



MEGASOFT LIMITED

CIN: L72200TN1999PLC042730

85, Kutchery Road, Mylapore
Chennai - 600 004.

Tel: +91 (44) 2461 6768

Fax: +91 (44) 2461 7810

www.megasoft.com

Date: 27th Sep 2016

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

Scrip Code: 532408

Symbol: MEGASOFT

Sub: Regulation 30 and Regulation 44 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Proceedings and details of voting results of the 16th Annual General Meeting of the Company respectively

Dear Sir's,

we hereby inform that the 16th Annual General Meeting ('AGM') of the Company was held on September 26, 2016 and the business mentioned in the Notice dated May 28, 2016 were transacted.


In this regard, Please find enclosed the following-

- 1) Summary of proceedings as required under Regulation 30, Part-A of Schedule -III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations as **Annexure – I**
- 2) Voting results as required under Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations as **Annexure – II**.
- 3) Report of Scrutinizer dated September 26th 2016, Pursuant to Section 108 of the Companies Act, 2013 and Rule 20(4) (xii) of the Companies (Management and Administration) Rules, 2014.
- 4) Annual Report for the financial year 2015-16 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

This is for your information and records.

Thanking you,

Yours Sincerely,
For Megasoft Limited


Rakhee Jain

Company Secretary & Compliance Officer





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ANNEXURE – I

Summary of Proceedings of 16th Annual General Meeting (AGM) of the Company

MEGASOFT LIMITED

The 16th Annual General Meeting (AGM) of the members of Megasoft Limited ("the Company") was held on Monday, 26th day of September, 2016 at 10.00 A.M at The Music Academy, Kasturi Srinivasan Hall, (Mini Hall), 168, TTK Road, Alwarpet, Chennai 600014. Mr. GV Kumar (Managing Director) chaired the meeting. The requisite quorum being present, the Chairman called the meeting to order. All the Directors attended the Meeting Except an Independent Director Mrs. Uma Garimella.

The Chairman delivered his speech and shared the accomplishment and success achieved in the year to the members present in the meeting. He informed the members that the Company had provided e-voting facility and those who were present at the AGM, who had not casted their vote electronically were provided an opportunity to cast their votes in the meeting. Ms. Rakhee Jain, Company Secretary was asked to read the Auditors Report of the Company.

The following items of business, as per the Notice of AGM dated September 26, 2016, were transacted at the meeting.

S. n o	Agenda	Resolution Required (Ordinary/Special)	Mode of Voting	Remarks
1	Adoption of Financial Statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2016 and the reports of the Board of Directors ('the Board') and Auditors thereon.	Ordinary	E-voting and Ballot Paper at the AGM	Passed with requisite Majority
2	Re-appointment of Mr. D Sudhakar Reddy (DIN-00047707), who retires by rotation	Ordinary	E-voting and Ballot Paper at the AGM	Passed with requisite Majority
3	Re-appointment of Mr. GV Kumar (DIN-00059107), who retires by rotation	Ordinary	E-voting and Ballot Paper at the AGM	Passed with requisite Majority
4	Ratification of appointment of Statutory Auditors	Ordinary	E-voting and Ballot Paper at the AGM	Passed with requisite Majority
5	Appointment of Branch Auditor	Ordinary	E-voting and Ballot Paper at the AGM	Passed with requisite Majority



Clarifications were provided to the queries raised by the members.

The Board of Directors had appointed M/s Damodaran & Associates, Practising Company Secretaries as the Scrutinizer to supervise the e-voting and ballot voting process. The Chairman authorized Ms. Rakhee Jain, Company Secretary & Compliance Officer to notify the results of voting to the stock exchanges whereupon the Company's shares are listed.

The Scrutinizers Report from M/s Damodaran & Associates, Company Secretaries was received and accordingly all the resolutions as set out in the notice were declared as passed.

This is for your information and records.

Thanking you,

Yours Sincerely,

For Megasoft Limited



Rakhee Jain

Company Secretary & Compliance Officer





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Annexure – II

Details as per Regulation 44(3) of SEBI (LODR), Regulations, 2015	
Name of the Company	MEGASOFT LIMITED
Date of the AGM	26/09/2016
Total number of shareholders as on record date	24365
No. of shareholders present in the meeting in Person	520
Proxies received for individual shareholders	Nil
Authorised Representatives	Nil
No of shareholders who attended the meeting through Video Conferencing	Not applicable
Mode of Voting	E-voting + Poll



VOTING RESULTS AS REQUIRED UNDER REGULATION 44 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015

1. Ordinary Business: To consider and adopt: Audited Financial Statements and Report of the Board of Directors and Auditors thereon
Audited Consolidated Financial statements and Reports of the Auditors thereon.

Resolution Required: (Ordinary/Special)		Ordinary Resolution						
Whether promoter/ promoter groups are interested in the agenda/resolution?	Whether promoter/ promoter groups are interested	NO OF SHARES HELD	NO OF VOTES POLLED	% OF SHARES POLLED ON OUTSTANDING SHARES	NO OF VOTES IN FAVOUR	NO OF VOTES AGAINST	% OF VOTES IN FAVOUR ON VOTES POLLED	% OF VOTES AGAINST ON VOTE POLLED
PROMOTER AND PROMOTER~GROUP	E-VOTING	(1)	(2)	(3)=(2/1)*100	(4)	(5)	(6)=(4/2)*100	(7)=(5/2)*100
	POLL	3203956	3200894	99.57	3200894	0	100	0
	POSTAL_BALLOT		0	0	0	0	0	0
PUBLIC-INSTITUTIONS	SUB TOTAL	3203956	3200894	99.57	3200894	0	100	0
	E-VOTING	3792865	3762375	99.2	3762375	0	100	0
	POLL		0	0	0	0	0	0
PUBLIC-NON INSTITUTIONS	POSTAL_BALLOT		0	0	0	0	0	0
	SUB TOTAL	3792865	3762375	99.2	3762375	0	100	0
	E-VOTING	37270472	5593975	15.01	5591407	2568	99.95	0.03
GRAND TOTAL	POLL		554	0	554	0	100	0
	POSTAL_BALLOT		0	0	0	0	0	0
	SUB TOTAL	37270472	5594529	15.01	5591961	2568	99.95	0.03
		44267293	12557798	28.37	12555230	2568	99.98	0.02

2. Ordinary Business: Re-appointment of Mr. D Sudhakar Reddy (DIN-00047707), who retires by rotation

Resolution Required: (Ordinary/Special)	Ordinary Resolution
Whether promoter/ promoter groups are interested in the agenda/resolution?	



Resolution Required:(Ordinary/Special)	Whether promoter/ promoter groups are interested in the agenda/resolution?	MODE OF VOTING	NO OF SHARES HELD	NO OF VOTES POLLED	% OF SHARES POLLED ON OUTSTANDING SHARES	NO OF VOTES IN FAVOUR	NO OF VOTES AGAINST	% OF VOTES IN FAVOUR ON VOTES POLLED	% OF VOTES AGAINST ON VOTE POLLED
PUBLIC-INSTITUTIONS		SUB TOTAL	3203956	3200894	99.57	716898	0	100	0
		E-VOTING	3792865	3762375	99.2	3762375	0	100	0
		POLL		0	0	0	0	0	0
		POSTAL_BALLOT		0	0	0	0	0	0
PUBLIC-NON INSTITUTIONS		SUB TOTAL	3792865	3762375	99.2	3762375	0	100	0
		E-VOTING	37270472	5593975	15.01	5591407	2568	99.95	0.03
		POLL		554	0	554	0	100	0
		POSTAL_BALLOT		0	0	0	0	0	0
GRAND TOTAL		SUB TOTAL	37270472	5594529	15.01	5591961	2568	99.95	0.03
			44267293	12557798	28.37	12555230	2568	99.98	0.02

