 18th April, 2018.

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.

Compliance with Secretarial Standards

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

Nomination & Remuneration Policy

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

Board Evaluation

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

manner in which the evaluation has been carried out has been detailed out in the Corporate Governance Report.

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 2019, 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

During the previous financial year, after the Shareholders' approval through the postal ballot dated 22nd March 2016 for the same, the company entered into a Joint Development Agreement with M/S. Darshita Infrastructure Ltd (A Salarpuria Sattva Group Company) & obtained necessary Statutory approvals from TSIC and other regulatory authorities for setting up a large IT facility at its property at Nanakramguda (which was registered in the company's favour in May 2015 by TSIC through a conditional sale deed). Block 1 of the said IT facility was completed on time and the same has been rented out during the last quarter of financial year 2018, as declared by the company vide its disclosure to the Stock Exchanges on 14 Feb 2019.

Outlook

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

(a) Conservation of Energy: Your Company uses electric energy for all its equipment's such as air conditioners, computer

terminals, lighting and utilities in the work premises. All possible measures have been taken to conserve energy:

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

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

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

(d) Foreign exchange earnings and outgo: The details of foreign exchange earnings and outgo are given in note no. 29 and 28 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 2019-20 include Data Security and Privacy, Technology obsolescence, Service Delivery, retention and development of Human Resources, Business competition, Delayed Payments from Key customers & resultant Cash flow problems and Foreign exchange fluctuations

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

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

Internal Control Systems and Their Adequacy

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

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

Vigil Mechanism / Whistle Blower Policy

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

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, 10 and 26 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.

Auditors

Statutory Auditors

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

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

Internal Auditor

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

Secretarial Auditor

Pursuant to the provisions of Sections 204 of the Companies Act, 2013 and the rules framed thereunder, the company has appointed M/s. M Damodaran & Associates (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 2019 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 recognises the importance of human resources and has created a performance driven environment where innovation is encouraged, performance is recognised and employees are motivated to realise their potential. Your Company reinforced the best HR practices to attract, develop and retain talented employees. Your Company has framed a strong, structured, and systematic recognition programs, which motivates the employees to flourish.

Your Company fosters a culture of open communication that empowers employees to articulate their thoughts and feelings freely, exchange ideas and contribute to organisational growth. Regular HR connect session helps the company understand the pulse on the ground and take necessary steps to keep the workforce engaged and motivated. A number of initiatives have been taken up that serve as effective platform for employees to connect and interact and share their goals and aspirations. Employees also receive feedback on technical, behavioral, other professional and personal areas on a regular basis.

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 wish to place on record their appreciation of the valuable co-operation extended to the Company by its Customers bankers and various authorities of the State and Central Government. They thank the Distributors, Dealers, Consignment Agents, suppliers and other business associates of your Company for their continued support. Your Board also takes this opportunity to place on record its appreciation of the contributions made by its employees at all levels and last but not least, of the continued confidence reposed by you in the Management.

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

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

Place : Hyderabad
Date : 28 May 2019

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-19	31-Mar-19
Reporting Currency	USD	MR
Exchange rate (₹)	69.1713	16.9442
	₹ lakhs	₹ lakhs
Share Capital	8,747.43	84.72
Reserves	(13,970.93)	(674.30)
Total Assets	6,177.81	109.22
Total Liabilities	11,401.31	698.80
Investments	-	-
Turnover	4,806.12	642.21
Profit / (Loss) before taxation	334.19	(350.45)
Provision for taxation	-	(0.61)
Profit / (Loss) after taxation	334.19	(351.06)
Proposed Dividend	-	0
% of Shareholding	100.00%	100.00%

Names of Subsidiaries which are yet to commence operations: NIL

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

Part "B": Associates and Joint Ventures

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

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

Names of Associates which are yet to commence operations: NIL

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

For and on behalf of the Board of Directors

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

Place : Hyderabad
Date : 28 May 2019

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

AS ON THE FINANCIAL YEAR ENDED 31.03.2019

[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	7.2377	3200894	--	3200894	7.2308	(0.0069)
b	Central Govt	--	--	--	--	--	--	--	--	--
c	State Govt(s)	--	--	--	--	--	--	--	--	--
d	Bodies Corp	--	--	--	--	--	--	--	--	--
e	Banks / FI	--	--	--	--	--	--	--	--	--
f	Any Other	--	--	--	--	--	--	--	--	--
	Sub-total (A)(1):-	3203956	--	3203956	7.2377	3200894	--	3200894	7.2308	(0.0069)
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	7.2377	3200894	--	3200894	7.2308	(0.0069)
B	Public Shareholding									
1	Institutions									
a	Mutual Funds	--	--	--	--	--	--	--	--	--
b	Banks / FI	10012	--	10012	0.0226	12	--	12	0.0000	(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):-	3802865	--	3802865	8.5906	3792865	--	3792865	8.5680	(0.0225)
2.	Non Institutions									
a	Bodies Corp.									
i	Indian	4550127	20525622	6602689	14.9155	4039819	2052562	6092381	13.7627	(1.1527)
ii	Overseas	--	--	--	--	--	--	--	--	--
b	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	11214709	320799	11535508	26.0587	10519572	320799	10840371	24.4884	(1.5703)

ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	12215891	1914400	14130291	31.9203	13419004	1914400	15333404	34.6382	2.7178
C	Others (Specify)									
	Clearing Members	36489	--	36489	0.0824	28843	--	28843	0.0651	(0.0172)
	Directors and their relatives	2364424	--	2364424	5.3412	2367323	--	2367323	5.3477	0.0065
	Hindu Undivided Family	1177492	--	1177492	2.6599	1122254	--	1122254	2.5351	(0.1248)
	Non Resident Indians	1390413	22061	1412474	3.1907	1466792	22061	1488853	3.3633	0.1726
	Trusts	1105	--	1105	0.0024	105	--	105	0.0002	(0.0022)
		4969923	22061	4991984	11.2769	4985317	22061	5007378	11.3116	0.0347
	Sub-total (B)(2):-	32950650	4309822	37260472	84.1715	32963712	4309822	37273534	84.2010	0.0295
C	"Total Public Shareholding (B)=(B)(1)+(B)(2)"	36753515	4309822	41063337	92.7622	36756577	4309822	41066399	92.7691	0.0069
	TOTAL (A)+(B)	39957471	4309822	44267293	100.0000	39957471	4309822	44267293	100.0000	0.0000
	Shares held by Custodian									
	for GDRs & ADRs	--	--	--	--	--	--	--	--	--
	GRAND TOTAL (A+B+C)	39957471	4309822	44267293	100.0000	39957471	4309822	44267293	100.0000	0.0000

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	Ravindra Babu S.	2688768	6.07%	--	2688768	6.07%	--	--
2	S Ravindra Babu (HUF)	512126	1.16%	--	512126	1.16%	--	--
3	S Saraswathamma	3062	0.01%	--	--	--	--	--
	Total	3203956	7.2375	--	3200894	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.)	(3062)	(0.01%)	(3062)	(0.01%)
	At the end of the year	3200894	7.2375	3200894	7.2375%

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	8.4992%	NA	No change	NA	3762375	8.4992%
2	SRI POWER GENERATION (INDIA) PRIVATE LIMITED	1769822	3.9980%	NA	No change	NA	1769822	3.9980%
3	GODAVARI GREENLANDS PVT LTD	1343750	3.0355%	NA	No change	NA	1343750	3.0355%
4	SATYAVATHI DENDUKURI	835500	1.8873%	NA	No change	NA	835500	1.8873%
5	SRINIVAS RAJU D	747600	1.6888%	NA	No change	NA	747600	1.6888%
6	RAKESH MISHRA	663150	1.4980%				663150	1.4980%
				06/04/2018	(2863)	Market Sale	660287	1.4915
				18/05/2018	(29040)	Market Sale	631247	1.4259
				25/05/2018	22057	Market Purchase	653304	1.4758
				08/06/2018	(26926)	Market Sale	626378	1.4149
				15/06/2018	23600	Market Purchase	649978	1.4683
				29/06/2018	(8)	Market Sale	649970	1.4682
				20/07/2018	(214942)	Market Sale	435028	0.9827
				03/08/2018	57251	Market Purchase	492279	1.1120
				24/08/2018	32987	Market Purchase	525266	1.1865
				31/08/2018	12879	Market Purchase	538145	1.2156
				14/09/2018	(12083)	Market Sale	526062	1.1883
				05/10/2018	(143760)	Market Sale	382302	0.8636
				07/12/2018	(298010)	Market Sale	84292	0.1904
				21/12/2018	69281	Market Purchase	153573	0.3469
				28/12/2018	10000	Market Purchase	163573	0.3695
				04/01/2019	10000	Market Purchase	173573	0.3921
				25/01/2019	(9520)	Market Sale	164053	0.3705

				01/02/2019	(28648)	Market Sale	135405	0.3058
				08/02/2019	(135405)	Market Sale	0	0
					0	-	0	0
6	RAKESH MISHRA	30188	0.0681				30188	0.0681
				05/10/2018	(30188)	Market Sale	0	0
							0	0
7	CHINTALAPATI SRINIVAS RAJU	430000	0.97%	NA	No change	NA	430000	0.97%
8	RAJAGOPALAN SHYAMSUNDER	418294	0.94%			418294	0.94%	
				18/01/2019	23566	Market Purchase	441860	0.9981
				25/01/2019	5076	Market Purchase	446936	1.0096
							446936	1.0096
9	RAJENDRA Y SHAH	442000	0.9984	NA	No change	NA	442000	0.9984
10	SUKHAM PROPERTIES PRIVATE LIMITED	359760	0.8126	NA	No change	Market Sale	359760	0.8126
11	VARGIS JACOB	0	0				0	0
				07/12/2018	407341	Market Purchase	407341	0.9201
				14/12/2018	157793	Market Purchase	565134	1.2766
				21/12/2008	9358	Market Purchase	574492	1.2977
				04/01/2019	9475	Market Purchase	583967	1.3191
				11/01/2019	300	Market Purchase	584267	1.3198
				18/01/2019	2100	Market Purchase	586367	1.3246
				22/02/2019	185	Market Purchase	586552	1.3250
				08/03/2019	14312	Market Purchase	600864	1.3573
				15/03/2019	(18794)	Market Sale	582070	1.3148
				29/03/2019	639	Market Purchase	582709	1.3163
							582709	1.3163

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

* Srivalli Manda, appointed with effect from 09.11.2018 as Company Secretary and Compliance officer of the Company.

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	1606.42	93.00		1699.42
ii	Interest due but not paid				
iii	Interest accrued but not due				
	Total (i+ii+iii)	1606.42	93.00		1699.42
	Change in Indebtedness during the financial year				
	*Addition	0	0.00		0.00
	*Reduction	395.05	93.00		488.05
	Net Change	395.05	93.00		488.05
	Indebtedness at the end of the financial year				
i	Principal Amount	1211.37	0.00		1211.37
ii	Interest due but not paid				
iii	Interest accrued but not due				
	Total (i+ii+iii)	1211.37	0.00	0	1211.37

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)	38.98	13.08	52.06
	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.)	
		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
1	Independent Directors				
	Fee for attending board / committee meetings	1.65	1.05	1.65	4.35
	Commission				
	Others, please specify				
	Total (1)	1.65	1.05	1.65	4.35
2	Other Non-Executive Directors				
	Fee for attending board / committee meetings				
	Commission				
	Others, please specify				
	Total (2)				
	Total (B) = (1+2)	1.65	1.05	1.65	4.35
	Total Managerial Remuneration				
	Overall ceiling as per the Act	It is in accordance with the provisions of the Companies Act, 2013			

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

Sl. No.	Particulars of Remuneration	Shridhar Thathachary, CFO	Srivalli Manda 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	38.38	1.24	39.62
(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	38.38	1.24	39.62

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 : 28 May 2019

Annexure – 3

Form No. MR-3 - SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2019

[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 2019** 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 2019** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (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.

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

1. The company has complied with the regulation 7(3) of SEBI(LODR) Regulations, 2015 with some delay.
2. The company has complied with the regulation 31 of SEBI (LODR) Regulations, 2015 by filing within time with BSE; However with NSE it was filed with a delay of one day due to technical issue in the NEAPS portal. The fine was paid by the company in order to comply the regulation.
3. The company has complied with the regulation 27(2) of SEBI (LODR) Regulations, 2015 with minor delay due to technical issue in the Stock Exchange portal. The fine was paid by the company in order to comply the regulation.
4. The company has complied with regulation 40(9) of SEBI (LODR) Regulations, 2015 with some delay.
5. The company has complied with the regulation 30 of SEBI (LODR) Regulations, 2015 in respect of intimation of Financial Results to the Stock Exchange with some delay due to technical issues on the Stock Exchanges portal.
6. The company has not complied with the regulation 30 of SEBI (LODR) Regulations, 2015 in respect of intimation of Proceedings of Annual general meeting.
7. The company has complied with the regulation 44 of SEBI (LODR) Regulations, 2015 in respect of intimation of Voting Results of Annual General Meeting to the Stock Exchange with some delay.
8. The company has complied with the regulation 46 of SEBI (LODR) Regulations, 2015 in respect of updation of website of the company with some deviations.
9. The company has complied with the regulation 6(1) of SEBI (LODR) Regulations, 2015 by appointing qualified company secretary as compliance officer of the company on w.e.f. 09.11.2018. The fine was paid by the company in order to comply the regulation. However, on representation made by the Company, the National Stock Exchange has

refunded the fine levied for quarter ended 31.12.2019 i.e. Rs. 39,000/-.

10. The company has complied with the regulation 55A of SEBI (DP) Regulations, 1996 in respect of filing of Reconciliation of Share capital audit report with some delay.

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 : 28.05.2019

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

Annexure – 1

To,
The Members,
MEGASOFT LIMITED
CIN: L72200TN1999PLC042730
NO.85, KUTCHERY ROAD, MYLAPORE,
CHENNAI - 600004

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management

representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

CS M. Damodaran
Company Secretary

FCS : 5837
C P No.: 5081

Place: Chennai
Date : 28.05.2019

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 memberships (excluding in the company) #		Name of other Listed Entity (ies) along with Designation held	No of Directorship(s) held in Indian public limited companies (excluding in the company)*	No of shares held in the company	
			Member	Chairman			No. of shares	%
GV Kumar	Managing Director	00059107 01/09/2004	--	--	--	--	2226911	5.03%
D Sudhakar Reddy	Executive Director	00047707 06/03/2000	--	--	--	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	--	--	NA	--	--	--
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.