4. Ordinary Business:Ratification of appointment of statutory auditors

Resolution Required:(Ordinary/Special)	Whether promoter/ promoter groups are interested in the agenda/resolution?	MODE OF VOTING	NO OF SHARES HELD	NO OF VOTES POLLED	% OF SHARES POLLED ON OUTSTANDING SHARES	NO OF VOTES IN FAVOUR	NO OF VOTES AGAINST	% OF VOTES IN FAVOUR ON VOTES POLLED	% OF VOTES AGAINST ON VOTE POLLED
PROMOTER AND PROMOTER~GROUP		E-VOTING	3203956	3200894	99.57	3200894	0	100	0
		POLL		0	0	0	0	0	0
		POSTAL_BALLOT		0	0	0	0	0	0
		SUB TOTAL	3203956	3200894	99.57	3200894	0	100	0
PUBLIC-INSTITUTIONS		E-VOTING	3792865	3762375	99.2	3762375	0	100	0
		POLL		0	0	0	0	0	0
		POSTAL_BALLOT		0	0	0	0	0	0
		SUB TOTAL	3792865	3762375	99.2	3762375	0	100	0
PUBLIC-NON INSTITUTIONS		E-VOTING	37270472	5593975	15.01	5591407	2568	99.95	0.03



GRAND TOTAL	POLL	554	0	54	500	9.75	90.25
	POSTAL_BALLOT	0	0	0	0	0	0
	SUB TOTAL	5594529	15.01	5591461	3068	99.95	0.03
GRAND TOTAL	44267293	12557798	28.37	12554730	3068	99.98	0.02

5.Special Business:Appointment of Branch auditor

Resolution Required:(Ordinary/Special)		Special Resolution						
Whether promoter/ promoter groups are interested in the agenda/resolution?								
PARTICULARS	MODE OF VOTING	NO OF SHARES HELD	NO OF VOTES POLLED	% OF SHARES POLLED ON OUTSTANDING SHARES	NO OF VOTES IN FAVOUR	NO OF VOTES AGAINST	% OF VOTES IN FAVOUR ON VOTES POLLED	% OF VOTES AGAINST ON VOTE POLLED
PROMOTER AND PROMOTER~GROUP	E-VOTING	(1)	(2)	(3)=(2/1)*100	(4)	(5)	(6)=(4/2)*100	(7)=(5/2)*100
	POLL	3203956	3200894	99.57	3200894	0	100	0
	POSTAL_BALLOT		0	0	0	0	0	0
	SUB TOTAL	3203956	3200894	99.57	3200894	0	100	0
PUBLIC-INSTITUTIONS	E-VOTING	3792865	3762375	99.2	3762375	0	100	0
	POLL		0	0	0	0	0	0
	POSTAL_BALLOT		0	0	0	0	0	0
	SUB TOTAL	3792865	3762375	99.2	3762375	0	100	0
PUBLIC-NON INSTITUTIONS	E-VOTING	37270472	5593975	15.01	5591407	2568	99.97	0.03
	POLL		554	0	54	500	9.75	90.25
	POSTAL_BALLOT		0	0	0	0	0	0
	SUB TOTAL	37270472	5594529	15.01	5591461	3068	99.95	0.03
GRAND TOTAL		44267293	12557798	28.37	12554730	3068	99.98	0.02



New No.6, Old No.12,
Appavoo Gramani 1st Street,
Mandaveli,
(Opp. to Church Near by BSNL Office)
Chennai - 600 028.
Ph : 044-4360 1111
E-mail : secretarial@mdassociates.co.in
accounts@mdassociates.co.in



M. DAMODARAN & ASSOCIATES
Practicing Company Secretaries



M. Damodaran, B.Com, F.C.S. L.L.B.
Mobile:98412 81693

CONSOLIDATED SCRUTINIZER'S REPORT
(REMOTE E-VOTING & INSTA POLL)

[Pursuant to Section 108 of the Companies Act, 2013 and
Companies (Management and Administration) Rules, 2014 as amended and the provisions
of Regulation 44 of the SEBI LODR, Regulations 2015]

To,

The **Chairman** of 16th Annual General Meeting of the Equity Shareholders of M/s MEGASOFT LIMITED (CIN: L72200TN1999PLC042730) held on 26th day of September 2016 at 10.00 AM at The Music Academy, Kasturi Srinivasan Hall(Mini Hall), 168, TTK Road, Alwarpet, Chennai-600014.

Dear Sir,

1. I, M.Damodaran, a Company Secretary in Practice having office at New No. 6, Old No. 12, Appavoo Gramani 1st Street, Velayudaraja Street, Mandavelipakkam, Raja Annamalai Puram, Chennai, Tamil Nadu 600028 have been appointed as a scrutinizer by the Board of Directors of M/s MEGASOFT LIMITED (the company) for the purpose of :

(i) Scrutinizing the e-voting process (remote e-voting) under the provisions of Section 108 of The Companies Act 2013 (the 2013 Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (Rules) and the provisions of Regulation 44 of the SEBI LODR, Regulations 2015.

(ii) Poll through Ballot paper (Insta Poll) under the provisions of Section 109 of the 2013 Act read with Rule 21 of the Rules, on the resolutions contained in the notice to the 16th Annual General Meeting (AGM) of the Equity Shareholders of the Company, held on 26th day of September 2016 at 10.00 AM at The Music Academy, Kasturi Srinivasan Hall(Mini Hall), 168, TTK Road, Alwarpet, Chennai-600014.

2. The management of the Company is responsible to ensure the compliance with the requirement of the Companies Act, 2013 and Rules relating to voting through electronic means [i.e. by remote e-voting and voting by Poll by Ballot paper (Insta Poll) at the AGM] for the resolutions contained in the Notice to the 16th AGM of the Equity Shareholders of the company. My responsibility as a scrutinizer for the voting process of voting through electronic means (i.e by remote e-voting and Insta Poll at AGM) is restricted to make a consolidated scrutinizer's report of the voted cast "in favor "or "against" the resolution

M. 




stated above, based on the report generated from the e-voting system provided by Central Depository Services (India) Limited (CDSL), the Agency authorized under the Rules and engaged by the company to provide e-voting facilities for voting through electronic means.

Results of E-Voting and Insta Poll of M/s MEGASOFT LIMITED

Item No: 1

Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors & Audited Consolidated Financial Statements for the FY 2015-16.

Passed as Ordinary Resolution as follows:

Mode of Voting	Total Valid Polls Received & valid e-voting casted (3)+(6)	Favour			Against			Total % of valid Votes in Favour & Against (5)+(8)
		Number of Polls & e-voting	Number of shares Voted	%	Number of Polls & e-voting	Number of shares Voted	%	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Insta Poll	6	6	554	100	0	0	0	100
E-Voting	25	22	12554676	99.9795	3	2568	0.0205	100
Total	31	28	12555230	99.9796	3	2568	0.0204	100

Details of invalid Votes:

Mode of Voting	Number of shares
Insta Poll	0
E-Voting	0
Total	0

M. Damodaran





Item No: 2

Re-appointment of Mr D Sudhakar Reddy (DIN-00047707) as Director, who retires by rotation.

Passed as Ordinary Resolution as follows:

Mode of Voting	Total Valid Polls Received & valid e-voting casted (3)+(6)	Favour			Against			Total % of valid Votes in Favour & Against (5)+(8)
		Number of Polls & e-voting	Number of shares Voted	%	Number of Polls & e-voting	Number of shares Voted	%	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Insta Poll	6	6	554	100	0	0	0	100
E-Voting	25	22	12554676	99.9795	3	2568	0.0205	100
Total	31	28	12555230	99.9796	3	2568	0.0204	100

Details of invalid Votes:

Mode of Voting	Number of shares
Insta Poll	0
E-Voting	0
Total	0

M. 





Item No: 3

Re-appointment of Mr GV Kumar (DIN-00059107) as Director, who retires by rotation.

Passed as Ordinary Resolution as follows:

Mode of Voting	Total Valid Polls Received & valid e-voting casted (3)+(6)	Favour			Against			Total % of valid Votes in Favour & Against (5)+(8)
		Number of Polls & e-voting	Number of shares Voted	%	Number of Polls & e-voting	Number of shares Voted	%	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Insta Poll	6	6	554	100	0	0	0	100
E-Voting	25	22	12554676	99.9795	3	2568	0.0205	100
Total	31	28	12555230	99.9796	3	2568	0.0204	100

Details of invalid Votes:

Mode of Voting	Number of shares
Insta Poll	0
E-Voting	0
Total	0

M. Damodaran
5081
M. DAMODARAN
5081
COMPANY SECRETARY



Item No: 4

Ratification of appointment of M/s Srikanth & Shanthi Associates, Chartered Accountants [ICAI Firm Registration No.004006S], Chennai, and M/s TN Rajendran & Co., Chartered Accountants [ICAI Firm Registration No.005080S], Chennai, Company as the statutory auditors of the Company.

Passed as Ordinary Resolution as follows:

Mode of Voting	Total Valid Polls Received & valid e-voting casted (3)+(6)	Favour			Against			Total % of valid Votes in Favour & Against (5)+(8)
		Number of Polls & e-voting	Number of shares Voted	%	Number of Polls & e-voting	Number of shares Voted	%	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Insta Poll	6	5	54	9.7473	1	500	90.2527	100
E-Voting	25	22	12554676	99.9795	3	2568	0.0205	100
Total	31	27	12554730	99.9756	4	3068	0.0244	100

Details of invalid Votes:

Mode of Voting	Number of shares
Insta Poll	0
E-Voting	0
Total	0

M. 





Item No: 5

Authorization for appointment of Branch Auditor and to fix their remuneration under the provisions of section 143(8) and other applicable provisions, if any, of the Companies Act, 2013.

Passed as Ordinary Resolution as follows:

Mode of Voting	Total Valid Polls Received & valid e-voting caste d (3)+(6)	Favour			Against			Total % of valid Votes in Favour & Against (5)+(8)
		Number of Polls & e-voting	Number shares Voted	of %	Number of Polls & e-voting	Number of shares Voted	%	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Insta Poll	6	5	54	9.7473	1	500	90.2527	100
E-Voting	25	22	12554676	99.9795	3	2568	0.0205	100
Total	31	27	12554730	99.9756	4	3068	0.0244	100

Details of invalid Votes:

Mode of Voting	Number of shares
Insta Poll	0
E-Voting	0
Total	0

M. 





M. DAMODARAN & ASSOCIATES



Practicing Company Secretaries

3. The electronic data and all other relevant records relating to e voting is under my safe custody and will be handed over to the Company Secretary for preserving safely after the Chairman considers, approves and signs the minutes of the AGM.

Thanking You,

Yours faithfully,


M. Damodaran & Associates
Practicing Company Secretary

Date: 26.09.2016

Place: Chennai



Annual Report

2015-16

Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 9001:2008

This is to certify that: **Megasoft Ltd.**
 HTC Towers, 6-3-1192/2/1
 Kundanbagh, Begumpet
 Hyderabad 500 016
 Andhra Pradesh
 India

Holds Certificate No: **FM 633409**

and operates a Quality Management System which complies with the requirements of ISO 9001:2008 for the following scope:

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

For and on behalf of BSI:

Pietro Foschi
 Pietro Foschi - Strategic Delivery Director

Original Registration Date: 24/04/2012
 Latest Revision Date: 13/04/2015

Effective Date: 24/04/2015
 Expiry Date: 24/04/2018

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 2692 9000. Further clarifications regarding the scope of this certificate and the applicability of ISO 9001:2008 requirements may be obtained by consulting the organization. This certificate is valid only if provided original copies are in complete sets.

Information and Contact: 883, Kilburn Court, Davy Avenue, Knowlton, Hillen House, MK5 8PH, UK. Tel: +44 (0) 800 9000. BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK. A Member of the BSI Group of Companies.

Quality Policy

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

Focus Areas

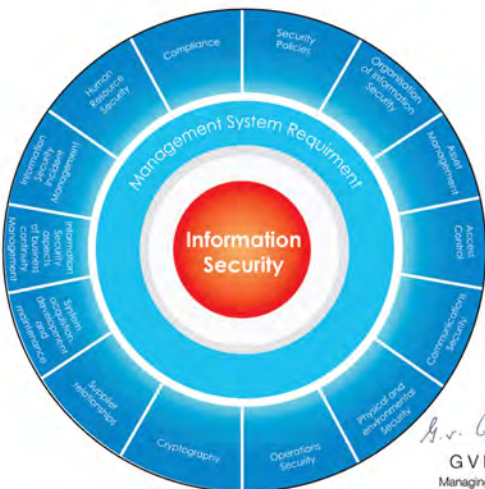


G.V. Kumar
 G V Kumar
 Managing Director &
 Chief Executive Officer

Information Security Policy

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

Focus Areas



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



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

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

Certification cycle start date: **11 March 2014**
 Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **10 March 2017**
 Original certification date: **11 March 2014**
 Certificate No. **IND14.2047U** Version: **2** Revision date: **10 September 2015**

Ramesh Koregave
 Signed on behalf of BVCH SAS - UK Branch
 Ramesh KOREGAVE
 General Manager, CERTIFICATION
 South Asia Region



Certification body address: 5th Floor, 66 Prescott Street, London, E1 8HG, United Kingdom
 Local office: "Marwah Centre" 6th Floor, Krishantol Marwah Marg, Opp. Ansa 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 6696 6300.



Corporate Information:

Board of Directors

GV Kumar, Managing Director
 D Sudhakar Reddy, Executive Director
 Anil Kumar Sood
 Anish Mathew
 Leona Ambuja (Ms.)
 Uma Garimella (Ms.)
 Shridhar Thathachary, Chief Financial Officer
 CS Rakhee Jain (Ms.), Company Secretary & Compliance Officer

Auditors

M/s. Srikanth & Shanthi Associates
 Chartered Accountants
 New No.17, Old No.9, 1st Floor, Desika Road,
 Chennai, 600004, Tamilnadu, India

M/s. TN Rajendran & Co.
 Chartered Accountants
 New No.2, Old No.25, 1st floor
 Chengalvarayan Street, Shenoy Nagar,
 Chennai 600004, Tamilnadu, India

Bankers

Axis Bank Limited

Registered Office

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

16th Annual Report 2015-16

Directors' Report

To the Members,

Your Directors have pleasure to present their report of your company on the business and operations for the year ended 31 March 2016.

Financial Results

(₹ lakhs)

Particulars	Standalone		Consolidated	
	For the year ended 31 March 2016	For the 15 months period ended 31 March 2015	For the year ended 31 March 2016	For the 15 months period ended 31 March 2015
Revenues	3003.91	5,337.13	6568.29	10,072.85
Expenditure	2696.11	4,775.76	5015.14	7,596.87
Finance cost	239.56	316.45	787.02	1,202.59
Depreciation	63.70	304.08	670.28	1,354.74
Operating profit / (loss)	4.53	(59.16)	95.84	(81.35)
Profit before tax	89.74	11.53	177.40	24.44
Less: Taxes	47.59	(50.02)	47.59	(49.37)
Profit after tax	42.15	61.55	129.81	73.82
Earnings per share (equity shares, par value ₹ 10 each)				
Basic (₹)	0.10	0.14	0.30	0.17
Diluted (₹)	0.10	0.13	0.30	0.16

Overview

During the financial year ended 31 March 2016, your company recorded consolidated revenues of ₹ 6,568.29 Lakhs as compared to ₹ 10,072.85 Lakhs for the period of 15 months ended 31 March 2015. The consolidated profit was ₹ 129.81 Lakhs as compared to ₹ 73.82 Lakhs in the previous year comprising 15 months.