** Uma Garimella (Ms.) resigned as Independent Director of the Company with effect from 18.04.2018

The Board of Directors of the company met four times during the financial year 2018-19:

Director	Board meetings held on			
	May 29, 2018	August 13, 2018	November 13, 2018	February 14, 2019
GV Kumar	✓	✓	✓	✓
D Sudhakar Reddy	✓	✓	Leave of Absence	✓
Anil Kumar Sood	✓	Leave of Absence	✓	✓
Anish Mathew	Leave of Absence	✓	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 29 May 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 2018-19:

Members	Audit/Risk & Compliance Committee Meetings held on			
	May 29, 2018	August 13, 2018	November 13, 2018	February 14, 2019
Anil Kumar Sood - Chairperson	✓	Leave of Absence	✓	✓
Anish Mathew	Leave of Absence	✓	Leave of Absence	✓
D Sudhakar Reddy	✓	✓	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 2018-19:

Director	Nomination & Remuneration Committee Meetings held on			
	May 29, 2018	August 13, 2018	November 13, 2018	February 14, 2019
Anish Mathew - Chairperson	✓	✓	✓	Leave of Absence
Anil Kumar Sood	✓	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	1.65	1.65
Anish Mathew	0	0	1.05	1.05
Leona Ambuja (Ms.)	0	0	1.65	1.65

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 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 no 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 2018-19

Members	Stakeholders' Relationship Committee Meetings held on	
	May 29, 2018	February 14, 2019
Anil Kumar Sood	✓	✓
D Sudhakar Reddy	✓	✓
G V Kumar	✓	✓
Leona Ambuja	✓	✓

The Company Secretary also functions as the Compliance Officer.

6 Annual General Meetings (AGM)

Year	AGM	Location	Date	Time	Special Resolutions passed
2018	18th	Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai – 600083	27th September, 2018	9.00 AM	Nil
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

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 DETAILS OF TOTAL FEES PAID TO STATUTORY AUDITORS

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

Type of Service	FY 2018-19	FY 2017-18
Audit Fee	21.30	25.03
Tax Fee	--	--
Others	5.00	--

10 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.

11 DISCLOSURES

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

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

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

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

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

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

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

Internal Controls

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

CEO & CFO Certification

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

Vigil Mechanism / Whistle Blower Policy

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

12 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 2019, the company announced the Audited annual financial results on 28 May 2019.

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 newspaper. 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.

13 GENERAL SHAREHOLDER INFORMATION

• Annual General Meeting

At 9:00 A.M (IST) on Tuesday, 13th August 2019 at Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai-600083, Tamil Nadu, India.

• Financial calendar for 2019-20

1 April to 31 March

Unaudited quarterly results for 2019-20 First quarter – first half of August 2019

Second quarter / half yearly – first half of November 2019

Third quarter – first half of February 2020

Annual results for the year ending 31 March 2020 – May 2020

Annual General Meeting for the year ending 31 March 2020 – August / September 2020

• Date of book closure

6th August 2019 to 14th August 2019 (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

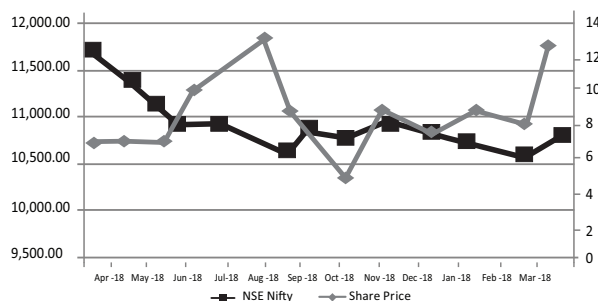
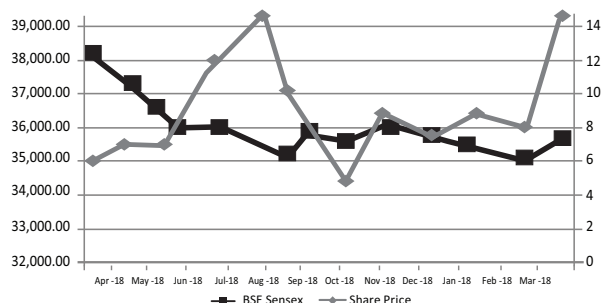
Exchange Plaza
Bandra-Kurla Complex, Bandra (E) Mumbai 400051

• Stock Code

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

▪ Stock market data

Months	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
	₹	₹	₹	Nos	₹	₹	₹	Nos
April	13.43	11.62	12.29	1,13,504	13.3	11.7	12.20	6,35,972
May	12.30	9.41	10.29	1,58,177	12.20	9.35	10.25	6,44,008
June	10.45	8.15	8.54	1,35,387	10.50	08.10	08.50	5,32,382
July	9.50	6.75	7.97	1,94,455	09.50	6.70	08.15	7,91,845
August	8.80	7.50	7.95	1,26,067	08.95	07.50	07.90	4,01,592
September	9.75	5.72	5.76	2,15,542	09.80	05.70	05.75	7,94,791
October	7.44	5.10	7.17	1,45,919	07.45	05.25	07.25	3,51,150
November	8.30	6.59	6.85	98,669	07.90	06.20	07.00	2,97,196
December	10.50	6.70	7.89	11,16,989	09.55	6.66	07.8	19,32,693
January	8.20	6.81	7.30	1,22,325	08.15	06.80	07.35	2,92,410
February	7.50	5.68	6.00	95,229	07.50	05.60	06.30	3,76,149
March	8.35	6.26	6.87	1,49,227	08.25	06.10	06.95	3,59,912



▪ Distribution of shareholding as on 31 March 2019

No of Shares held	No of Shareholders	% of Shareholders	No of Shares	% of Shareholding
10-5000	19,275	79.14	2287713	5.16
5001-10000	2,095	8.60	1746888	3.94
10001-20000	1,216	4.99	1917076	4.33
20001-30000	453	1.86	1175416	2.65
30001-40000	250	1.03	889995	2.01
40001-50000	246	1.01	1181443	2.66
50001-100000	383	1.57	2920854	6.59
100001 & Above	439	1.80	32147908	72.62
Total	24357	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 2019.

Category	Number of shareholders	Number of shares	% to total equity
Demat mode			
NSDL	15,177	2,36,15,802	53.34
CDSL	8,345	1,63,41,669	36.92
Physical mode	835	43,09,822	9.74
Total	24,357	4,42,67,293	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	2	32,00,894	7.23
	Total Shareholding of Promoter Group	2	32,00,894	7.23
B	Public Shareholding			
1	Institutions			
	Mutual Funds / UTI	0	0	0.00
	Financial Institutions / Banks	1	12	0.00
	Venture Capital Funds	1	37,62,375	8.50
	Insurance Companies	1	30,478	0.07
	Foreign Institutional Investors	0	0	0.00
	Others-Foreign Portfolio Investors	0	0	0.00
	Sub Total B(1)	3	37,92,865	8.57
2	Non-institutions			
	Bodies Corporate	340	60,92,381	29.50
	Individuals			
	Individual shareholders holding nominal share capital up to ₹ 2 lakh	21,966	1,30,63,624	30.92
	Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	188	1,31,10,151	29.63
	Others:			
	Directors & their Relatives	5	23,64,323	5.34
	HUF	648	11,22,254	2.54
	Trusts	2	105	0.00
	NRI	256	14,88,853	3.19
	Clearing Members	32	36,489	0.08
	Sub Total B(2)	24,373	3,72,60,472	84.17
	Total Public Shareholding (B)=B(1)+B(2)	23,424	4,10,63,337	92.76
	Total (A+B)	24,426	4,42,67,293	100.00

Shareholders holding more than 1% of the equity share capital

	Name of the shareholder	No. of shares	% of shareholding
1	I Labs Venture Capital Fund	37,62,375	8.50
2	Venkataraman Kumar Gandaravakottai	22,26,911	5.03
3	Ravindra Babu S	26,88,768	6.07
4	Sri Power Generation (India) Private Limited	17,69,822	4.00
5	Godavari Greenlands Pvt Ltd	13,43,750	3.04
6	Satyavathi Denukuri	8,35,500	1.89
7	Srinivas Raju D	7,47,600	1.69
8	Vargis Jacob	5,82,709	1.32
9	S Ravindra Babu	5,12,126	1.16
10	Rajendra Y. Shah	4,67,000	1.05
11	Rajagopalan Shyamsunder	4,46,936	1.01
	Total	1,53,83,497	34.76

- **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 shareholder. The company is complying with SEBI's directive in this regard.

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

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

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

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

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

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

- **Go Green initiative**

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

- **Plant locations**

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

- **Address for correspondence**

Company Secretary & Compliance Officer

Megasoft Limited

85, Kutchery Road, Mylapore, Chennai 600004

Tel: +91.44.24616768, Fax: +91.44.24617810, email: investors@megasoft.com

For and on behalf of the Board of Directors

GV Kumar

Managing Director

D Sudhakar Reddy

Executive Director

Place : Hyderabad

Date : 28 May 2019

Management's Discussion and Analysis

(1) Background and Overview

The global telecoms industry landscape is changing faster than ever. Telco companies are trying to reinvent themselves and stay relevant in the digital era. Across all regions, they have expanded their service portfolios to include a widening array of offerings and look to capitalize on growth opportunities across technology, media and telecommunications in areas like enterprise cloud, TV and the Internet of Things (IoT).

2019 will present several opportunities for service providers to bolster current revenue sources or to create entirely new revenue streams. Many of those opportunities will arise from changing market conditions, consumer preferences and the first large-scale rollouts of 5G technologies, which are expected to create significant business opportunities for telecom companies.

Amid shifts in technology, regulatory and customer behavior, the industry has focused on consolidation. But long-term, sustainable growth will require new network platforms, business models and capabilities that harness the Internet of Things (IoT) to meet changing customer needs. IoT, predictive analytics and machine learning are creating new business opportunities for the telecom companies.

Additionally, Latin American Market is witnessing a churn with the MVNO players getting fresh momentum with new launches, specialized services and data centric offerings.

The faith of Your Company's dynamic business will continue to rely on its agile innovation adoption, democratized customer strategies and strategic partnerships.

(2) Financial results

Your company reported a consolidated turnover of ₹ 6,170 lakhs in 2019 as against ₹ 6625 lakhs in 2018. Profit after tax for the financial year under review is ₹ 33.42 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 customer

- Software Licensing and Customization

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

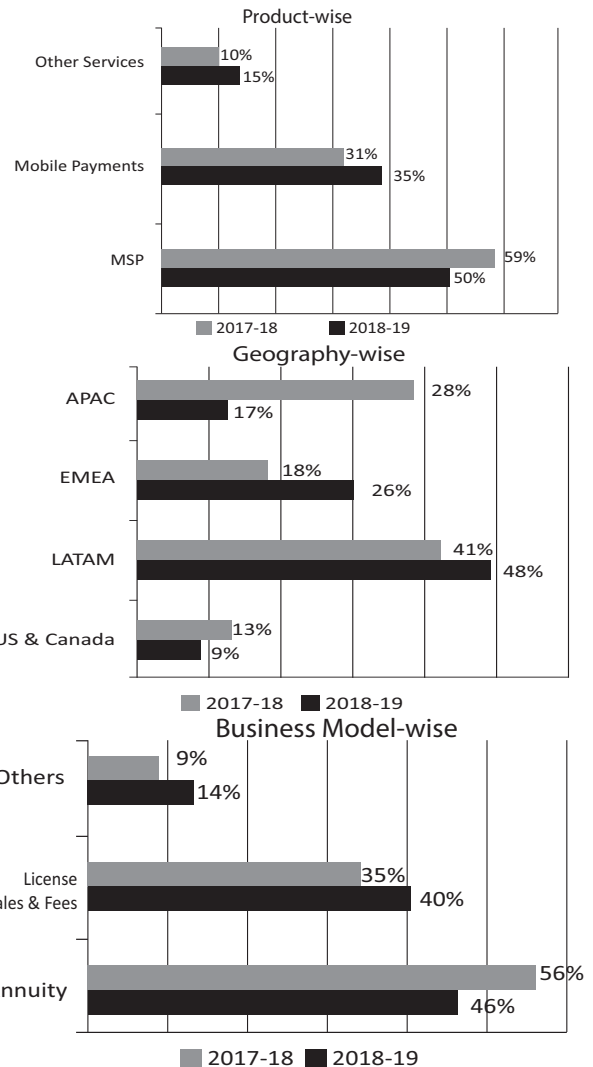
- Services and Maintenance

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

B Segment-wise Performance

C Significant Transactions during the period under review

During the previous financial year, after the Shareholders' approval through the postal ballot dated 22nd March 2016 for the



same, the company entered into a Joint Development Agreement with M/S Darshita Infrastructure Ltd (A Salarpuria Sattva Group Company) & obtained necessary Statutory approvals from TSIC and other regulatory authorities for setting up a large IT facility at its property at Nanakramguda (which was registered in the company's favor in May 2015 by TSIC through a conditional sale deed). Block 1 of the said IT facility was completed on time and the same has been rented out during the last quarter of financial year 2018, as declared by the company vide its disclosure to the Stock Exchanges on 14 February 2019.

(3) Industry Outlook

A MVNO Expansion Continues

If there is one theme that can sum up the state of the MVNO industry in 2019, it can be explained in a single word – change. Throughout 2018, MVNOs and the mobile industry in general were buffered by winds of change blowing from several directions. Changes in regulation, technology, market demand, industry participation and business models created challenges for companies the world over.

The world's most mature MVNO markets in Europe, North America and parts of Asia have experienced intense price

competition for a number of years. As more and more emerging markets transition from voice to data-led revenue streams, this is becoming a global phenomenon.

'Research and Markets' estimates the global MVNO market size to reach USD 94.82 billion by 2025. The market is anticipated to expand at a CAGR of 7.6 percent during 2018-2025. This can be attributed to growing demand for data services and increasing number of mobile users across the globe. In addition, increasing number of services such as cloud, Internet of Things (IoT) and mobile money are expected to drive MVNO demand further.

In the last decade, government regulations designed to open up the telecom market in Latin America have presented MVNOs new opportunities. The result has been a flurry of MVNO activity in markets including Mexico, Colombia and Chile. And, while it is early days, there are also signs that the MVNO revolution will spread across Peru, Venezuela and Ecuador. So, probably the best way to characterize the LATAM MVNO market is as a significant opportunity that is yet to be effectively realized.

There is no shortage of optimism about the opportunities that lie ahead. Plenty of stakeholders are planning to roll out new MVNO brands in the short to medium term, invest in global expansion and prioritize moving into new markets and verticals.

B 5G & the Internet of Things (IoT)

5G is expected to create a wide range of opportunities. With their 5G expanded capabilities, telcos will need to invest in technology to create go-to-market models that capture 5G-IoT business potential. The advent of 5G will see telecommunication companies partnering with other providers to capture new market opportunities – smart city technologies, fleet management, predictive maintenance, data collection and analytics, block chain – as well as becoming primary OTT providers in their own right.

The worldwide development of smart cities is trending majorly. Smart cities are formed by the integration of advanced technologies such as geospatial technology, the block chain, Internet of Things (IoT) and artificial intelligence, among other Internet of Things (IoT) holds prime importance as compared to other IT technologies. In smart cities, IoT provides the perfect platform for uninterrupted communication of data that is generated from smart electronic devices.

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

The U.S. is projected to dominate the global IoT in smart cities market in the future owing to the significant presence of leading market players, strict government regulations, various technological advancements and huge investments made for technological adoption. Nearly 715 million units of IoT-based consumer electronic devices were installed in the U.S. recently.

In Latin America, IoT solutions are significantly adopted for traffic management in smart cities. This can be attributed to the increasing automotive concentration and the implementation of various IoT-based traffic solutions in the region.