Financial Year Comparison

The financial statements present the results of operations of the company and its subsidiaries for the financial year ended 31 March 2016 (12 months period) and are not directly comparable for the period ended 31 March 2015 (15 months period).

Dividend

On account of inadequacy of profits during the financial year ended 31 March 2016, the Board of Directors of the company have not recommended dividend.

Share capital

The paid-up equity share capital as on 31 March 2016 was Rs 4,426.73 lakhs comprising of 4,42,67,293 equity shares of Rs 10 each. During the year under review, the company has not issued shares with differential voting rights nor granted stock options or sweat equity.

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

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

Directors and Key Managerial Personnel

Your company appointed Uma Garimella (Ms.) [DIN-02847624] as an Additional Director (Non-executive Independent Woman Director) with effect from 07 November, 2015 and Independent Director with effect from 22 March 2016 to hold such office for a term of five years and Mr GV Kumar [DIN-00059107] and Mr D Sudhakar Reddy [DIN-00047707] were reappointed as Managing Director and Whole Time Director of the Company respectively, through a postal ballot process under the Companies Act, 2013.

The company has received declarations from all the independent directors of the company confirming that they meet the criteria of independence as prescribed under section 149(6) and Schedule IV of the Companies Act, 2013 and clause 49 of the Listing Agreement with the stock exchanges (till 30 November, 2015) / SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) (applicable w.e.f 01 December, 2015).

Mr Janardhana Reddy [DIN-02544300], a Non-Executive Independent Director of your company resigned on 7 November, 2015. The Board of directors places on record their sincere appreciation for the contribution and valuable service rendered by Mr Janardhana Reddy during his tenure.

Mr Shridhar Thathachary was appointed as Chief Financial Officer of the Company with effect from 11 August, 2015.

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

The position of Company Secretary (KMP) which had fallen vacant by end of the current financial year was filled up by appointment of CS Rakhee Jain (Ms.), a Member of ICSI, as Company Secretary and Compliance Officer of the Company with effect from 10 May, 2016.

Board Meetings

The Board of Directors met four (4) times during the financial year. The provisions of Companies Act, 2013 and listing agreement with stock exchanges / SEBI Listing Regulations were adhered to while considering the time gap between two meetings.

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 Clause 49 of the Listing Agreement/SEBI Listing Regulations, 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 2016, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for the year;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a "going concern basis";
- (v) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Outlook

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

- (a) Conservation of Energy: Your Company uses electric energy for all its equipments 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): Your Company being a technology products company, Research and Development is the single most important investment into securing the future of the company. Especially in the area of Mobile technologies, which requires constant innovation

to be ahead of market and competition, research and development becomes a necessity. This is also reflected in your company Brand Tag Line "Innovate. Lead." During the past year we have spent over 30% of resources on building technologies in not only enhancing our Core MSP Platform Capabilities but also in the areas of Predictive Analytics, 4G packet core, convergent billing, policy management, mobile banking and wallet products. Apart from building new products and components, past year significant time has been spent in enhancing the capabilities of existing products making them more feature rich, flexible to manage and at the same time robust to handle higher performance demands. In an effort to further develop exclusivity of the technologies your company is actively seeking patent grants on some of these areas. Addition of a new patent in MSP (Mobile Service Platform) area in April 2015 is an example of the same.

- (c) Technology Absorption: Your Company operates in the High Technology area of software products and hence new technology absorption is a constant process. Your Company has adapted newer technologies in the Area of Data Rating & Management, Analytics, 4G core, Near Field Communications (NFC) and newer API's & Interfaces. Additionally, Your Company is strongly focussed on Cloud enablement & is actively working towards moving large part of its test labs to cloud based environments there by reducing future capital investment needs.
- (d) 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.

ISO 9001:2008 – Quality Management System

QMS enhancing customer satisfaction

Your company is certified for ISO 9001:2008 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

The company is also certified for ISO 27001:2013 by Bureau VERITAS Certification, India. This assures that the company maintains confidentiality, integrity and availability of corporate and client information.

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 clause 49 of the listing agreement / SEBI Listing Regulations the Board members were informed about risk assessment and minimisation procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan 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 2016-17 include Data Security and Privacy, Technology obsolescence, Service Delivery, retention and development of Human Resources, Business competition and continuity, Foreign exchange fluctuations & New compliances.

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

The risk governance structure is led by the Audit/Risk Compliance Committee, chaired by the 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 the Listing Agreement / SEBI Listing Regulations. 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 SEBI Listing Regulations 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. 23 and 13 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.

During the year the Company closed down the operations of Megasoft Consultants Pte Ltd, Singapore a wholly owned subsidiary as business operations were not viable. The necessary legal formalities under the provisions of Singapore Companies Act have been completed and the Business Registry and Facilitation Department of Accounting & Corporate Regulatory Authority (ACRA), Singapore had issued Certificate of Striking off the name of the Company from their records.

Further, the Company also closed down its Indian Subsidiary i.e., BCGI Wireless Private Limited, Hyderabad, India as business operations were not viable. Hence, the Company applied to the Registrar of Companies, Telangana & Andhra Pradesh, Government of India, Ministry of Corporate Affairs seeking striking off of the name of the Company from their records. Accordingly, a Certificate of Striking Off the same dated 15 October, 2015 has been received from the said Registrar of Companies.

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 SEBI Listing Regulations.

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] as amended and applicable to your company.

Employee Stock Option Scheme

The company had two stock option plans viz Associates Stock Option Plan 2004 and Employees Stock Option Plan 2007 which provided for the granting of stock options to employees / directors of the company and its subsidiaries (not being promoter directors of the company). The said plans lapsed during the financial year under review in accordance with the terms of the shareholders' resolutions dated 18.06.2004, 10.05.2005, 22.06.2006 and 08.06.2007.

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.

The qualification made by the Auditors in their Standalone & Consolidated Report following is the explanation as under:

Qualification : In respect of Bad debts written off amounting to ₹ 28,02,11,164/- these have not been debited to the statement of profit & loss and have been directly adjusted against the opening general reserves which in our opinion is not in accordance with "Accounting Standard No. 5, Net Profit or loss for the period, prior period items and changes in accounting policies." Accordingly the statement of profit & loss has been affected.

Explanation : The subject bad debts in question were pertaining to very old period and having no chances of recovery, have been adjusted directly against the profits generated in earlier years.

Auditors

Statutory Auditor

The company's joint statutory auditors, M/s Srikanth & Shanthy Associates [Firm Registration No.004006S], Chartered Accountants and M/s TN Rajendran & Co. [Firm Registration No.005080S], Chartered Accountants, hold office as auditors of the company till the conclusion of the 17th Annual General Meeting to be held in the year 2017, subject to ratification at this ensuing AGM. Accordingly, pursuant to the proviso of section 139 of the Companies Act, 2013, the appointment of auditors is placed for ratification by the members at every annual general meeting.

Internal Auditor

Mr R Balasubramanian (FCA-220677), Chartered Accountants, perform the duties of internal auditors of the company and their report is 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), Practising Company Secretaries, to undertake the Secretarial Audit of the company. The Secretarial Auditors' Report, in the prescribed format, for the year ended 31 March 2016 is annexed to this Directors' Report and forms part of the Annual Report (Annexure-3).