The escalating IoT spending is significantly driving the IoT in smart cities market in the Middle East and Africa. Over the 2019-2025 forecast time period, 15 percent growth in the region's IoT spending is anticipated.

C Mobile Payments

Today's telecommunication companies are at the forefront of rapid innovations in the field of fintech, mobile payments, location-based data services and more. As money 'goes mobile', more telecommunication companies may be expected to grasp financial services sector and initiate new alliances that enable real-time payments for individuals and enterprises.

According to Allied Market Research, global mobile payment transactions will be worth more than \$3.5 trillion by 2023, following growth of 33.8 percent CAGR. Mobile payments have been gaining popularity, setting expectations for a bright future across the globe. As more people now have a mobile device than a bank account, it's no surprise seeing such an uptake in usage.

On a micro level, mobile payments streamline the purchase experience, and thereby have the potential to boost both online and offline sales. On a macro level, they're one of the strongest ways to bring consumers without access to bank accounts or electronic payment systems into the financial ecosystem.

Asia Pacific is ahead of even its closest rival Latin America, while regions characterized by mature economies like Europe and North America lag behind. This is rooted in the differing financial infrastructures within both developing and developed markets. Fast-growth markets provide a fertile ground for mobile payments due to their rapid transition from cash-driven economies to digital payment hubs.

Meanwhile, nation states and central banks across the world (e.g. Indonesia and Mexico) use mobile payments to promote financial and commercial inclusion of previously under-served customers in remote areas. These newly-connected cashless consumers carry enormous growth potential in developing economies, ultimately followed by increases in spending.

Innovations in the mobile payments space are likely to continue as more countries worldwide develop single digital payments ecosystems. This holds large implications for driving growth in the fintech sector, with a high potential for disruption of traditional banking.

D Cloud Enablement & Services

Telecommunication companies are leveraging the scale and agility of cloud to virtualize networks, rapidly introduce innovation and embrace IoT opportunities. That includes investing in cloud platforms to deliver new digital services – including OTT content, SaaS applications and cloud-based unified communication services. Moving ahead, it is expected that cloud becomes increasingly embedded in business processes as telecommunication companies strive to manage and automate their omni-channel interactions with customers and mine big data to tap into additional revenue opportunities.

The worldwide public cloud services market is projected to grow 17.5 percent in 2019 to total \$214.3 billion, up from \$182.4 billion in 2018, according to Gartner, Inc.

According to recent Gartner surveys, more than a third of organizations see cloud investments as a top three investing priority, which is impacting market offerings. Gartner expects that by the end of 2019, more than 30 percent of technology providers' new software investments will shift from cloud-first to cloud-only. This means that license-based software consumption will further plummet, while Software as a Service (SaaS) and subscription-based cloud consumption models continue their rise.

Organizations would need cloud-related services to get onboarded onto public clouds and to transform their operations as they adopt public cloud services. Currently, almost 19 percent of

cloud budgets are spent on cloud-related services such as cloud consulting, implementation, migration and managed services and Gartner expects that this rate will increase to 28 percent by 2022.

E Cyber Security

Cyber security continues to rise in importance as business and daily life are increasingly digitized. Many businesses are increasing their security investments or elevating their security focus. More and more firms realize that they must be proactive in probing for weaknesses or detecting possible breaches.

The mobile cyber security 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 cyber security 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 cyber security solutions.

(4) Business Strategy and Focus for 2019

Your Company has laid out a new path of implementing Strategic Business Units (SBUs) because we believe that only this structure can ensure alignment throughout the organization and at the same time facilitate adaptability. By being a BU-based organization, we can move beyond command-and-control and capture the value that new technologies and business systems are injecting into the economy. The SBUs Structure also aligns your company better with geographical market we have a presents in and those we want to address with our existing and envisaged products and services portfolio.

Going forward, Your Company's Business Units (BUs) will focus on 1. Africa, Middle East & Asia (AMEA) for all products & services; 2. Mobile Services Platform (MSP) for MVNOs in Americas and (AMEA); 3. Payment Manager for LATAM in specific as well as other regions and 4. Internet of Things (IoT) for the US market.

Your Company has also introduced a New Product Group (NPG) to analyze market and customer demand, conceptualize suitable products and offer our target customer what is most needed.

For 2019 and beyond, the company will execute on the following approach to growing the business:

A MVNOs in Latin America – Growing Opportunities

In Latin America, MVNO offerings are rapidly expanding and new launches are happening all the three countries, Mexico, Colombia, Peru, Chile, Ecuador etc. In Colombia, deregulation has helped the market expand to over 5 million MVNO subscribers. The country has also proved welcoming to several MVNOs that have their roots in adjacent industries including finance and retail. Mexico, being the largest Market, is also witnessing a rapid growth of MVNO services.

Your company has vast operational experience of having deployed its Mobile Services Platform (MSP) for many MVNE/O clients and in this region is confident of addressing varying future business requirements of MVNO customers in Latin America. 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.

B 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, is developing and running mission-critical payment processing and switching solutions to modernize the growth of immediate payments.

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. In 2018, the number of mobile payment users in India surged to 73.9 million from 52.9 million in 2017, an increase of 39.7 percent. This year, the number is expected to grow to 93.3 million according to research firm eMarketer estimates.

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 transfer.

C 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 smartphones 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.

D Cloud Enablement & Services

Most organizations have adopted the public cloud as a cost-effective platform for hosting enterprise applications and for developing and deploying customer-facing solutions. Over the next five years, cloud platforms and ecosystems will serve as the launch-pad for an explosion in the scale and pace of digital innovation. The result will be 'multiplied innovation' with as many new applications deployed in the cloud as prior generations deployed over the previous four decades.

Software as a Service (SaaS) is expected to be the largest category of cloud computing, capturing more than half of all public cloud spending in 2019. Infrastructure as a Service (IaaS) will be the second largest category of public cloud spending followed by Platform as a Service (PaaS). IaaS spending, comprised of servers and storage devices, will be the fastest growing category of cloud spending. PaaS spending will be the second-fastest growing category led by purchases of data management software application platforms, integration and orchestration middleware and data access, analysis and delivery applications.

Your Company intends to pursue Cloud Enablement Services as a key focus area.

E 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, 5G Mobile Operators, MVNE/MVNOs, Converged Broadband 4G (LTE) Service Providers, Mobile Operator Wholesale Departments, and M2M, IoT Service Providers
- XIUS MSP offers a complete suite of cost-competitive and reliable infrastructure options that enable mobile services delivery along with real-time rating and billing.
- Megasoft is best positioned to enable service providers navigate an increasingly complex mobile ecosystem by allowing to launch branded mobile services.

In 2019, 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 subscribers. 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 5G & 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 Mobile 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 ARPUS 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 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

Your Company's 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, has become a great success and has brought tremendous enthusiasm and motivation among the employees. To keep the skill set honed and up to date, the employees are professionally trained in technologies like LTE, cyber security, IoT and cloud. To ensure profitable contract closure the company has revised the sales incentive plan to motivate the sales organization with more closures.

(9) Quality Certifications

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

ISO 9001:2015 – Quality Management System

The company's products & solutions ensure customer satisfaction.

ISO 27001:2013 – Information Security Management System

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

(10) Property

During the previous financial year, after the Shareholders' approval through the postal ballot dated 22nd March 2016 for the same, the company entered into a Joint Development Agreement with M/S Darshita Infrastructure Ltd (A Salarpuria Sattva Group Company) & obtained necessary Statutory approvals from TSIC and other regulatory authorities for setting up a large IT facility at its property at Nanakramguda (which was registered in the company's favor in May 2015 by TSIC through a conditional sale deed). Block 1 of the said IT facility was completed on time and the same has been rented out.

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 decreased to ₹ 4,081.98 lakhs from ₹ 4,704.46 lakhs in the previous year. The changes are due to Part payment of Loans and fluctuations in foreign currency rate.

Deferred tax liability / asset

The deferred tax asset is ₹ 56.90 lakhs at the end of the financial year as against deferred tax asset of ₹ 91.74 lakhs in the previous year.

Trade Payables & Other current liabilities

The trade payables and other current liabilities increased to ₹ 14,360.54 lakhs in 2019 from ₹ 11,450.72 lakhs in 2018. 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-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Provision for retirement benefits	80.81	32.83	126.59	165.86	207.40	198.69

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

Fixed assets

The fixed assets increased to ₹ 15,918.52 Lakhs in the current year from ₹ 9712.48 lakhs in the previous year. This is the net effect capitalisation of the completed block 1 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 Decrease in trade receivables (net of provisions) stood at ₹ 5,847.16 lakhs as against ₹ 7,461.41 lakhs in the previous year.

Cash and bank balances

The current year cash and bank balances of ₹ 303.65 lakhs was higher on account of lower operating expenses. The previous year-end balance was ₹ 89.84 lakhs.

Short term loans and advances

The short term loans and advances decreased to ₹ 1,506.15 lakhs in 2019 from ₹ 1,578.96 lakhs in 2018

Results of operations (consolidated)

For the period / year ended	31-Mar-2019 ₹ lakhs	31-Mar-2018 ₹ lakhs
Revenues	6187.37	6625.94
EBIDTA	1061.10	1059.94
Finance cost	614.83	519.87
Depreciation	375.76	431.16
Profit before tax	70.52	108.91
Less: Taxes	37.10	-60.23
Profit after tax	33.42	169.14

Revenues

The consolidated revenues Decreased to ₹ 6187.37 lakhs in 2019 from ₹ 6625.94 lakhs in 2018.

Other Income / (Expenses)

The foreign exchange profit (net) was ₹ 35.39 lakhs in current year 2019 as against ₹ 8.56 lakhs profit (net) in 2018 in the previous financial year. This movement was on account of foreign currency rate fluctuation. During the year, There was also rental income received towards partial occupancy at nanakramguda property.

Software, hardware and material costs

The Software, hardware and material costs of ₹ 2,179.24 lakhs in 2019 and ₹ 2,158.34 lakhs in 2018 are on account of project supplies at the customer site through execution of the project contracts.

Employee cost

The decrease in employee cost to ₹ 1677.95 lakhs in 2019 from ₹ 2,045.82 lakhs in 2018 is in the normal course of business.

Other expenses

The increase in other expenses to ₹ 2133.02 lakhs in 2019 from ₹ 1,460.98 lakhs in 2018 is in the normal course of business.

Finance cost

The finance cost increased to ₹ 614.83 lakhs in 2019 from ₹ 519.87 lakhs in 2018.

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 ₹ 431.16 lakhs in the previous financial year to ₹ 375.76 lakhs in 2019 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 profit earned by the company during the year has been carried forward in full and hence there is an increase in closing balance in Statement of Profit & Loss.

Borrowings

The total debt in the current year decreased to ₹ 1211.37 lakhs from ₹ 1699.43 lakhs in the previous year.

Deferred tax liability/asset

The deferred tax asset was ₹ 57.50 lakhs at the end of the financial year as against deferred tax asset of ₹ 91.74 lakhs in the previous year.

Trade Payables & Other current liabilities

The Trade payables and other current liabilities to ₹ 12632.89 lakhs from ₹ 9390.37 Lakhs in 2018 was on account of provision for hardware cost and also on account of monies received from the developer of Nanakramguda property the entire money of which utilised for settling the old contractor.

As at	Short term		Long term		Total	
	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Provision for retirement benefits	80.81	32.83	126.59	165.86	207.40	198.69

Provisions

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

Fixed assets

The fixed asset was ₹ 13555.14 Lakhs as against ₹ 7035.55 lakhs in the previous year. This is the net effect capitalisation of the completed block 1 at the company's property at Nanakramguda.

Investments

No additional investments were made during the financial year under review. Investments reduced to ₹ 3395.70 in 2019 from ₹ 5617.08 in 2018

Trade Receivables

The decrease in Trade Receivables from ₹ 4762.74 lakhs in the previous year to ₹ 3823.04 lakhs in the current year is in the normal course of the business and foreign currency exchange fluctuations.

Cash and bank balances

The cash and bank balance was ₹ 118.86 lakhs in 2019 as against ₹ 37.13 lakhs in 2018.

Short term loans and advances

The decrease in short term loans and advances from ₹ 7798.64 lakhs in 2018 to ₹ 7718.84 lakhs in 2019.

Result of Operations (Standalone)

For the period / year ended	31-Mar-2019 ₹ lakhs	31-Mar-2018 ₹ lakhs
Revenues	2363.77	2851.34
EBIDTA	549.27	-165.48
Finance cost	373.25	322.83
Depreciation	98.37	65.89
Profit before tax	77.66	-554.20
Less: Taxes	36.50	-60.23
Profit after tax	41.15	-493.97

Revenues

Revenues were ₹ 2363.77 lakhs in 2019 as against ₹ 2851.34 lakhs in 2018.

Other Income / (Expenses)

The foreign exchange gain (net) was ₹ 185.37 lakhs in 2019 as against profit of ₹ 8.56 lakhs in 2018. The foreign exchange movement was on account of foreign currency rate fluctuation. During the year, There was also rental income received towards partial occupancy at nanakramguda property.

Software, hardware and material costs

The Software, hardware and material costs was ₹ 234.60 lakhs in 2019 as against ₹ 899.22 lakhs in 2018 .

Employee cost

The decrease in employee cost from ₹ 1,588.50 lakhs in 2018 to ₹ 1153.31 lakhs in 2019 in the normal course of the business.

Other expenses

The increase in other expenses from ₹ 628.23 lakhs in 2018 to ₹ 1440.51 lakhs in 2019.

Finance cost

The finance cost increased from ₹ 322.83 lakhs in 2018 to ₹ 373.25 lakhs in 2019.

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 ₹ 98.37 lakhs in 2019 as against ₹ 65.89 lakhs in 2018.

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 2019, 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: 28 May 2019

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 2019 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
28 May 2019

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 2018-19.

Hyderabad
28 May 2019

GV Kumar
Managing Director

Independent Auditors' Report on Consolidated Financial Statements

To the Members of the Megasoft Limited

Report on the consolidated financial Statements

1. Opinion

We have audited the Consolidated Ind AS Financial Statements of **MEGASOFT LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to Consolidated Ind AS Financial Statements and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, (changes in equity) and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing

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

3. Key Audit Matters

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

S. No	Key Audit Matter	Auditor's Response
1	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers":</p> <p>The application of the Ind AS 115 involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Hence, under Ind AS 115 revenue should be recognized when an entity transfers control of a goods or services to a customer. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Accordingly, the Company has not recognized revenue for sales initiated in the current year for which physical delivery of goods has happened in the next financial year.</p>	<p>We assessed the Company's process and policy to identify the impact of adoption of Ind AS 115. Our audit approach consisted testing of the design and operative effectiveness of internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> Evaluated the process relating to implementation of the new revenue accounting standard. Selected a sample of continuing and new contracts relating to identification of the distinct performance obligations and we carried out a combination of procedures involving observation and inspection of evidence in this regard. Identified the distinct performance obligations in these contracts. Compared these performance obligations with that identified and recorded by the Company. Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
2	<p>Capitalization of Property and collection of Lease Rentals</p> <p>The Company has capitalized a property that had been given on Joint development which has started yielding lease rentals during the year.</p>	<ul style="list-style-type: none"> We have reviewed the Joint Development Agreement. We have verified the Partial Occupancy certificate given by the ZM and Commissioner. We have verified the lease rental agreements entered into by the Company. We have verified the entries passed in the books of accounts for capitalization and recognition of lease rentals.
3	<p>Evaluation of uncertain tax positions:</p> <p>The Company has uncertain tax and legal positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer "Contingent Liability and Data for Notes on accounts" annexure.</p>	<ul style="list-style-type: none"> We obtained the list of legal cases filed by and on the Company. We Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We also reviewed Company's correspondences and appeal documents. We obtained status reports from the existing counsels handling each case. Ascertained whether the chances of crystallization of liability are probable/ possible/ remote. Ensured appropriate disclosure under Notes on accounts.