Human Resources Development

The Company has a vast reservoir of highly skilled and experienced work force. With a corporate philosophy that considers Employees as central to the organization, it's natural for Megasoft to continually hone employee skills, enhance their knowledge and their expertise and their aspirations to fruition. Even as the Company goes about conducting its business activities, it lays emphasis on constant enhancement of knowledge and skills through regular training programmes.

To meet the technological challenges, employees are trained for technology up-gradation, modernization, computerization, etc in the Company. 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 connects session's 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, behavioural, 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.

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. Applicable listing fee for the year 2016-17 has already been paid to the respective stock exchanges.

Acknowledgements

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

For and on behalf of the Board of Directors

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

Place : Hyderabad
Date : 28 May 2016

Annexure-1

Part "A": Subsidiaries

(₹ lakhs)

Name of the subsidiary	XIUS Holding Corp (formerly, Boston Communications Group, Inc.) includes XIUS Corp (formerly, Cellular Express, Inc.) & Boston Communications Group De Mexico, S.R.L.	Megasoft Consultants SdnBhd	Megasoft Consultants Pte Ltd	BCGI Wireless Private Limited
Country	USA	Malaysia	Singapore	India
Reporting period	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16
Reporting Currency	USD	MR	SD	Rs
Exchange rate ₹	66.3329	17.0973	-	-
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Share Capital	8,388.49	85.49	-	-
Reserves	(13,573.93)	(28.67)	-	-
Total Assets	9,548.49	135.09	-	-
Total Liabilities	14,733.93	78.28	-	-
Investments	-	-	-	-
Turnover	3,549.55	1,629.40	-	-
Profit / (Loss) before taxation	218.56	(57.92)	-	-
Provision for taxation	-	-	-	-
Profit / (Loss) after taxation	218.56	(57.92)	-	-
Proposed Dividend	-	-	-	-
% of Shareholding	100.00%	100.00%	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:

1. Megasoft Consultants Pte Ltd, Singapore: During the year the Company closed down the operations of Megasoft Consultants Pte Ltd, Singapore a wholly owned subsidiary as business operations were not viable.. The necessary legal formalities under the provisions of Singapore Companies Act have been completed and the Business Registry and Facilitation Department of Accounting & Corporate Regulatory Authority (ACRA), Singapore had issued Certificate of Striking off the name of the Company from their records.
2. BCGI Wireless Private Limited, India: During the year, The Company also closed down its Indian Subsidiary i.e. BCGI Wireless Private Limited, India, as business operations were not viable. Hence, the Company applied to the Registrar of Companies, Telangana & Andhra Pradesh, Government of India, Ministry of Corporate Affairs seeking striking off of the name of the Company from their records. Accordingly, a Certificate of Striking Off the same dated 15 October, 2015 has been received from the said Registrar of Companies

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 **D Sudhakar Reddy**
Managing Director Executive Director

Place : Hyderabad
Date : 28 May 2016

Annexure - 2

form No. MGT-9 - Extracts of Annual Return

[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 having Share Capital
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 (formerly, Boston Communications Group, Inc.) 15 Tyngsboro Road, Unit 8C, North Chelmsford, MA 01863, USA	Foreign Company	Subsidiary	100%	2(87)
3	XIUS Corp (formerly, Cellular Express, Inc.) 15 Tyngsboro Road, Unit 8C, North Chelmsford, MA 01863, USA	Foreign Company	Subsidiary	100%	2(87)
4	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)
5	*Megasoft Consultants Pte Ltd Block 615, #04-251, Choa Chu Kang Street-62, Singapore 680615	Foreign Company	Subsidiary	100%	2(87)
6	**BCGI Wireless Private Limited No.6-3-1192/2/1, Kundanbagh, Begumpet, Hyderabad 500016, Telangana, India	U72200TG2004PTC044681	Subsidiary	100%	2(87)

* Megasoft Consultants Pte Ltd, Singapore: During the year the Company closed down the operations of Megasoft Consultants Pte Ltd, Singapore a wholly owned subsidiary as business operations were not viable.. The necessary legal formalities under the provisions of Singapore Companies Act have been completed and the Business Registry and Facilitation Department of Accounting & Corporate Regulatory Authority (ACRA), Singapore had issued Certificate of Striking off the name of the Company from their records.

** BCGI Wireless Private Limited, India: During the year, The Company also closed down its Indian Subsidiary i.e. BCGI Wireless Private Limited, India, as business operations were not viable. Hence, the Company applied to the Registrar of Companies, Telangana & Andhra Pradesh, Government of India, Ministry of Corporate Affairs seeking striking off of the name of the Company from their records. Accordingly, a Certificate of Striking Off the same dated 15 October, 2015 has been received from the said Registrar of Companies

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	A. Promoter									
1	Indian									
A	Individual/ HUF	3203956	--	3203956	7.24%	3203956	--	3203956	7.24%	--
B	Central Govt	--	--	--	--	--	--	--	--	--
C	State Govt(s)	--	--	--	--	--	--	--	--	--
D	Bodies Corp	--	--	--	--	--	--	--	--	--
E	Banks / FI	--	--	--	--	--	--	--	--	--
F	Any Other	--	--	--	--	--	--	--	--	--
	Sub-total (A)(1):-	3203956	--	3203956	7.24%	3203956	--	3203956	7.24%	--
2	Foreign									
A	NRIs-Individuals	--	--	--	--	--	--	--	--	--
B	Other-Individuals	--	--	--	--	--	--	--	--	--
C	Bodies Corp.	--	--	--	--	--	--	--	--	--
D	Banks / FI	--	--	--	--	--	--	--	--	--
E	Any Other....	--	--	--	--	--	--	--	--	--
	Sub-total (A)(2):-	--	--	--	--	--	--	--	--	--
	Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	3203956	--	3203956	7.24%	3203956	--	3203956	7.24%	--
B	Public Shareholding									
1	Institutions									
A	Mutual Funds	1497036	--	1497036	3.38%	--	--	--	--	-3.38%
B	Banks / FI	12	--	12	--	12	--	12	--	--
C	Central Govt	--	--	--	--	--	--	--	--	--
D	State Govt(s)	--	--	--	--	--	--	--	--	--
E	Venture Capital Funds	3762375	--	3762375	8.49%	3762375	--	3762375	8.49%	--
F	Insurance Companies	30478	--	30478	0.06%	30478	--	30478	0.06%	--
G	FIs	2326424	--	2326424	5.25%	105625	--	105625	0.23%	-5.01%
H	Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
I	Others (specify)	--	--	--	--	--	--	--	--	--
	Foreign Portfolio Investor (Corporate) Category II	1197125	--	1197125	2.70%	--	--	--	--	-2.70%
	Sub-total(B)(1)	8813450	--	8813450	19.90%	3898490	--	3898490	8.80%	-11.10%
2	Non Institutions									
A	Bodies Corp.									
i	Indian	4398195	2052562	6450757	14.57%	5302837	2052562	7355399	16.61%	2.04%
ii	Overseas	--	--	--	--	--	--	--	--	--
B	Individuals									

I	Individual shareholders holding nominal share capital upto ₹ 1 lakh	6948165	339927	7288092	16.46%	9081924	333799	9415723	21.27%	4.80%
ii	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	11925906	2023700	13949606	31.51%	13010642	2023700	15034342	33.96%	2.45%
C	Others (Specify)									
	Clearing Members	37778	--	37778	0.08%	165913	--	165913	0.37%	0.28%
	Directors and their relatives	2402222	--	2402222	5.42%	2434722	--	2434722	5.50%	0.07%
	Hindu Undivided Family	688523	--	688523	1.55%	832130	--	832130	1.87%	0.32%
	Non Resident Indians	1409773	22061	1431834	3.23%	1903482	22061	1925543	4.35%	1.11%
	Trusts	1075	--	1075	0.0024%	1075	--	1075	0.0024%	--
	Sub-total(B)(2)	27811637	4438250	32249887	72.85%	32732725	4432122	37164847	83.95%	11.10%
	Total Public Shareholding (B)=(B)(1)+ (B)(2)	36625087	4438250	41063337	92.76%	36631215	4432122	41063337	92.76%	--
	TOTAL (A)+(B)	39829043	4438250	44267293	100.00%	39835171	4432122	44267293	100.00%	--
C	Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
	Grand Total (A+B+C)	39829043	4438250	44267293	100.00%	39835171	4432122	44267293	100.00%	--

ii. Shareholding of Promoters

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

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

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

No changes in promoters' shareholding during year.

iv. Shareholding Pattern of top ten Shareholders:

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

Sl. No	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Date of Purchase/ Sale	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	I Labs Venture Capital Fund	3762375	8.50%	NA	NA	No change	3762375	8.50%
2.	Ashish Dhawan	3554769	8.03%	08/01/2016	-869682	Market Sale	2685087	6.06%
				15/01/2016	-805438	Market Sale	1879649	4.24%
				29/01/2016	-234621	Market Sale	1645028	3.71%
				05/02/2016	-132863	Market Sale	1512165	3.41%
				12/02/2016	-39182	Market Sale	1472983	3.32%
				11/03/2016	-17808	Market Sale	1455175	3.28%
				18/03/2016	-193082	Market Sale	1262093	2.85%
				31/03/2016	-89825	Market Sale	1172268	2.64%
				NA	NA	NA	1172268	2.64%
3.	Sri Power Generation (India) Private Limited	1769822	3.99%	NA	NA	No change	1769822	3.99%
4.	Godavari Greenlands Private Limited	1343750	3.03%	NA	NA	No change	1343750	3.03%
5.	Satyavathi Dendukuri	835500	1.88%	NA	NA	No change	835500	1.88%
6	Srinivas Raju D	747600	1.68%	NA	NA	No change	747600	1.68%
7	Rakesh Mishra	700152	1.58%	10/04/2015	1807	Market Purchase	701959	1.58%
				17/04/2015	41	Market Purchase	702000	1.58%
				24/04/2015	14200	Market Purchase	716200	1.61%
				08/05/2015	27283	Market Purchase	743483	1.67%
				22/05/2015	1000	Market Purchase	744483	1.68%
				29/05/2015	-45387	Market Sale	699096	1.57%
				05/06/2015	-14153	Market Sale	684943	1.54%
				12/06/2015	-32009	Market Sale	652934	1.47%
				19/06/2015	-70829	Market Sale	582105	1.31%
				26/06/2015	22839	Market Purchase	604944	1.36%
				30/06/2015	-8006	Market Sale	596938	1.34%
				10/07/2015	-246938	Market Sale	350000	0.79%
				17/07/2015	370501	Market Purchase	720501	1.62%
				24/07/2015	-142255	Market Sale	578246	1.30%
				31/07/2015	-104	Market Sale	578142	1.30%
				07/08/2015	-78142	Market Sale	500000	1.12%
				14/08/2015	55000	Market Purchase	555000	1.25%
				21/08/2015	27500	Market Purchase	582500	1.31%
				28/08/2015	-8480	Market Sale	574020	1.29%
				30/09/2015	6437	Market Purchase	580457	1.31%
				23/10/2015	-2300	Market Sale	578157	1.30%
				20/11/2015	90987	Market Purchase	669144	1.51%
				27/11/2015	16713	Market Purchase	685857	1.54%

				04/12/2015	-452849	Market Sale	233008	0.52%
				11/12/2015	74916	Market Purchase	307924	0.69%
				25/12/2015	-5620	Market Sale	302304	0.68%
				31/12/2015	8360	Market Purchase	310664	0.70%
				08/01/2016	-310664	Market Sale	0	0.00%
				15/01/2016	292768	Market Purchase	292768	0.66%
				22/01/2016	177610	Market Purchase	470378	1.06%
				29/01/2016	84930	Market Purchase	555308	1.25%
				05/02/2016	106851	Market Purchase	662159	1.49%
				26/02/2016	19253	Market Purchase	681412	1.53%
				04/03/2016	81091	Market Purchase	762503	1.72%
				11/03/2016	-6746	Market Sale	755757	1.70%
8.	Venturetech Solutions Private Limited	458250	1.03%	NA	NA	No change	458450	1.03%
9.	Chintalapati Srinivasa Raju	430000	0.97%	NA	NA	No change	430000	0.97%
10.	Rajagopalan Shyamsunder	418294	0.94%	NA	NA	No change	418294	0.94%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	For each of the Top 10 Shareholders	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	R Janardhana Reddy				
	At the beginning of the year	400	0.00%	400	0.00%
	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	400	0.00%	400	0.00%
4	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	-	-	-	-
5	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%
6	Uma Garimella (Ms.)				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-
7	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	-	-	-	-
8	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	-	-	-	-
9	Sathyamoorthy, 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 beginning of the year	-	-	-	-

* Mr Janardhan Reddy [DIN-02544300], a Non-Executive Independent Director of your company resigned on 7th November,2015

**Employed for part of the year

V. INDEBTEDNESS

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

Sl. No.	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
	Indebtedness at the beginning of the financial year				
i	Principal Amount	1517.74	158.50	--	1676.24
ii	Interest due but not paid	--	--	--	--
iii	Interest accrued but not due	--	--	--	--
	Total (i+ii+iii)	1517.74	158.50	--	1676.24
	Change in Indebtedness during the financial year				
	*Addition	--	--	--	--
	*Reduction	5.53	--	--	5.53
	Net Change	5.53	--	--	5.53
	Indebtedness at the end of the financial year				
i	Principal Amount	1512.21	158.50	--	1670.71
ii	Interest due but not paid	--	--	--	--
iii	Interest accrued but not due	--	--	--	--
	Total (i+ii+iii)	1512.21	158.50	--	1670.71

VI. REMUNERATION OF DIRECTORS AND KEY-MANAGERIAL PERSONNEL

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

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

B. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Anil Kumar Sood	R Janardhana Reddy	Anish Mathew	Leona Ambuja (Ms.)	Uma Garimella (Ms.)	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	
1	Independent Directors						
	Fee for attending board committee meetings	1.5	1.65	1.35	0.45	0.6	5.5
	Commission	--	--	--	--	--	--
	Others, please specify	--	--	--	--	--	--
	Total (1)	1.5	1.65	1.35	0.45	0.6	5.5
2	Other Non-Executive Directors						
	Fee for attending board / committee meetings	--	--	--	--	--	--
	Commission	--	--	--	--	--	--
	Others, please specify	--	--	--	--	--	--
	Total (2)	--	--	--	--	--	--
	Total (B) = (1+2)	1.5	1.65	1.35	0.45	0.6	5.5
	Total Managerial Remuneration	1.5	1.65	1.35	0.45	0.6	5.5
	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	A. Sathyamoorthy CS	Shridhar Thathachary, CFO	Total amount
		₹ lakhs	₹ lakhs	₹ lakhs
1	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.81	35.04	38.85
(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	3.81	35.04	38.85

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	}		NIL		
	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 **D Sudhakar Reddy**
 Managing Director Executive Director

Place : Hyderabad
 Date : 28 May 2016

Annexure - 3

Form No. MR-3 - SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2016

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

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

To
The Members
Megasoft Limited
CIN:L72200TN1999PLC042730
No, 85 Kutcheri Road
Mylapore
Chennai -600004.

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 clauses 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)
 - (b) 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) Guidelines, 2015 and
 - (c) The Secretarial Standards issued by the Institute of Company Secretaries of India.