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

7. Report on Other Legal and Regulatory Requirements

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

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

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

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

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

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

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

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

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

Arjun S
Partner
(Membership No. 230448)

Place : Hyderabad
Date : 28 May 2019

Consolidated Balance Sheet

	Note	As at 31-Mar-2019 ₹ lakhs	As at 31-Mar-2018 ₹ lakhs
ASSETS			
Non-Current assets			
Property, Plant and Equipment	2	12,837.12	3,951.08
Capital WIP	2	3,081.40	5,761.40
Goodwill		7,936.12	10,157.50
Financial Assets			
-Other Financial Assets	3	124.87	113.52
Deferred Tax Assets	4	56.90	91.74
Other Non Current Assets	5	11.49	22.95
Current Assets			
-Trade Receivables	6	5,847.16	7,461.41
-Cash And Bank Balances	7	258.60	61.54
Other Balances with Bank	8	45.05	28.30
Current Tax Assets (Net)	9	469.73	454.57
Other Current Assets	10	1,506.15	1,578.96
TOTAL ASSETS		32,174.59	29,682.97
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11 A	4,426.73	4,426.73
Other Equity	11 B	9,305.34	9,101.05
Total Equity		13,732.07	13,527.78
Non-Current Liabilities			
Financial Liabilities			
-Other Financial Liabilities	12	1,084.60	861.79
Provisions	13	126.59	165.86
Current Liabilities			
Financial Liabilities			
- Borrowings	14	4,081.98	4,704.46
- Trade payables	15	1,478.69	2,686.47
- Other financial liabilities	16	1,580.70	1,601.62
Provisions-Current	17	746.11	561.91
Other current liabilities	18	9,343.85	5,573.08
TOTAL EQUITY & LIABILITES		32,174.59	29,682.97
Significant Accounting Policies	1		
Other Notes to Financial Statements	2-35		
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 : 28 May 2019

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Anil kumar Sood
Director

D Sudhakar Reddy
Executive Director

Shridhar Thathachary
Chief Financial Officer

Srivalli Manda
Company Secretary

Consolidated Statement of Profit & Loss

	Note	For the year ended 31-Mar-2019 ₹ lakhs	For the year ended 31-Mar-2018 ₹ lakhs
Income			
Revenue from Operation	19	6,187.37	6,625.94
Other Income	20	863.94	99.13
		7,051.31	6,725.07
Expenses			
Software, hardware and material cost		2,179.24	2,158.34
Employee benefits expense	21	1,677.95	2,045.82
Finance costs	22	614.83	519.87
Depreciation and amortisation expense		375.76	431.16
Other expenses	23	2,133.02	1,460.98
TOTAL EXPENSES		6,980.79	6,616.17
Profit/(Loss) Before tax		70.52	108.91
Tax expense			
Current tax		2.86	-
Deferred tax		34.24	(60.23)
Total tax expense		37.10	(60.23)
Profit/(Loss) for the year		33.42	169.14
Other Comprehensive Income/(Loss)			
A Items that will not be reclassified to profit and loss			
i) Remeasurements of post employment benefit obligations		12.47	28.13
ii) Changes in Revaluation Surplus		2,773.73	-
B Items that will be reclassified to profit and loss			
i) Fair Value Changes in Equity Instruments through OCI		(2,221.38)	-
Other Comprehensive Income for the year		564.82	28.13
Total Comprehensive Income for the year		598.24	197.26
Earnings per equity share (in ₹)			
(1) Basic		0.08	0.38
(2) Diluted		0.08	0.38
Significant Accounting Policies	1		
Other Notes to Financial Statements	2-35		
The notes referred to above form integral part of these financial statements			

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Chief Financial Officer

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Company Secretary

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, 2018		Changes in equity share capital		Balance as at 31st March, 2019				
Equity shares with voting rights		4,426.73		-		4,426.73				
Total		4,426.73		-		4,426.73				
B Other Equity										
	Securities Premium Reserve	Capital Reserve	Foreign Currency Translation Reserve	General Reserve	Business Reconstruction Reserve	Revaluation Reserve	Retained Earnings	Other Comprehensive Income	Total	
Balance as at 1st April 2018	250.66	5.59	(2,090.11)	2,546.73	21.38	-	8,338.67	28.13	9,101.05	
Addition during the current year	-	-	(393.94)	-	-	2,773.73	-	-2208.90	170.88	
Profit for the year	-	-	-	-	-	-	33.42	-	33.41	
Balance as at 31st March 2019	250.66	5.59	(2,484.05)	2,546.73	21.38	2,773.73	8,372.09	(2,180.78)	9,305.34	

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Consolidated Cash Flow Statement

	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
	₹ lakhs	₹ lakhs
A. Cash flow from Operating Activities		
Net Profit Before Tax	70.52	108.91
Adjusted for:		
Depreciation	375.76	431.16
Provision for retirement benefits	12.47	(28.13)
Interest Income	(12.32)	(2.45)
Interest & Bank Charges	513.27	519.87
Unrealised Foreign Exchange Fluctuation	(393.94)	(167.02)
Operating Profit Before Working Capital Changes	565.76	862.34
Adjusted for:		
Trade and other Receivables	1,690.00	(1,723.71)
Trade and other payables	2,909.81	1,926.00
Prepaid Expenses	11.46	583.30
Other Financial Assets	(11.35)	(10.32)
Cash Generated from operations	5,165.67	1,637.61
Net prior year adjustments	-	
Current Tax (Current and relating to Previous years)	(2.86)	(8.91)
Deferred Tax	(34.84)	(60.15)
Net Cash from / (Used in) Operating Activities [A]	5,127.97	1,568.55
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(6,488.07)	(20.45)
Capital Work In Progress (WIP)	2,680.00	(1,611.40)
Interest Income (Gross)	12.32	2.45
Intangibles	-	448.82
Net Cash from / (Used in) Investing Activities [B]	(3,795.75)	(1,180.58)
C. Cash flow from Financial Activities		
Increase on Short Term Borrowings		106.40
Repayment of deposits		31.61
Proceeds from Borrowings	-	
Repayment of Borrowings	(622.48)	-
Interest & Bank Charges	(513.27)	(519.87)
Net Cash flow from/(Used in) Financing Activities [C]	(1,136)	(382)
Net Cash Flows during the year {A+B+C}	197.06	5.46
Cash & Cash Equivalents(Opening Balance)	61.54	56.08
Cash & Cash Equivalents (Closing Balance)	258.60	61.54

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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Date : 28 May 2019

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

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

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

B Basis of Preparation

These Financial Statements have been prepared on accrual basis of accounting in accordance with Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rule, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. 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.

Note 1B Significant accounting policies

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

a Revenue Recognition

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

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

b Property, Plant and Equipment

i. Initial and Subsequent Recognition:

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

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

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

asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/ amortization.

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

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

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

ii. Depreciation

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

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

iii. Goodwill and Other Intangible Assets:

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

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

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

iv. Capital work – in – progress:

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

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

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

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.

I Business Combination

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

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

m Financial Instruments

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

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

❖ Financial asset

Amortised Cost

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

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at FVTPL

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

Financial assets at FVOCI

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non – trading equity instruments that are designated to this

category. FVOCI financial assets are measured at fair value. Gains and losses are recognised in Other Comprehensive Income, except for interest and dividend income and foreign exchange differences on monetary assets, which are recognised in statement of profit and loss.

❖ Financial Liabilities

Initial recognition and measurement

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

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

Classification and subsequent measurement of financial liabilities

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

2 Fixed Assets

(₹ lakhs)

Particulars	Gross Block					Depreciation				Net Block		
	Cost as at 1-Apr-2018	Additions/ Revaluation	Deletions / Adjustments	Foreign exchange translation difference	Cost as at 31-Mar-2019	As at 1-Apr-2018	For the period/ year	On Deletions / Adjustments	Foreign exchange translation difference	Total as at 31-Mar-2019	As at 31-Mar-2019	As at 31-Mar-2018
(A) Tangible Assets												
Land & Land Development *	899.60	2,773.72	-	-	3,673.32	-	-	-	-	-	3,673.32	899.60
Building	-	6,492.94	-	-	6,492.94	-	25.65	-	-	25.65	6,467.29	-
Plant & Machinery	394.61	96.12	-	34.00	524.73	247.98	119.52	-	21.37	388.87	135.86	146.63
Computer systems & Software	13,911.20	148.39	-518.79	433.00	13,973.81	11,560.39	154.12	-	298.49	12,013.00	1,960.81	2,350.81
Furniture & Fittings	572.10	12.23	-	49.12	633.45	443.81	22.73	-	38.11	504.65	128.80	128.29
Vehicles	84.80	-	-	-	84.80	75.82	-	-	-	75.82	8.98	8.98
Sub Total	15,862.31	9,523.40	-518.79	516.12	25,383.05	12,328.00	322.02	-	357.96	13,007.98	12,375.07	3,534.31
(B) Intangible Assets												
Intellectual Property Rights	68.00	-	-	-	68.00	68.00	-	-	-	68.00	-	-
Patents	1,189.19	64.45	-	-	1,253.64	772.42	19.17	-	-	791.59	462.05	416.77
Sub Total	1,257.19	64.45	-	-	1,321.64	840.42	19.17	-	-	859.59	462.05	416.77
(C) Capital WIP												
Capital WIP	5,761.40	320.00	3,000	-	3,081.40	-	-	-	-	-	3,081.40	5,761.40
Total	22,880.90	9,907.85	2,481.22	516.12	29,786.09	13,168.42	341.19	-	357.96	13,867.57	15,918.52	9,712.48
Previous year	21,474.87	1,716.89	-	-310.86	22,880.90	12,945.42	431.16	-	-208.16	13,168.42	8,529.45	9,215.84

*Land has been revalued during the year to reflect the Fair Value. Accordingly an amount of ₹ 2,773.73 lakhs has been taken to the revaluation surplus through Other Comprehensive Income.

	As at 31-Mar-2019 ₹ lakhs	As at 1st-Apr-2018 ₹ lakhs
3 Financial Asset		
Other Financial Assets	124.87	113.52
Total	124.87	113.52
4 Deferred Tax Asset - Non Current		
On account of depreciation	2.97	30.34
On account of others	53.92	61.40
Total	56.90	91.74
5 Other Non Current asset		
Prepaid expenses	11.49	22.95
Total	11.49	22.95
6 Trade Receivables		
Unsecured		
- considered good	5,847.25	7,461.41
- Others	-	-
Less: Allowance for unsecured bad and doubtful debts	-	-
Total	5,847.16	7,461.41
7 Cash And Bank Balances		
(A) Balances with Banks:		
- Current accounts	258.47	61.42
- Cash on hand	0.13	0.12
Total	258.60	61.54
8 Other Bank balances		
Deposits held as Margin Money	45.05	28.30
Total	45.05	28.30
9 Current Tax (Liabilities)/Asset		
Provision For Taxation	469.73	454.57
Total	469.73	454.57
10 Other Current Assets		
Loan and advances to subsidiary company		
Prepaid Expenses	482.98	560.36
Security Deposits	57.32	58.20
Accrued Interest Receivable	14.18	13.31
Indirect Tax Receivable	586.17	561.38
Other Advances		
-Staff Advances	30.08	6.11
-Others	335.43	379.60
Total	1,506.15	1,578.96
11A : Share Capital		
a) Authorised Capital	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
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
(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)		
Total	4,426.73	4,426.73

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

Particulars	Equity Shares As at 31st March,2019		Equity Shares As at 31st March,2018	
	Number	Amount	Number	Amount
	Shares outstanding at the beginning of the year	4,42,67,293	4,426.73	4,42,67,293
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73

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

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

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

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

Particulars	As at 31st March,2019		As at 31st March,2018	
	No. of shares	%	No. of shares	%
I labs Venture Capital Fund	3,762,375	8.50%	3,762,375	8.50%
Venkatraman Kumar Gandaravakottai	2,226,911	5.03%	2,226,911	5.03%

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

11B Other Equity

a Securities Premium Account				
Opening balance			250.66	250.66
Closing balance			250.66	250.66
b Capital Reserve			5.59	5.59
Closing balance			5.59	5.59
c Foreign Currency Translation Reserve			(2,090.11)	(2,257.13)
Changes during the year			(393.94)	167.02
Closing balance			(2,484.05)	(2,090.11)
d Business Reconstruction Reserve			21.38	21.38
Closing balance			21.38	21.38
e General Reserve			2,546.73	2,546.73
Closing balance			2,546.73	2,546.73
f Retained Earnings				
Opening balance			8,338.67	8,169.53
Net Profit/ (Loss) for the year			33.42	169.14
Closing balance			8,372.09	8,338.67
g Revaluation Surplus				
Opening balance			-	-
Changes during the year			2,773.73	-
Closing balance			2,773.73	-
h Other Comprehensive Income				
As per Last Balance Sheet			28.13	-
Add: Movement in OCI during the year (net)			564.82	28.13
Less: Transfer to Revaluation Surplus			(2,773.73)	-
Total Other Comprehensive Income			(2,180.78)	28.13
Total			9,305.34	9,101.05

12 Other Financial Liability - Non Current

Security Deposit-JDA			1,030.86	803.79
Deferred Premium Translation of financial Liabilities			53.75	58.00
Total			1,084.60	861.79

13 Provisions - Non Current

Provision for Gratuity			102.28	130.54
Provision for leave encashment			24.32	35.32
Total			126.59	165.86

14 Borrowings - Current

Secured				
Loans repayable on demand - Working Capital Loan			4,081.98	4,305.76
Unsecured				
Others			-	398.71
Total			4,081.98	4,704.46