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 2016 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:

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 2016 according to the provisions of:

Adequate 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 the company has passed special resolution under Section 180(1)(a) of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 through postal ballot result dated 22.03.2016 to obtain authority for joint development / sale / transfer of immovable properties of the Company

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The 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, 1992/2015;
 - (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,

CS M. Damodaran
Company Secretary
ACS/FCS No. 5081
C P No. 5837

Place: Chennai
Date : 25 May 2016

Corporate Governance Report

The Securities and Exchange Board of India (SEBI) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) on September 02, 2015 replacing the earlier Listing Agreement (w.e.f. December 01, 2015) and is aimed to consolidate and streamline the provisions of earlier Listing Agreement for different segments of the capital markets viz. equity, debentures, debt instruments, etc.

The LODR regulations 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:

Director	Category of director	DIN No. / Date of appointment	Committee memberships (excluding in the company) #		No of Directorship(s) held in Indian public limited companies * Directorship(s) held in Indian public limited companies *	No of shares held in the company	
			Member	Chairman		No. of shares	%
GV Kumar	Managing Director	00059107 01/09/2004	--	--	--	2226911	5.03
D Sudhakar Reddy	Executive Director	00047707 06/03/2000	--	1	2	--	--
Anil Kumar Sood	Independent Non-Executive	00086577 28/04/2007	--	--	--	--	--
Anish Mathew	Independent Non-Executive	02545538 31/01/2009	--	--	--	97570	0.24
Uma Garimella (Ms.)	Independent Non-Executive	02847624 07/11/2015	--	--	--	--	--
Leona Ambuja (Ms.)	Independent Non-Executive	07138817 31/03/2015	--	--	--	--	--

* Excludes directorships held in private limited companies, foreign companies and section 8 companies.

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

Mr Janardhana Reddy [DIN-02544300], resigned from the Board of Directors of the Company on 7 November, 2015.

Uma Garimella (Ms.) [DIN-02847624] has been inducted into the Board as an additional director (Non-executive Independent Woman Director) with effect from 7 November, 2015.

The Board of Directors of the company met four times during the financial year 2015-16:

Director	Board meetings held on			
	May 26, 2015	August 11, 2015	November 7, 2015	February 12, 2016
GV Kumar	✓	✓	✓	✓
D Sudhakar Reddy	✓	Leave of Absence	✓	✓
Anil Kumar Sood	Leave of Absence	✓	✓	✓
Janardhana Reddy	✓	✓	✓	NA
Uma Garimella (Ms.)	NA	NA	✓	✓
Anish Mathew	✓	✓	✓	Leave of Absence
Leona Ambuja (Ms.)	✓	✓	Leave of Absence	✓

The Board periodically reviews the items required to be placed before it in terms of the Companies Act, 2013 (previously Companies Act, 1956) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) on 02 September, 2015 replacing the earlier Listing Agreement (w.e.f. 01 December, 2015) and 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 (LODR) on 02 September, 2015 replacing the earlier Listing Agreement (w.e.f. 01 December, 2015) to 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, Companies Act, 1956, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and his / her affirmation taken with respect to the same.

Independent Directors' Meeting

During the financial year under review, the Independent Directors met on 12 February 2016, to discuss:

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

All the Independent Directors were present at the meeting.

3 AUDIT/RISK & COMPLIANCE COMMITTEE

The primary objective of the Audit / Risk & Compliance Committees 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 Listing Agreement with Stock Exchanges (applicable till 30 November, 2015) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) (applicable w.e.f. 1 December, 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 Committee members met four times during the financial year 2015-16:

Director	Audit/Risk & Compliance Committee Meetings held on			
	May 26, 2015	August 11, 2015	November 7, 2015	February 12, 2016
Anil Kumar Sood	Leave of Absence	✓	✓	✓
Anish Mathew	✓	✓	✓	Leave of Absence
D Sudhakar Reddy	✓	Leave of Absence	✓	✓
Janardhana Reddy	✓	✓	✓	NA
Uma Garimella (Ms.)	NA	NA	NA	✓

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

4 NOMINATION & REMUNERATION COMMITTEE

The "Nomination & Remuneration Committee" is governed by a Charter duly approved by the Board of Directors of the company and in compliance with Section 178 of the 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 Listing Agreement and other statutory regulations from time to time.

The Committee members met four times during the financial year 2015-16:

Director	Nomination & Remuneration Committee Meetings held on			
	May 26, 2015	August 11, 2015	November 7, 2015	February 12, 2016
Anil Kumar Sood	Leave of Absence	✓	✓	✓
Anish Mathew	✓	✓	✓	Leave of Absence
Uma Garimella (Ms.)	NA	NA	NA	✓
Janardhana Reddy	✓	✓	✓	NA
Uma Garimella (Ms.)	NA	NA	✓	✓

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	--	--	38.98
D Sudhakar Reddy	13.08	--	--	13.08
Anil Kumar Sood	--	--	1.50	1.50
Janardhana Reddy	--	--	1.65	1.65
Anish Mathew	--	--	1.35	1.35
Leona Ambuja (Ms.)	--	--	0.45	0.45
Uma Garimella (Ms.)	--	--	0.60	0.60

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

The severance payment to executive directors is in terms of the provisions of Section 202 of the Companies Act, 2013.

Notice period of executive directors is as per the company's rules.

5 STAKEHOLDERS RELATIONSHIP COMMITTEE

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

- To approve / refuse / reject registration of transfer / transmission / transposition of shares.
- To allot shares on exercise of stock options and to authorize issue of Share Certificates.
- To 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 9 (Nine) investor complaints 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 complaints have been resolved to the satisfaction of the investors.

The Committee met two times during the financial year 2015-16

Members	Stakeholders' Relationship Committee Meetings held on	
	May 26, 2015	August 11, 2015
Uma Garimella (Ms.) Chairperson	NA	NA
Janardhana Reddy,	✓	✓
Anil Kumar Sood	✓	✓
D Sudhakar Reddy	✓	✓
GV Kumar	✓	✓

The Company Secretary also functions as the Compliance Officer.

6 GENERAL BODY MEETINGS

Annual General Meetings (AGM)

Year	AGM	Location	Date	Time	Special Resolutions passed
2015	15 th	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Chetty Road, T Nagar, Chennai 600017	23 September 2015	10.00 AM	Nil
2014	14 th	Narada Gana Sabha (Mini Hall) 314, TTK Road Alwarpet, Chennai 600018	25 June 2014	10.00 AM	Nil
2013	13 th	The Music Academy Kasturi Srinivasan Hall (Mini Hall) 168, TTK Road, Alwarpet Chennai 600014	15 May 2013	3.30 PM	Payment of remuneration to GV Kumar, Managing Director

The resolutions were passed on show of hands with requisite majority and at the last AGM the resolutions 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

The Company successfully completed the process of obtaining approval of its Members on the following resolutions through Postal Ballot process during the year 2015-16:

Item no.	Description	U/S of Companies Act 2013	Resolution type
(1)	Appointment of Uma Garimella (Ms.) as Independent Director	149 and 152	Ordinary Resolution
(2)	Re-appointment of Mr GV Kumar as the Managing Director for a period of three years w.e.f. 1 April 2016	196	Special Resolution
(3)	Re-appointment of Mr D Sudhakar Reddy as the Whole-time Director for a period of three years w.e.f.1 April 2016	196	Special Resolution
(4)	To obtain authority for joint development /sale/ transfer of assets (immovable properties) of the Company at Hyderabad and Vishakhapatnam	180(1)(a)	Special Resolution
(5)	Reclassification of the promoter shareholding	Reg.31A of SEBI (LODR) Regulations, 2015	Special Resolution

Voting Pattern and Procedure for Postal Ballot:

- (i) The Board of Directors of the Company, vide a resolution dated 12 February 2016, had appointed M/s M Damodaran & Associates, Practicing Company Secretaries, as the Scrutinizer for conducting the postal ballot voting process.
- (ii) The company had completed the dispatch of the Postal Ballot Notice dated 18 February 2016, together with the Explanatory Statement on 18 February 2016, along with forms and postage prepaid business reply envelopes to all the shareholders whose name(s) appeared on the Register of Members/list of beneficiaries as on 12 February 2016.
- (iii) The voting under the postal ballot was kept open from 12 February 2016 to 20 March 2016 (either physically or through electronic mode)
- (iv) Particulars of postal ballot forms received from the Members using the electronic platform of CDSL were entered in a register separately maintained for the purpose.
- (v) The postal ballot forms were kept under his safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
- (vi) All postal ballot forms received/receivable up to the close of working hours on 20 March 2016, the last date and time fixed by the company for receipt of the forms, had been considered for his scrutiny.
- (vii) Envelopes containing postal ballot forms received after close of business hours on 20 March 2016 had not been considered for his scrutiny.
- (viii) On 22 March 2016, Mr GV Kumar, Managing Director announced the results of the postal ballot as per the Scrutinizer's Report.
- (ix) All the resolutions put through the postal ballot were carried out by requisite majority.