15 Trade Payables		
Due to micro, small and medium and micro enterprises	1,478.69	2,686.47
Total	1,478.69	2,686.47
16 Other Financial Liabilities		
Interest Accrued and due on Borrowings	1,486.85	1,524.64
Deferred premium translation of Financial Liabilities	93.86	76.98
Total	1,580.70	1,601.62
17 Provisions - Current		
Provision for Gratuity	59.35	26.00
Provision for Leave Encashment	21.46	6.83
Provision for Outstanding Expenses	665.30	529.07
Total	746.11	561.91
18 Other current liabilities		
Statutory Dues Payable	24.84	88.84
Salary Payable	259.32	359.96
Other Payables*	9,059.70	5,124.28
* Includes amounts received on JDA property.		
Total	9,343.85	5,573.08
19 Revenue From Operation		
Revenue from sale of services	6,187.37	6,625.94
Total	6,187.37	6,625.94
20 Other Income		
Interest Income - Security Deposit	11.35	12.77
Amortization Income - JDA Land	83.59	76.98
Other non-operating income		
Rental Income	112.90	-
Interest Received	0.97	0.82
Sub Total	208.81	90.57
Other gains and losses		
Creditor Written Back	619.11	-
Net foreign exchange gain	35.39	8.56
Profit on Sale of Fixed Asset	0.63	-
Sub Total	655.13	8.56
Total	863.94	99.13
21 Employee benefit expense		
Salaries and Wages	1,584.01	1,940.60
Contribution to Provident Fund and other funds	59.45	84.16
Staff Welfare	34.49	21.06
Total	1,677.95	2,045.82
22 Finance costs		
Interest expenses	513.27	468.92
Bank Charges	101.56	50.95
Total	614.83	519.87
23 Other expenses		
Services Rendered by business associates and Others	469.69	461.41
Electricity Charges	70.27	69.39
Insurance Expenses	69.07	91.41
Travelling and conveyance	89.90	205.86
Legal and professional charges	52.31	80.23
Rates and taxes	24.10	2.39
Rent	240.38	243.64
Repairs and Maintenance	85.61	85.88
Security charges	11.51	-
Communication costs	35.49	46.93
Business promotion expenses	210.24	97.07

Printing and stationery	4.98	4.71
Audit fees (Excluding Taxes)		
Statutory Audit Fees	21.30	25.03
Tax and Other Matters	5.00	--
Sitting fees paid	4.35	6.45
Bad Debt Written Off	700.45	-
Miscellaneous expenses	38.36	40.55
(under this head, there is no expenditure which is in excess of 1% of Revenue of Operations or ₹ 10 Lakhs whichever is higher)		
Total	2,133.02	1,460.98

24 Earnings Per Share

Net Profit /(Loss) attributable to Equity Shareholders (A) (In ₹)	33.42	169.14
Weighted average number of equity shares outstanding during the period (B) (In Nos.)	4,42,67,293	4,42,67,293
Basic & Diluted EPS (A/B) (in ₹)	0.08	0.38

25 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 – Managing Director

D Sudhakar Reddy – Executive Director

Details of Related Party Transactions during the year :		
Particulars	For Year Ended 31.03.2019	For year ended 31.03.2018
Associates :		
1. Reimbursement of Common Expenses received	9.64	13.92
2. Due to / (from)	(2.39)	(2.45)
Directors & Key Management Personnel :		
3. Remuneration to Executive Directors	52.06	52.06
4. Commission to Non Executive Directors	-	-
5. Directors Sitting Fees	4.35	6.45

26. Commitments & Contingencies

- (i) Bank guarantees 168.84 67.05
- (ii) Issuance of Stand-by Letter of credit by the company's bankers in respect of working capital loan taken by the wholly owned subsidiary. The said loan taken by the subsidiary is further secured by way of a corporate guarantee of the company.
- (iii) The Company has appealed against the Assessment order for a demand of ₹ 645.88 lakhs for the Assessment years 2012-13 and 2013-14 and 2013-14 to 2016-17 of CIT Appeals, TDS circle and Income Tax Appellate Tribunal.

27 Segmental Information

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.

	Period ended 31-Mar-2019	Period ended 31-Mar-2018
Business Segment (Primary)		
Revenues - Telecom	6,187.37	6,625.94
Segment profit	197.17	960.80
Less: Finance cost	614.83	519.87
Less: Depreciation	375.76	431.16
Other Income / (Expenses)	863.94	99.13
Profit before taxes	70.52	108.90
Less: Taxes	37.10	(60.23)

Profit after taxes	33.42	169.13
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Geographical Segment (Secondary)

Revenues

USA & Canada	556.86	861.37
South America & Latam	2,969.94	2,716.64
Middle East & Africa	1,608.72	1,192.67
APAC	1,051.85	1,855.26
	6,187.37	6,625.94

Carrying amount of segment assets

USA & Canada	8,934.93	6,901.47
South America	5,428.40	4,498.50
Middle East & Africa	1,365.57	1,171.36
APAC	7,846.58	6,271.36
Total	23,575.48	18,842.69

28. Employee benefits:

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

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

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

Particulars	Gratuity	
	31-03-2019	31-03-2018
Present Obligation at period beginning – Current	156.54	152.5
Service cost	15.58	18.42
Interest on defined benefit obligation	12.17	11.45
Past Service Cost	-	2.24
Actuarial (gain) / Loss	-	-
Benefit Directly Paid by the Employer	(10.20)	-
Current Liability (within 12 months)	-	-
Actuarial (gain) / Loss	4.76	(5.40)
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	1.17	(4.13)
Actuarial (gain) / Loss- Due to Change In Financial Experience	(18.41)	(18.58)
Present Value of Benefit Obligation at the End of the Period	161.63	156.54

Amount Recognized in Balance Sheet

Particulars	31 st March 2019	31 st March 2018
(Present Value of Benefit Obligation at the end of the Period)	(161.63)	(156.54)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(161.63)	(156.54)
Net (Liability)/Asset Recognized in the Balance Sheet	(161.63)	(156.54)

Expenses recognized in statement of profit and loss account

Particulars	31 st March 2019	31 st March 2018
Current Service Cost	15.58	18.42
Net Interest Cost	12.17	11.45
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	27.76	32.11

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

Particulars	31 st March 2019	31 st March 2018
Actuarial (Gains)/Losses on Obligation for the period	(12.47)	(28.12)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	(12.47)	(28.12)

Sensitivity Analysis

Particulars	31 st March 2019	31 st March 2018
Projected Benefit Obligation on Current Assumptions	161.63	156.54
Delta Effect of +1% Change in Rate of Discounting	(7.91)	(13.82)
Delta Effect of -1% Change in Rate of Discounting	9.03	16.30
Delta Effect of +1% Change in Rate of Salary Increase	7.93	15.02
Delta Effect of -1% Change in Rate of Salary Increase	(7.09)	(12.92)
Delta Effect of +1% Change in Rate of Employee Turnover	1.33	2.65
Delta Effect of -1% Change in Rate of Employee Turnover	(1.48)	(3.04)

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

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

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

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

29. Lease Income

Other Income includes ₹ 112.90 lakhs pertaining to Lease rentals received by the Company arising out of capitalization of a Property that had been given on Joint Development by the Company.

30. Assets Pledged as Security:

Particulars	31 st March 2019	31 st March 2018
Non-current assets		
First Charge		
Non - Financial Assets		
Property, Plant and Equipment	10,166.28	899.60
Capital work-in-progress		
Intangible assets		
Total Non-current assets pledged as security	10,166.28	899.60
Current assets		
First Charge		
Financial assets		
Trade receivable	5,847.16	7,461.41
Cash and cash equivalents		
Other bank balances		
Total Current assets pledged as security	5,847.16	7,461.41
Total assets pledged as security	16,013.43	8,361.01

31. Fair Value Measurements:

a) Financial Instruments by Category and their Fair Values:

Particulars	As at 31st March 2019		As at 31st March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Security Deposits	124.87	124.87	113.52	113.52
Trade Receivables	5,847.16	5,847.16	7,461.41	7,461.41
Cash and Cash Equivalents	258.60	258.60	61.54	61.54
Other Bank balances	45.05	45.05	28.30	28.30
Total Financial Assets	6,275.68	6,275.68	7,664.77	7,664.77
Financial Liabilities:				
Borrowings	4,081.98	4,081.98	4,704.46	4,704.46
Trade Payables	1,478.69	1,478.69	2,686.47	2,686.47
Other Financial Liabilities	2,665.31	2,665.31	2,463.41	2,463.41
Total Financial Liabilities	8,225.97	8,225.97	9,854.34	9,854.34

b) Fair Value Hierarchy:

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

c) Valuation Techniques:

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

32. Capital Management:

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

Particulars	As at 31st March 2019	As at 31st March 2018
Equity	4,426.73	4,426.73
Debt	4081.98	4,704.46
Total	8,508.71	9,131.19

33. Income Taxes:

The major components of Income Tax expense for the years ended 31st March, 2019 and 31st March, 2018 are as under:

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

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Current Tax	2.86	-
Deferred Tax	34.24	(60.23)
Total	37.10	(60.23)

Deferred tax asset as at 31st March, 2019 and 31st March, 2018 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 2019	Year ended 31st March 2018
Profit before tax	70.52	108.91
Tax on the above	2.86	
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Adjustments to profit as per previous year GAAP under Ind AS	-	-
Income Tax expense	2.86	-

c) Tax assets / liabilities c) Tax assets / liabilities

Particulars	As at 31st March 2019	As at 31st March 2018
Opening tax (asset) / liability	(454.57)	(364.73)
Add : Taxes Paid	-	-
Add : Credit availed	(15.16)	(89.84)
Less : Refund		
Less: Current tax payable	-	-
Closing tax (asset) / liability	(469.73)	(454.57)

d) Deferred Tax

Particulars	As at 31st March 2019	As at 31st March 2018
Deferred Tax Liability:		
On account of Employee Benefits	-	
Total Deferred Tax Liability	-	-
Deferred Tax Asset:		
On account of Depreciation differences	2.97	30.34
On account of Employee Benefits	53.92	61.40
Total Deferred Tax assets available	56.90	91.74
Recognition of Deferred Tax asset to the extent of Deferred Tax liability	56.90	91.74
Unused Deferred Tax asset (Not recognized)	-	-

34. Financial Risk Management:

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

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

a) Credit Risk:

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

Credit risk management

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

b) Liquidity risk:

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

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

Maturities of Financial Liabilities: 31st March, 2019:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	4,081.98			4,081.98
Trade Payables	1,478.69			1,478.69
Other Financial Liabilities		2,665.31		2,665.31
Total Financial Liabilities	5,560.66	2,665.31	-	8,225.97

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	-	2,463.41	-	2,463.41
Total Financial Liabilities	7,390.93	2,463.41	-	9,854.34

c) Market Risk:

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

i) Foreign currency risk:

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

ii) Interest rate risk:

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

Interest rate risk exposure

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
Variable rate borrowings	4,081.98	4,704.46

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, 2019	31st March, 2018
Interest cost – increase by 5% on existing Interest cost*	25.66	23.45
Interest cost – decrease by 5% on existing Interest cost*	(25.66)	(23.45)

* Holding all other variables constant.

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

Independent Auditors' Report to the Members of Megasoft Limited

To the Members of the Megasoft Limited

Report on the Standalone financial Statements

1. Opinion

We have audited the Standalone Ind AS Financial Statements of **MEGASOFT LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to Standalone Ind AS Financial Statements and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, (changes in equity) and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing

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

3. Key Audit Matters

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

S. No	Key Audit Matter	Auditor's Response
1	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers":</p> <p>The application of the Ind AS 115 involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Hence, under Ind AS 115 revenue should be recognized when an entity transfers control of a goods or services to a customer. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.</p> <p>Accordingly, the Company has not recognized revenue for sales initiated in the current year for which physical delivery of goods has happened in the next financial year.</p>	<p>We assessed the Company's process and policy to identify the impact of adoption of Ind AS 115. Our audit approach consisted testing of the design and operative effectiveness of internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> Evaluated the process relating to implementation of the new revenue accounting standard. Selected a sample of continuing and new contracts relating to identification of the distinct performance obligations and we carried out a combination of procedures involving observation and inspection of evidence in this regard. Identified the distinct performance obligations in these contracts. Compared these performance obligations with that identified and recorded by the Company. Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
2	<p>Capitalization of Property and collection of Lease Rentals</p> <p>The Company has capitalized a property that had been given on Joint development which has started yielding lease rentals during the year.</p>	<ul style="list-style-type: none"> We have reviewed the Joint Development Agreement. We have verified the Partial Occupancy certificate given by the ZM and Commissioner. We have verified the lease rental agreements entered into by the Company. We have verified the entries passed in the books of accounts for capitalization and recognition of lease rentals.
3	<p>Evaluation of uncertain tax positions:</p> <p>The Company has uncertain tax and legal positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer "Contingent Liability and Data for Notes on accounts" annexure.</p>	<ul style="list-style-type: none"> We obtained the list of legal cases filed by and on the Company. We Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We also reviewed Company's correspondences and appeal documents. We obtained status reports from the existing counsels handling each case. Ascertained whether the chances of crystallization of liability are probable/ possible/ remote. Ensured appropriate disclosure under Notes on accounts.

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated

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

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

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

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

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

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

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

and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

7 Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to Standalone Ind AS Financial Statements and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **“Annexure B”**.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigation on its financial position in its Standalone Ind AS Financial Statements – Refer Note no. 26 to the Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company.

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

Arjun S
Partner
(Membership No. 230448)

Place : Hyderabad
Date : 28 May 2019

Annexure A to the Auditors' Report

(Referred to in Para 7 of our report of even date)

- i.
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment were by which property, plant and equipment are verified in phased manner over a period of three year 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 have any inventory. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans except to its wholly owned subsidiary. The repayments are on demand and the terms are not prejudicial to the Company's interest. There are no overdue amounts on the loans granted to the wholly owned subsidiary.
- iv. In our opinion and according to the information and explanations given to us, the company has not granted any loans, made any investments or provided any guarantee or security as envisaged under Section 185 and Section 186 of the Companies Act 2013, respectively.
- v. The company has not accepted deposits from the public as per the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, hence reporting under this clause does not arise.
- vi. As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 148(1) of the Act.
- vii.
- (a) During the Financial Year, there have been delays by the Company in depositing undisputed statutory dues, as applicable to it, to the appropriate authorities
- There are no arrears of outstanding statutory dues beyond the period mentioned in clause vii (a) of the Order as at the balance sheet date except for ₹ 25.17 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 31st March, 2019 : (1) Income tax and Interest amounting to ₹ 379.71 lakhs pertaining to the Assessment Year 2012-13 (FY2011-12) is pending before the ITAT. (2) Income tax and Interest amounting to ₹ 248.38 lakhs pertaining to the Assessment Year 2013-14 (FY2012-13) is pending before the CIT Appeals. (3) Tax deducted at Source amounting to ₹ 17.79 lakhs for Assessment Years 2014-15 to 2017-18 (FY 2013-14 to 2016-17) is pending at the TDS Circle.
- viii As per the information and records produced and verified by us, the company has not defaulted in repayment of dues to financial institution. The company has not raised money by way of debentures and did not have any dues in respect of loans and borrowings payable to banks or government.
- ix According to the information and explanation given to us, the company has not raised money by way of initial public offer or further public offer or term loans during the year.
- x During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the company nor any fraud on the Company by its officers or employees during the year.
- xi According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii In our opinion and according to the information and explanation given to us, the company is not a Nidhi Company as prescribed under Section 406 of the Act. Hence reporting under this clause does not arise.
- xiii According to the information and explanation given to us, the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act 2013 and the details have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.
- xiv According to the information and explanation given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv According to the information and explanation given to us and based on our examination of the records of the company, the company has not entered into any non cash transactions with directors or person connected with him as referred to in section 192 of Companies Act, 2013.
- xvi According to the information and explanation given to us, the company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Hence, reporting under this clause does not arise.

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

Arjun S
Partner
(Membership No. 230448)

Place : Hyderabad
Date : 28 May 2019

Annexure - B to the Auditors' Report

Report on The Internal Financial Controls Under Clause (I) of Sub-Section 3 of Section 143 of The Companies Act, 2013 ("The Act")

We have audited the internal financial controls over financial reporting of Megasoft Limited ("the Company") as of March 31, 2019 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 : 28 May 2019

Balance Sheet

	Note	As at 31-Mar-2019 ₹ lakhs	As at 1st-April-2018 ₹ lakhs
ASSETS			
Non-Current assets			
Non-Financial assets			
Property, Plant and Equipment	2	10,473.74	1,274.15
Capital WIP	2	3,081.40	5,761.40
Financial Assets			
-Investments	3(i)	3,395.70	5,617.08
-Other Financial Assets	3(ii)	124.87	113.52
Deferred Tax Assets	4	57.50	91.74
Other Non Current Assets	5	6,362.08	6,451.38
Current Assets			
-Trade Receivables	6	3,823.04	4,762.74
-Cash And Bank Balances	7	73.81	8.83
Short Term Loans and Advances			
Other Balances with Bank	8	45.05	28.30
Current Tax Assets (Net)	9	469.73	454.57
Other Current Assets	10	704.66	687.43
Total Assets		28,611.58	25,251.13
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11 A	4,426.73	4,426.73
Other Equity	11 B	10,340.59	9,734.61
Total Equity		14,767.32	14,161.34
Non-Current Liabilities			
Financial Liabilities			
-Other Financial Liabilities	12	1,084.60	861.79
Provisions	13	126.59	165.86
Current Liabilities			
Financial Liabilities			
- Borrowings	14	1,211.37	1,699.43
- Trade payables	15	1,255.59	2,281.81
- Other financial liabilities	16	148.86	116.82
Provisions-Current	17	746.11	420.58
Other current liabilities	18	9,271.14	5,543.51
TOTAL EQUITY & LIABILITIES		28,611.58	25,251.13
Significant accounting policies	1		
Other notes to Financial Statements	2-38		
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 : 28 May 2019

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Anil kumar Sood
Director

D Sudhakar Reddy
Executive Director

Shridhar Thathachary
Chief Financial Officer

Srivalli Manda
Company Secretary

Statement of Profit & Loss

	Note	For the year ended 31-Mar-2019 ₹ lakhs	For the year ended 1st-April-2018 ₹ lakhs
Revenue from Operations			
Revenue from sale of services	19	2,363.77	2,851.34
Other Income	20	1,013.92	99.13
		3,377.69	2,950.47
Expenses			
Software, hardware and material cost		234.60	899.22
Employee benefits expense	21	1,153.31	1,588.50
Finance costs	22	373.25	322.83
Depreciation and amortisation expense		98.37	65.89
Other expenses	23	1,440.51	628.23
		3,300.04	3,504.68
Profit/(Loss) Before tax		77.66	(554.20)
Tax expense			
Current tax		2.26	-
Deferred tax		34.24	(60.23)
Total tax expense		36.50	(60.23)
Profit/(Loss) for the year		41.15	(493.97)
Other Comprehensive Income/(Loss)			
A Items that will not be reclassified to profit and loss			
i) Remeasurements of post employment benefit obligations		12.47	28.13
ii) Changes in Revaluation Surplus		2,773.73	-
B Items that will be reclassified to profit and loss			
i) Fair Value Changes in Equity Instruments through OCI		(2,221.38)	-
Other Comprehensive Income for the year		564.82	28.13
Total Comprehensive Income for the year		605.98	(465.84)
Earnings per equity share (in ₹)			
(1) Basic		0.09	(1.12)
(2) Diluted			
Significant accounting policies	1		
Other notes to Financial Statements	2-38		
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 : 28 May 2019

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Anil kumar Sood
Director

D Sudhakar Reddy
Executive Director

Shridhar Thathachary
Chief Financial Officer

Srivalli Manda
Company Secretary

Statement of changes in equity

A Equity Share Capital				(Amounts in Lakhs)
Equity shares of ₹ 10 each, Issued, Subscribed and Paid up	Balance as at 31st March, 2018	Changes in equity share capital	Balance as at 31st March, 2019	
Equity shares with voting rights	4,426.73	-	4,426.73	
Total	4,426.73	-	4,426.73	

B Other Equity							Other Comprehensive Income	Total
Particulars	Securities Premium Reserve	Reserves and Surplus				Retained Earnings		
		Capital Reserve	Business Reconstruction Reserve	General Reserve	Revaluation Reserve			
Balance as at 1st April 2018	250.66	5.59	21.38	2,546.75	-	6,882.11	28.13	9,734.61
Addition During the Current Year	-	-	-	-	2,773.73	-	(2,208.90)	564.82
Profit for the year	-	-	-	-	-	41.15	-	41.15
Balance as at 31st March 2019	250.66	5.59	21.38	2,546.75	2,773.73	6,923.26	(2,180.78)	10,340.59

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 : 28 May 2019

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew
Director

Anil kumar Sood
Director

D Sudhakar Reddy
Executive Director

Shridhar Thathachary
Chief Financial Officer

Srivalli Manda
Company Secretary

Cash Flow Statement

	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
	₹ lakhs	₹ lakhs
A. Cash flow from Operating Activities		
Net Profit Before Tax	77.66	(554.20)
Adjusted for:		
Bad debts written off	700.45	-
Depreciation	98.37	65.89
Loss/(Profit) on sale of Fixed Assets	(0.63)	-
Gratuity	12.47	28.13
Interest Income	11.35	12.77
Interest & Bank Charges	373.25	322.83
Sundry Credit balance written back	(619.11)	-
Unrealised Foreign Exchange Fluctuation	(185.37)	(8.56)
Operating Profit Before Working Capital Changes	468.44	(133.15)
Adjusted for:		
Trade and other Receivables	426.47	(880.51)
Trade and other payables	3,861.64	2,790.35
Other non - current assets	89.30	11.46
Other Financial Assets	(11.35)	(20.64)
Cash Generated from operations	4,834.50	1,767.51
Net prior year adjustments		
Current Tax (Current and relating to Previous years)	(2.26)	-
Deferred Tax	(34.24)	60.23
Minimum Alternate Tax Credit Entitlement		
Net Cash from / (Used in) Operating Activities [A]	4,798.00	1,827.74
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(3,843.61)	(76.49)
Capital Work In Progress (WIP)	-	(1,561.40)
Interest Income (Gross)	(11.35)	-
Net Cash from / (Used in) Investing Activities [B]	(3,854.96)	(1,637.89)
C Cash flow from Financial Activities		
Decrease on Short Term Borrowings	(488.06)	96.91
Repayment of deposits	(16.75)	31.61
Interest & Bank Charges	(373.25)	(322.83)
Net Cash flow from/(Used in) Financing Activities [C]	(878.05)	(194.31)
Net Cash Flows during the year {A+B+C}	64.98	(4.46)
Cash & Cash Equivalents(Opening Balance)	8.83	13.29
Cash & Cash Equivalents (Closing Balance)	73.81	8.83

As per our Report of even date attached
for **N.C. Rajagopal & Co**
Chartered Accountants
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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 and is registered office in Chennai. The company's shares are listed on BSE and NSE, in India. The company is a unique trans-nation company with customers, employees and operations across multiple continents and combines the best global practices with a focus on the global telecommunication domain.

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 judgment

The preparation of Financial Statements in conformity with the accounting policies requires the management to make estimates

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

Note 1B: Significant accounting policies

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

a. Revenue Recognition

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

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

b. Property, Plant and Equipment

I Initial and Subsequent Recognition:

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

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

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

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

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

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

ii Depreciation

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

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

iii Goodwill and Other Intangible Assets:

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

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

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

iv Capital work – in – progress:

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

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

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

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 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.

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 1-Apr-2018	Additions/ Revaluation	Deletions / Adjustments	Cost as at 31-Mar-2019	As at 1-Apr-2018	For the period/ year	On Deletions / Adjustments	Total as at 31-Mar-2019	As at 31-Mar-2019	As at 31-Mar-2018
(A) Tangible Assets										
Land & Land Development *	899.60	2,773.73	-	3,673.33	-	-	-	-	3,673.33	899.60
Building	-	6,492.95	-	6,492.95	-	25.65	-	25.65	6,467.30	-
Plant & Machinery	155.80	4.26	-	160.07	43.44	21.84	-	65.28	94.78	112.36
Computer systems & Software	1,453.83	26.78	-	1,480.61	1,335.44	50.27	-	1,385.71	94.90	118.39
Furniture & Fittings	181.73	0.24	-	181.97	37.93	0.61	-	38.54	143.42	143.81
Vehicles	67.08	-	-	67.08	67.08	-	-	67.08	-	-
Sub Total	2,758.04	9,297.96	-	12,056.00	1,483.89	98.37	-	1,582.26	10,473.74	1,274.15
(B) Intangible Assets										
Intellectual Property Rights	68.00	-	-	68.00	68.00	-	-	68.00	-	-
Patents	2.68	-	-	2.68	2.68	-	-	2.68	-	-
Sub Total	70.68	-	-	70.68	70.68	-	-	70.68	-	-
(C) Capital WIP	5,761.40	320.00	3,000	3,081.40	-	-	-	-	3,081.40	5,761.40
Previous year	6,952.23	1,637.89	-	8,590.12	1,488.68	65.89	-	1,554.57	7,035.55	5,463.55

*Land has been revalued during the year to reflect the Fair Value. Accordingly an amount of ₹ 2,773.73 lakhs has been taken to the revaluation surplus through Other Comprehensive Income.

	As at 31-Mar-2019 ₹ lakhs	As at 1st-Apr-2018 ₹ lakhs
3 Financial Asset		
(i) Investment Measured at Cost		
In Subsidiaries Companies		
Megasoft Consultants Sdn Bhd		
A company incorporated in Malaysia	63.63	63.63
XIUS Holding Corp(Formerly, Boston Communications Group,Inc.)		
A company incorporated in USA	-	5,553.45
Sub Total	63.63	5,617.08
Investment Measured at Fair Value through OCI		
XIUS Holding Corp(Formerly, Boston Communications Group,Inc.)		
Megasoft - Hyderabad	3,332.07	
Sub Total	3,332.07	-
Total	3,395.70	5,617.08
(ii) Security Deposit	124.87	113.52
Sub Total	124.87	113.52
Total	3,520.57	5,730.60
4 Deferred Tax Asset - Non Current		
On account of depreciation	3.58	30.34
On account of others	53.92	61.40
Total	57.50	91.74
5 Other Non Current asset		
Loans and Advances to Subsidiary Company	6,350.59	6,428.44
Prepaid expenses	11.49	22.95
Total	6,362.08	6,451.38
6 Trade Receivables		
Unsecured, considered good		
- Exceeding six months from the date they were due for payment	2,082.36	2,144.72
- Others	1,740.68	2,618.01
Total	3,823.04	4,762.74
7 Cash And Bank Balances		
(A) Balances with Banks:		
- Current accounts	73.69	8.71
- Cash on hand	0.13	0.12
Total	73.81	8.83
8 Other Bank balances		
Deposits held as Margin Money	45.05	28.30
Total	45.05	28.30
9 Current Tax (Liabilities)/Asset		
Advance Tax (Net off Provision For Taxation)	469.73	454.57
Total	469.73	454.57
10 Other Current Assets		
Prepaid Expenses	63.36	51.72
Security Deposits	49.85	49.85
Accrued Interest Receivable	14.18	13.31
Indirect Tax Receivable	528.46	540.11
Other Advances		
-Staff Advances	21.67	5.30
-Others	27.13	27.13
Total	704.66	687.43

11A : Share Capital

a) Authorised Capital	7,500.0	7,500.0
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
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
(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

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

Particulars	Equity Shares		Equity Shares	
	As at 31st March,2019		As at 31st March,2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73

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

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

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

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

Particulars	As at 31st March,2019		As at 31st March,2018	
	No. of shares	%	No. of shares	%
	I labs Venture Capital Fund	37,62,375	8.50%	37,62,375
Venkatraman Kumar Gandaravakottai	22,26,911	5.03%	22,26,911	5.03%

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

	As at 31-Mar-2019 ₹ lakhs	As at 1st-Apr-2018 ₹ lakhs
11 B Other Equity		
a Securities premium account		
Opening balance	250.66	250.66
Closing balance	250.66	250.66
b Capital Reserve	5.59	5.59
Closing balance	5.59	5.59
c Business Reconstruction Reserve	21.38	21.38
Closing balance	21.38	21.38
d General Reserve	2,546.75	2,546.75
Closing balance	2,546.75	2,546.75
e Retained earnings		
Opening balance	6,882.11	7,376.08
Net Profit/ (Loss) for the year	41.15	(493.97)
f Retained Earnings	6,923.26	6,882.11
g Revaluation Surplus	2,773.73	-
h Other Comprehensive Income		
As per Last Balance Sheet	28.13	-
Add: Movement in OCI during the year (net)	564.82	28.13
Less: Transfer to Revaluation Surplus	(2,773.73)	-
Total Other Comprehensive Income	(2,180.78)	28.13
Total Other Equity	10,340.59	9,734.61

	As at 31-Mar-2019 ₹ lakhs	As at 1st-Apr-2018 ₹ lakhs
12 Other Financial Liability - Non Current		
Security Deposit-JDA	1,030.86	803.79
Deferred Premium Translation of financial Liabilities	53.75	58.00
Total	1,084.60	861.79
13 Provisions - Non Current		
Provision for Gratuity	102.28	130.54
Provision for Leave encashment	24.32	35.32
Total	126.59	165.86
14 Borrowings - Current		
Secured		
Loans repayable on demand - Working Capital Loan	1,211.37	1,606.43
Unsecured		
Others	-	93.00
Total	1,211.37	1,699.43
15 Trade Payables		
Due to micro, small and medium and micro enterprises	1,255.59	2,281.81
Total	1,255.59	2,281.81
16 Other Financial Liabilities		
Interest Accrued and due on Borrowings	55.00	39.85
Deferred premium translation of Financial Liabilities	93.86	76.98
Total	148.86	116.82
17 Provisions - Current		
Provision for Gratuity	59.35	26.00
Provision for Leave Encashment	21.46	6.83
Provision for Outstanding Expenses	665.30	387.75
Total	746.11	420.58
18 Other current liabilities		
Statutory Dues Payable	24.18	82.00
Salary Payable	248.98	337.23
Other Payables*	8,997.99	5,124.28
* Includes amounts on JDA transaction.		
Total	9,271.14	5,543.51
19 Revenue From Operation		
Revenue from sale of services	2,363.77	2,851.34
Total	2,363.77	2,851.34
20 Other Income		
Interest Income - Security Deposit	11.35	12.77
Amortization Income - JDA Land	83.59	76.98
Other non-operating income		
Rental Income	112.90	0.82
Interest Received	0.97	-
Total	208.81	90.57
Other gains and losses		
Creditor Written Back	619.11	-
Net foreign exchange gain	185.37	8.56
Profit on Sale of Fixed Asset	0.63	-
Sub Total	805.11	8.56
Total	1,013.92	99.13
21 Employee Benefit expense		
Salaries and Wages	1,059.37	1,483.25
Contribution to Provident Fund and other funds	59.45	84.16
Staff Welfare	34.49	21.09
Total	1,153.31	1,588.50

	As at 31-Mar-2019 ₹ lakhs	As at 1st-Apr-2018 ₹ lakhs
22 Finance costs		
Interest expenses	271.69	271.88
Bank Charges	101.56	50.95
Total	373.25	322.83
23 Other expenses		
Services Rendered by business associates and Others	43.93	40.10
Electricity Charges	70.27	69.39
Insurance Expenses	41.19	34.81
Travelling and conveyance	39.60	79.66
Legal and professional charges	25.73	42.35
Rates and taxes	18.56	2.39
Rent	203.56	190.58
Repairs and Maintenance	82.69	82.60
Security charges	11.51	-
Communication costs	19.99	24.51
Business promotion expenses	131.40	5.66
Printing and stationery	4.92	4.71
Audit fees (Excluding Taxes) For Statutory Audit	8.00	8.00
Tax and Other Matters	5.00	--
Sitting fees paid	4.35	6.45
Provision for doubtful Debts	-	
Bad Debt Written Off	700.45	
Miscellaneous expenses (under this head, there is no expenditure which is in excess of 1% of Revenue of Operations or ₹ 10 Lakhs whichever is higher)	29.35	37.03
Total	1,440.51	628.23
24 Earnings Per Share		
Net Profit /(Loss) attributable to Equity Shareholders (A) (In ₹)	41.15	(493.97)
Weighted average number of equity shares outstanding during the period (B) (In Nos.)	4,42,67,293	4,42,67,293
Basic & Diluted EPS (A/B) (in ₹)	0.09	(1.12)
25 Related party transactions		
A. Wholly owned Subsidiary companies		
Megasoft Consultants Sdn Bhd, Malaysia		
XIUS Holding Corp, USA		
XIUS Corp, USA (Step down subsidiary of XIUS Holding Corp, USA)		
XIUS S DE RL DE CV, formerly Boston Communications Group De Mexico, S.R.L (Step down subsidiary of XIUS Holding Corp, USA)		
B Associates		
Entities controlled by Director/s		
D Sudhakar Reddy		
NMR Property Development Private Limited	Sricity Holdings India Private Limited	
Sricity Private Limited	Sricity Utility Services Private Limited	
Suprani Farms Private Limited	Sri Dhruva Builders Private Limited	
C. Directors & Key Management Personnel		
GV Kumar – Managing Director		
D Sudhakar Reddy – Executive Director		

Details of Related Party Transactions during the year :

Particulars	For Year Ended 31.03.2019	For year ended 31.03.2018
Wholly Owned Subsidiary Companies		
Sale of Services :		
1. Megasoft Consultants Sdn Bhd	749.49	1119.72
2. XIUS Corp , USA	857.23	292.13
Corporate Guarantees for Foreign Currency Loan from Bank :		
1. XIUS Holding Corp , USA	2870.61	2,699.33
Associates :		
1. Reimbursement of Common Expenses received	9.64	13.92
2. Due to / (from)	(2.40)	(2.45)
3. Remuneration to Executive Directors	52.06	52.06
4. Commission to Non Executive Directors	-	-
5. Directors Sitting Fees	4.35	6.45
Balance at the end of the year :		
A. Trade Receivables :		
Megasoft Consultants Sdn Bhd	574.81	233.08
XIUS Corp, USA	132.58	230.99
XIUS S DE RL DE V (formerly Boston Communications Group De Mexico, S.R.L)	79.60	79.60
B.Loans and Advances		
XIUS Holding Corp , USA	6,350.59	6,428.44
Maximum amount Outstanding during the year		
XIUS Holding Corp , USA	6,350.59	6,428.44

26 Commitments & Contingencies

- | | | |
|---|--------|-------|
| (i) Bank guarantees | 168.84 | 67.05 |
| (ii) Issuance of Stand-by Letter of credit by the company's bankers in respect of working capital loan taken by the wholly owned subsidiary. The said loan taken by the subsidiary is further secured by way of a corporate guarantee of the company. | | |
| (iii) The Company has appealed against the Assessment order for a demand of ₹ 645.88 lakhs for the Assessment years 2012-13 and 2013-14 and 2013-14 to 2016-17 of CIT Appeals, TDS circle and Income Tax Appellate Tribunal. | | |

27 Payment to Auditors

Audit fee (including taxes)	8.00	8.00
Tax and Other Matters	5.00	--

28 Expenditure in foreign currency

Travel expenses	4.83	13.34
Software development expenses and hardware material	488.22	--
Others	--	--

29 Earnings in foreign currency

Software development services	2275.85	2626.52
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30 Employee benefits:

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

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

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

Particulars	Gratuity	
	31-03-2019	31-03-2018
Present Obligation at period beginning – Current	156.54	152.5
Service cost	15.58	18.42
Interest on defined benefit obligation	12.17	11.45
Past Service Cost	-	2.24
Actuarial (gain) / Loss	-	-
Benefit Directly Paid by the Employer	(10.20)	-
Current Liability (within 12 months)	-	-

Actuarial (gain) / Loss	4.76	(5.40)
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	1.17	(4.13)
Actuarial (gain) / Loss- Due to Change In Financial Experience	(18.41)	(18.58)
Present Value of Benefit Obligation at the End of the Period	161.63	156.54

Amount Recognized in Balance Sheet

Particulars	31 st March 2019	31 st March 2018
(Present Value of Benefit Obligation at the end of the Period)	(161.63)	(156.54)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(161.63)	(156.54)
Net (Liability)/Asset Recognized in the Balance Sheet	(161.63)	(156.54)

Expenses recognized in statement of profit and loss account

Particulars	31 st March 2019	31 st March 2018
Current Service Cost	15.58	18.42
Net Interest Cost	12.17	11.45
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	27.76	32.11

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

Particulars	31 st March 2019	31 st March 2018
Actuarial (Gains)/Losses on Obligation for the period	(12.47)	(28.12)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	(12.47)	(28.12)

Sensitivity Analysis

Particulars	31 st March 2019	31 st March 2018
Projected Benefit Obligation on Current Assumptions	161.63	156.54
Delta Effect of +1% Change in Rate of Discounting	(7.91)	(13.82)
Delta Effect of -1% Change in Rate of Discounting	9.03	16.30
Delta Effect of +1% Change in Rate of Salary Increase	7.93	15.02
Delta Effect of -1% Change in Rate of Salary Increase	(7.09)	(12.92)
Delta Effect of +1% Change in Rate of Employee Turnover	1.33	2.65
Delta Effect of -1% Change in Rate of Employee Turnover	(1.48)	(3.04)

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

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

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

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

31 Segment Reporting

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

32 Lease Income

Other Income includes ₹ 112.90 lakhs pertaining to Lease rentals received by the Company arising out of capitalization of a Property that had been given on Joint Development by the Company.

33 Assets Pledged as Security:

Particulars	31st March 2019	31st March 2018
Non-current assets		
First Charge		
Non - Financial Assets		
Property, Plant and Equipment	10,166.28	899.60
Capital work-in-progress		
Intangible assets		
Total Non-current assets pledged as security	10,166.28	899.60
Current assets		
First Charge		
Financial assets		
Trade receivable	3,823.04	4,762.74
Cash and cash equivalents		
Other bank balances		
Non - Financial Assets		
Inventories		
Total Current assets pledged as security	3,823.04	4,762.74
Total assets pledged as security	13,989.32	5,662.34

34 Fair Value Measurements:

a) Financial Instruments by Category and their Fair Values:

Particulars	As at 31st March 2019		As at 31st March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Investment	3,395.70	3,395.70	5,617.08	5,617.08
Security Deposits	124.87	124.87	113.52	113.52
Trade Receivables	3,823.04	3,823.04	4,762.74	4,762.74
Cash and Cash Equivalents	73.81	73.81	8.83	8.83
Other Bank balances	45.05	45.05	28.30	28.30
Total Financial Assets	7,462.47	7,462.47	10,530.46	10,530.46
Financial Liabilities:				
Borrowings	1,211.37	1,211.37	1,699.43	1,699.43
Trade Payables	1,255.59	1,255.59	2,281.81	2,281.81
Other Financial Liabilities	1,233.46	1,233.46	978.61	978.61
Total Financial Liabilities	3,700.42	3,700.42	4,959.84	4,959.84

b) Fair Value Hierarchy:

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

c) Valuation Techniques:

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

35 Capital Management:

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

Particulars	As at 31st March 2019	As at 31st March 2018
Equity	4,426.73	4,426.73
Debt	1,211.37	1,699.43
Total	5,638.10	6,126.16

36 Income Taxes:

The major components of Income Tax expense for the years ended 31st March, 2019 and 31st March, 2018 are as under:

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

(Amounts in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Current Tax	2.26	-
Deferred Tax	34.24	(60.23)
Total	36.50	(60.23)

Deferred tax asset as at 31st March, 2019 and 31st March, 2018 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 2019	Year ended 31st March 2018
Profit before tax	77.66	(554.20)
Tax on the above	2.26	-
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Adjustments to profit as per previous year GAAP under Ind AS	-	-
Income Tax expense	2.26	-

c) Tax assets / liabilities

Particulars	As at 31st March 2019	As at 31st March 2018
Opening tax (asset) / liability	(454.57)	(364.62)
Add : Taxes Paid	-	-
Add : Credit availed	(15.16)	(89.95)
Less : Refund	-	-
Less: Current tax payable	-	-
Closing tax (asset) / liability	(469.73)	(454.57)

d) Deferred Tax

Particulars	As at 31st March 2019	As at 31st March 2018
Deferred Tax Liability:		
On account of Employee Benefits	-	-
Total Deferred Tax Liability	-	-
Deferred Tax Asset:		
On account of Depreciation differences	3.58	30.34
On account of Employee Benefits	53.92	61.40
Total Deferred Tax assets available	57.50	91.74
Recognition of Deferred Tax asset to the extent of Deferred Tax liability	57.50	91.74

37 Financial Risk Management:

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

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

a) Credit Risk:

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

Credit risk management

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

b) Liquidity risk:

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

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

Maturities of Financial Liabilities: 31st March, 2019:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	1,211.37	-	-	1,211.37
Trade Payables	1,255.59	-	-	1,255.59
Other Financial Liabilities	-	1,233.46	-	1,233.46
Total Financial Liabilities	2,466.96	1,233.46	-	3,700.42

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	2,281.81	-	-	2,281.81
Other Financial Liabilities	-	978.61	-	978.61
Total Financial Liabilities	3,981.23	978.61	-	4,959.84

c) Market Risk:

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

i) Foreign currency risk:

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

ii) Interest rate risk:

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

Interest rate risk exposure

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
Variable Rate Borrowings	1,211.37	1,606.43

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, 2019	31st March, 2018
Interest cost – increase by 5% on existing Interest cost*	13.58	13.59
Interest cost – decrease by 5% on existing Interest cost*	(13.58)	(13.59)

* Holding all other variables constant.

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



MEGASOFT LIMITED

CIN: L72200TN1999PLC042730

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

Notice of the 19th Annual General Meeting

NOTICE is hereby given that the **19th Annual General Meeting (AGM)** of the Members of **MEGASOFT LIMITED** will be held on Tuesday, the 13th August, 2019 at 09.00 a.m. (IST) at Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai-600083, Tamil Nadu, India to transact the following businesses:-

Ordinary Business

- (1) Adoption of financial statements
To receive, consider and adopt:
 - (i) The Audited Financial Statements of the Company for the year ended 31st March 2019, the report of the Auditors thereon and the Board's Report.
 - (ii) The Audited Consolidated Financial Statements of the Company for the year ended 31st March 2019 and the report of the Auditors thereon.
- (2) Re-appointment of director
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. G. V. Kumar (DIN-00059107), who retires by rotation and, being eligible offers himself for re-appointment.

Special Business

- (4) Re-Appointment of Mr. GV Kumar as Managing Director & CEO of the Company
To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule-V thereto and other applicable provisions of the Companies Act, 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof) and on the basis of the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors at their Meetings held on 28 May 2019 and subject to the approval of the Central Government, if any, the approval of the members of the Company be and hereby accord for re-appointment of Mr. G. V. Kumar (DIN: 00059107) as Managing Director and Chief Executive Officer(CEO) of the Company for a period of three years with effect from 01 April 2019 upon such terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice with liberty to the Board of Director to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors (the 'Board') and Mr. G. V. Kumar."

"RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the said remuneration will be paid as a Minimum Remuneration to Mr. G. V. Kumar, Managing Director of the Company, subject to the provisions of Schedule-V of the Companies Act, 2013.

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

"RESOLVED FURTHER THAT the Board of Directors be and is here by authorised to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any Director of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution including filing of necessary forms/ returns with the Ministry of Corporate Affairs/ Stock Exchanges/ other authorities concerned."

- (5) Re-Appointment of Mr. D Sudhakar Reddy as Whole-time Director
To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule-V thereto and other applicable provisions of the Companies Act, 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof) and on the basis of the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors at their meetings held on 28 May 2019 and subject to the approval of the Central Government, if any, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. D Sudhakar Reddy (DIN: 00047707) as a Whole-time Director of the Company for a period of three years with effect from 01 April 2019 upon such terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice with liberty to the Board of Director to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors (the 'Board') and Mr. D Sudhakar Reddy."

"RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the said remuneration will be paid as a Minimum Remuneration to Mr. D Sudhakar Reddy, Whole-time Director of the Company, subject to the provisions of Schedule-V of the Companies Act, 2013.

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

"RESOLVED FURTHER THAT the Board of Directors be and is here by authorised to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any Director of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution including filing of necessary forms/ returns with the Ministry of Corporate Affairs/ Stock Exchanges/ other authorities concerned."

- (6) Re-appointment of Mr. Anil Kumar Sood as an Independent Non-Executive Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr.

Anil Kumar Sood (DIN: 00086577), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 26th December, 2019 to 25th December, 2024 and whose office shall not be liable to retire by rotation”.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto.”

- (7) Re-appointment of Mr. Anish Mathew as an Independent Non-Executive Director.

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Anish Mathew (DIN: 02545538), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 26th December, 2019 to 25th December, 2024 and whose office shall not be liable to retire by rotation”.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto.”

- (8) Re-appointment of Ms. Leona Ambuja as an Independent Woman Director.

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Leona Ambuja (DIN: 07138817), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Woman Director of the Company to hold office for second term of five consecutive years with effect from 01st April, 2020 to 31st March, 2025 and whose office shall not be liable to retire by rotation”.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto.”

- (9) Appointment of Branch Auditor

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

“**RESOLVED THAT** pursuant to the provisions of section 143(8) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, and the Rules framed thereunder, the Board be and is hereby 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.”

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

Place : Hyderabad
Date : 28 May 2019

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 organization.
- 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 authorizing 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 06th August 2019 to 14th August 2019 (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 utilizes 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, Board's Report, Auditors' Report, etc., to the e-mail address provided by you with your depositories.
- 17) Annual Report 2018-19 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 e-mail address, physical copies of the Annual Report are being sent by the permitted mode.
- 18) Members may note that the Notice of the 19th Annual General Meeting and the Annual Report 2018-19 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 19th 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, Practicing 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 10th August 2019 at 9.00 A.M. and ends on 12th August 2019 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. 05th August 2019 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/Members
- (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 letter. 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 of the Companies Act, 2013)

Annexed to the Notice convening the 19th Annual General Meeting to be held on Tuesday, the 13th August, 2019 at 09.00 a.m. (IST).

Item No. 4 – Re-Appointment of Mr. GV Kumar as Managing Director

Mr. GV Kumar (DIN-00059107), aged 52 years, is the Managing Director of the Company and is having over 28 years of industry experience in the field. He is an Electrical Engineer with Post Graduate degree in Management. His current term of appointment as a Managing Director of the Company expired on 31 March 2019. He has excellent grasp and thorough knowledge and experience of not only engineering and technology but also of general management. His knowledge of various aspects relating to the Company's affairs and long business experience, the Board of Directors is of the concerted opinion that for smooth and efficient running of the business, the services of Mr. G. V. Kumar should be available to the Company for further periods. In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, on the basis of the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, subject to approval of the members at the ensuing AGM, at its meeting held on 28 May 2019, re-appointed him as the Managing Director of the Company for a further period of Three Years with effect from 01 April 2019 on the remuneration of ₹ 1,90,000/- (Rupees One Lakhs Ninety Thousand only) per month. In case, the Company has no profits or its profits are inadequate, then the said remuneration shall be paid in accordance with the provisions of the Companies Act, 2013 read with Schedule-V of the Act. Following are the details of the salary proposed to be paid to Mr. GV Kumar, Managing Director:

- (i) Salary: ₹ 1,90,000/- Per Month
- (ii) Perquisites:
 - a) House Rent Allowance up to 50 % of Salary.
 - b) Reimbursement of medical expenses as per the rules of the Company
 - c) Leave travel concession/allowance as per the rules of the Company
 - d) Club Membership of two clubs
 - e) Group Mediclaim Insurance Coverage as per the rules of the Company
 - f) Group Personal Accident Insurance Coverage as per the rules of the Company
 - g) Other allowances as per the rules of the Company
- (iii) Other benefits:
 - a) Leave with Salary as per the rules of the Company
 - b) Provident Fund as per the rules thereof.
 - c) Gratuity as per the rules of the Company
 - d) Encashment of Leave as per the rules of the Company
 - e) Provision of car for use on Company's business
 - f) Free Landline telephone and mobile telephone facility for Business purposes
 - g) Reimbursement of entertainment expenses for business purpose

This may also be treated as an abstract of the terms of the contract and memorandum of interest in relation to re-appointment of Mr. G. V. Kumar (DIN-00059107), Managing Director and payment of remuneration pursuant to Section 190 of the Companies Act, 2013.

None of the (i) Directors, (ii) Key Managerial Personnel and (iii) relatives of the persons mentioned in (i) and (ii), are concerned or interested in the said Resolution, except Mr. GV Kumar.

Your Directors, therefore, recommend the resolution for your approval as Special Resolution.

Item No. 5– Re-Appointment of Mr. D Sudhakar Reddy as Whole-time Director

Mr. D Sudhakar Reddy (DIN: 00047707), aged 60 years, is the Whole-time Director of the Company and having over three decades of experience in the field of accounting, taxation, Information System Audit. He is a Fellow Member of The Institute of Chartered Accountants of India. His current term of appointment as a Whole-time Director of the Company expired on 31 March 2019. The Board of Directors is of the concerted opinion that for smooth and efficient running of the business, the services of Mr. D Sudhakar Reddy should be available to the Company for further periods. In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, on the basis of the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, subject to approval of the members at the ensuing AGM, at its meeting held on 28 May 2019, re-appointed him as the Whole-time Director of the Company for a further period of Three Years with effect from 1 April 2019 on the remuneration of 65,000/- (Rupees Sixty Five Thousand only) per month. In case, the Company has no profits or its profits are inadequate, then the remuneration shall be paid to him in accordance with the provisions of the Companies Act, 2013 read with Schedule-V of the Act. Following are the details of the salary proposed to be paid to Mr. D Sudhakar Reddy, Whole-time Director:

- (i) Salary: 65,000/- Per Month
- (ii) Perquisites:
 - a) House Rent Allowance up to 50 % of Salary.
 - b) Reimbursement of medical expenses as per the rules of the Company
 - c) Leave travel concession/ allowance as per the rules of the Company
 - d) Club Membership of two clubs
 - e) Group Mediclaim Insurance Coverage as per the rules of the Company
 - f) Group Personal Accident Insurance Coverage as per the rules of the Company
 - g) Other allowances as per the rules of the Company

(iii) Other benefits:

- a) Leave with Salary as per the rules of the Company
- b) Provident Fund as per the rules thereof.
- c) Gratuity as per the rules of the Company
- d) Encashment of Leave as per the rules of the Company
- e) Provision of car for use on Company's business
- f) Free Landline telephone and mobile telephone facility for Business purposes
- g) Reimbursement of entertainment expenses for business purpose

This may also be treated as an abstract of the terms of the contract and memorandum of interest in relation to re appointment of Mr. D Sudhakar Reddy (DIN: 00047707), Whole-time Director and payment of remuneration pursuant to Section 190 of the Companies Act, 2013.

None of the (i) Directors, (ii) Key Managerial Personnel and (iii) relatives of the persons mentioned in (i) and (ii), are concerned or interested in the said Resolution, except Mr. D Sudhakar Reddy.

Your Directors, therefore, recommend the resolution for your approval as Special Resolution.

Item No. 6- Re-appointment of Mr. Anil Kumar Sood as an Independent Non-Executive Director.

Mr. Anil Kumar Sood was appointed as an Independent Non-Executive Director of the Company by the members at the Extra-Ordinary General Meeting (through postal ballot) of the Company held on 26th December, 2014 for a period of five consecutive years commencing from 26th April, 2014 upto 25th December, 2019.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Anil Kumar Sood, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 25th December, 2019 to 24th December, 2024 and whose office shall not be liable to retire by rotation.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

In the opinion of the Board, Mr. Anil Kumar Sood fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his reappointment as an Independent Non-Executive Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Anil Kumar Sood as an Independent Non-Executive Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto and including the date of AGM of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Anil Kumar Sood as an Independent Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Anil Kumar Sood as an Independent Director for another term of five consecutive years with effect from 25th December, 2019 to 24th December, 2024, for the approval by the shareholders of the Company.

Except Mr. Anil Kumar Sood, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice of the AGM.

Item No. 7- Re-appointment of Mr. Anish Mathew as an Independent Non-Executive Director.

Mr. Anish Mathew was appointed as an Independent Non-Executive Director of the Company by the members at the Extra-Ordinary General Meeting (through postal ballot) of the Company held on 26th December, 2014 for a period of five consecutive years commencing from 26th April, 2014 upto 25th December, 2019.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Anish Mathew, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 25th December, 2019 to 24th December, 2024 and whose office shall not be liable to retire by rotation.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

In the opinion of the Board, Mr. Anish Mathew fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his reappointment as an Independent Non-Executive Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Anish Mathew as an Independent Non-Executive Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto and including the date of AGM of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Anish Mathew as an Independent Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Anish Mathew as an Independent Director for another term of five consecutive years with effect from 25th December, 2019 to 24th December, 2024, for the approval by the shareholders of the Company.

Except Mr. Anish Mathew, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the accompanying Notice of the AGM.

Item No. 8- Re-appointment of Ms. Leona Ambuja as an Independent Woman Director.

Ms. Leona Ambuja was appointed as an Independent Woman Director of the Company by the members at the 15th Annual General Meeting of the Company held on 23rd September, 2015.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Leona Ambuja, being eligible for re-appointment as an Independent Woman Director and offering herself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 23rd September, 2020 to 22nd September, 2025 and whose office shall not be liable to retire by rotation.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. She has also given her consent to continue to act as Director of the Company, if so appointed by the members.

In the opinion of the Board, Ms. Leona Ambuja fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for her reappointment as an Independent Woman Director of the Company and is independent of the management. Copy of the draft letter for appointment of Ms. Leona Ambuja as an Independent Woman Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto and including the date of AGM of the Company.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Leona Ambuja as an Independent Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Ms. Leona Ambuja as an Independent Director for another term of five consecutive years with effect from 1st April, 2020 to 31st March, 2025, for the approval by the shareholders of the Company.

Except Ms. Leona Ambuja, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the accompanying Notice of the AGM.

Item No. 9 – Appointment of Branch Auditor

The Company has branches outside India and may also open / acquire new branches outside India in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches to meet the compliance of laws applicable in those countries. The Members are requested to 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.

Your Directors, therefore, recommend the resolution for your approval as Ordinary Resolution.

The information in respect of the Company and the Managerial Personnel in respect of item No. 4 & 5 as per SCHEDULE-V of the Companies Act, 2013:

(1) GENERAL INFORMATION:

- (a) Nature of Industry: The Company is a unique trans-national company with customers, employees and operations across multiple continents and combines the best global practices with a focus on the global telecommunications domain.

- (b) Date or expected date of commencement of commercial production: The Company has already commenced its business activities.
- (c) In case of new companies, expected date of commencement of activities as per project approved by the FIs appearing in the prospectus: Not Applicable
- (d) Foreign Investment or collaborations, if any: Not Applicable

(2) INFORMATION ABOUT THE APPOINTEE

Particulars	Item No. 4	Item No. 5
Background Details	<p>Mr. G. V. Kumar (DIN-00059107), aged 52 years, is the Managing Director of the Company. He is an Electrical Engineer with Post Graduate degree in Management. He is a highly qualified professional and the company has engaged his services based on his managerial and technical capabilities.</p> <p>He has over two decades of experience in IT & Telecom Industries. Before joining Megasoft he held various senior Management positions at Godrej Group of India. His last assignment with them was for more than three years as CEO, Godrej Telecom Limited, the Telecom arm of Godrej Group.</p>	<p>Mr. D Sudhakar Reddy (DIN-00047707), aged 60 years, is the Whole-time Director of the Company. He is a Fellow Member of The Institute of Chartered Accountants of India. He is a highly qualified professional and the company has engaged his services based on his managerial and technical capabilities. He was in practice for over fifteen years and is an expert in Finance, Tax and Corporate Laws.</p> <p>The job of the Whole-time Director shall be to carry out day-to-day functions and shall be responsible for day-to-day operations, subject to control, superintendence and supervision by the Board.</p>
Past Remuneration	₹ 1,90,000/- per month (since 1 April 2016, last approval of members) plus applicable allowances/ reimbursements	₹ 65,000/- per month (since 1 st April 2016, last approvals of members) plus applicable allowances/ reimbursements
Recognition or Awards	The work done in discharge of his duties as Director has been recognised in the industry.	The work done in discharge of his duties as Director has been recognised in the industry.
Job Profile and his suitability	Subject to superintendence, control and direction of the Board, Mr. G. V. Kumar shall manage and superintend the business affairs of the Company and do all such lawful acts and things in relation to such management and superintendence as he shall think fit and reasonable. He has a very rich experience in this area of business.	Subject to superintendence, control and direction of the Board, Mr. D Sudhakar Reddy shall manage and superintend the business affairs of the Company and do all such lawful acts and things in relation to such management and superintendence as he shall think fit and reasonable. He has a very rich experience in this area.
Remuneration Proposed	Same remuneration of ₹ 1,90,000/- per month from 01 April 2019 till 31 March 2022 (as mentioned in the foregoing paragraphs).	Same remuneration of ₹ 65,000/- per month from 01 April 2019 till 31 March 2022 (as mentioned in the foregoing paragraphs).
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The Remuneration proposed is commensurate with the industry and size of the business and keeping in mind the rich experience he is having and future responsibilities of the job, the salary proposed is justified.	The Remuneration proposed is commensurate with the industry and size of the business and keeping in mind the rich experience he is having and future responsibilities of the job, the salary proposed is justified.
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Besides the remuneration, Mr. G. V. Kumar does not have any other pecuniary relationship with the company	Besides the remuneration, Mr. D Sudhakar Reddy does not have any other pecuniary relationship with the company

(3) OTHER INFORMATION:

- (a) Reasons of loss or inadequate profits: The global economic slowdown over the last few years and loss of its major customers in last few years resulted in lower revenues and profitability.
- (b) Steps taken or proposed to be taken for improvement: The global economic downturn in last few years has hindered, and continues to limit, capital availability to the Telecom industry. However, there are still areas of mobile operator investment for which the Company has existing solutions and capabilities, namely in 4G/LTE mobile infrastructure and mobile commerce. Earlier investment of resources, as well as implementations that we have leveraged to expand our knowledge and expertise, have enabled the company to position itself with a solution suite to meet the needs of the market.
- (c) Expected increase in productivity and profits in measurable terms: The Company has implemented various economic measures post loss of its major customers and replaced with new businesses. Also, with the new orders in the pipeline, the company is expected to post better results in the coming year.

- (4) **DISCLOSURES:** The following disclosures have been made in the Corporate Governance Report as and when required:
- All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc. of all the Directors
 - Details of fixed component and performance linked incentives along with performance criteria
 - Service contracts, notice period, severance fees
 - Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

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

Place: Hyderabad
Date: 28 May 2019

GV Kumar
(DIN: 00059107)
Managing Director



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 19th Annual General Meeting to be held at Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai-600083, Tamil Nadu, India 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 and, being eligible offers himself for re-appointment.			
3	Re-appointment of Mr. GV Kumar (DIN-00059107), who retires by rotation and, being eligible offers himself for re-appointment.			
Special Business				
4	Re-Appointment of Mr. GV Kumar as Managing Director & CEO of the Company.			
5	Re-Appointment of Mr. D Sudhakar Reddy as Whole-time Director.			
6	Re-appointment of Mr. Anil Kumar Sood as an Independent Non-Executive Director.			
7	Re-appointment of Mr. Anish Mathew as an Independent Non-Executive Director.			
8	Re-appointment of Ms. Leona Ambuja as an Independent Woman Director.			
9	Appointment of Branch Auditor			

Signed this _____ day of _____ 2019

Signature of shareholder:

Signature of First Proxy holder

Signature of Second Proxy holder

Signature of Proxy holder

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



**MEGASOFT
MEGASOFT LIMITED**

CIN: L72200TN1999PLC042730

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

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 19th Annual General Meeting of the Company at Gayatri Hall, Hotel Gokulam Park, 67, 1st Avenue, Ashok Nagar, Chennai-600083, Tamil Nadu, India.

(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

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Telangana, India.

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Fax : +1 781-904-5601

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XIUS S DE RL DE CV

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Group De Mexico, S.R.L)

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Mexico, Mexico

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Malaysia

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Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Registered office:

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No 85 Kutchery Road,
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Chennai 600004