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 a material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds the prescribed turnover or net worth of the listed holding company and its subsidiaries.

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

Copies of the minutes of the Board meetings of the subsidiary companies are tabled at the Board Meetings of the company.

9 CODE OF CONDUCT

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

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

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

10 DISCLOSURES

There were no materially significant related party transactions, pecuniary transaction or relationships between the company and its directors during the year ended 31 March 2016 that may have a potential conflict with the interests of the company at large.

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

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

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

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

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

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

Internal Controls

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

CEO & CFO Certification

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

Vigil Mechanism / Whistle Blower Policy

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

11 MEANS OF COMMUNICATION

The unaudited quarterly / half yearly financial results are announced within the stipulated time frame in terms of the Listing Agreement with the Stock Exchanges/SEBI Listing Regulations.

The audited annual financial results are announced within the stipulated time frame in terms of the Listing Agreement with the Stock Exchanges/SEBI Listing Regulations. For the financial year ended 31st March 2016, the company announced the audited annual financial results on 28th May 2016.

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

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

12 GENERAL SHAREHOLDER INFORMATION

• Annual General Meeting

At 10.00 A.M (IST) on Monday, the 26th day of September 2016 at the Music Academy, KasturiSrinivasan Hall (Mini Hall), 168, TTK Road, Alwarpet, Chennai 600014.

▪ Financial calendar for 2016-17

1 April to 31 March

Unaudited quarterly results for 2016-17

First quarter – first half of August 2016

Second quarter / half yearly – first half of November 2016

Third quarter – first half of February 2017

Annual results for the year ending 31 March 2017 – May 2017

Annual General Meeting for the year ending 31 March 2017 – August / September 2017

▪ Date of book closure

20th September, 2016 to 26th September, 2016 (both days inclusive)

▪ **Listing on Stock Exchanges**

The company's equity shares are listed in India:

BSE Limited

Phiroze JeeJee Bhoy Towers
Dalal Street, Fort Mumbai 400001

National Stock Exchange of India Limited

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

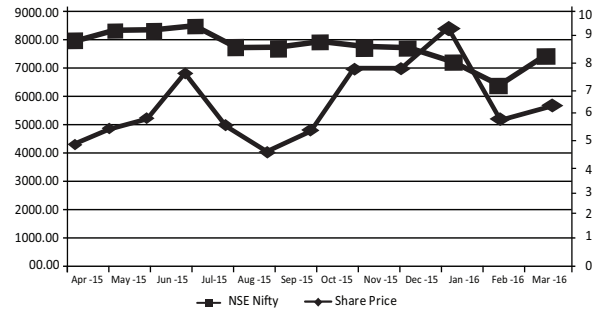
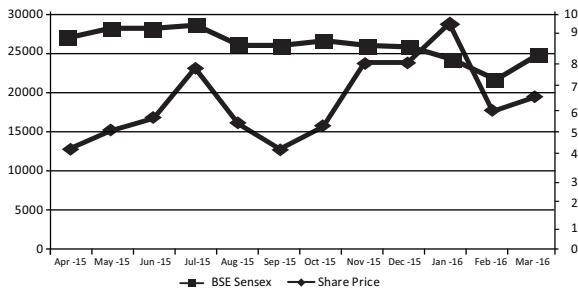
The company has paid the listing fees to the stock exchanges where its securities are listed.

▪ **Stock Code**

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

▪ **Stock market data**

Months	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
	₹	₹	₹	Nos	₹	₹	₹	Nos
April	6.32	4.50	4.63	262454	6.00	4.55	4.65	537009
May	5.95	4.21	5.25	244839	6.10	3.80	5.20	340425
June	6.28	4.22	5.69	454019	6.25	4.15	5.70	1228536
July	9.05	5.45	7.42	2210294	8.90	5.45	7.45	3632347
August	8.29	5.15	5.50	726214	8.30	5.15	5.55	1068772
September	5.72	4.28	4.61	375591	5.70	4.20	4.65	910628
October	5.78	4.58	5.40	296599	5.75	4.55	5.30	776625
November	7.68	4.41	7.59	975998	7.75	4.40	7.30	2199978
December	7.95	6.20	7.61	735810	8.00	6.15	7.60	1779693
January	14.31	7.74	8.97	5807325	14.35	7.60	8.85	10821886
February	9.35	5.45	5.94	814377	9.25	5.50	5.95	1962179
March	7.27	5.65	6.42	680120	7.45	5.65	6.35	1348028



▪ **Distribution of shareholding as on 31 March 2016**

No of Shares held	No of Shareholders	% of Shareholders	No of Shares	% of Shareholding
10-5000	20,239	81.9061	22,53,721	5.0911
5001-10000	1,861	7.5313	15,17,663	3.4284
10001-20000	1,003	4.0590	15,50,979	3.5036
20001-30000	398	1.6106	10,31,130	2.3293
30001-40000	200	0.8093	7,13,601	1.6120
40001-50000	220	0.8903	10,50,920	2.3740
50001-100000	361	1.4609	27,50,011	6.2122
100001 & Above	428	1.7320	3,33,99,268	75.4490
Total	24,710	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. About 89.99% of outstanding equity shares of the company have been dematerialised as on 31 March 2016.

Category	Number of shareholders	Number of shares	% to total equity
Demat mode			
NSDL	16,540	2,81,16,902	63.52
CDSL	7,330	1,17,18,269	26.47
Physical mode	840	44,32,122	10.01
Total	24,710	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	3	3,203,956	7.24
	Total Shareholding of Promoter Group	3	3,203,956	7.24
B	Public Shareholding			
1	Institutions			
	Mutual Funds / UTI	0	0	0.00
	Financial Institutions / Banks	1	12	0.00
	Venture Capital Funds	1	3,762,375	8.50
	Insurance Companies	1	30,478	0.07
	Foreign Institutional Investors	1	1,05,625	0.24
	Others-Foreign Portfolio Investors	0	0	0.00
	Sub Total B(1)	4	38,98,490	8.81
2	Non-institutions			
	Bodies Corporate	523	7355399	16.62
	Individuals			
	Individual shareholders holding nominal share capital up to ₹ 2 Lakhs	23,083	11564190	26.12
	Individual shareholders holding nominal share capital in excess of ₹ 2 Lakhs	167	12885875	29.11
	Others:			
	Directors & their Relatives	6	24,34722	5.5
	HUF	637	832130	1.88
	Trusts	2	1,075	0.00
	NRI	253	1925543	4.35
	Clearing Members	31	165913	0.37
	Sub Total B(2)	24,702	37,164,847	83.96
	Total Public Shareholding (B)=B(1)+B(2)	24,706	41063337	92.76
	Total (A+B)	24,709	44,267,293	100.00

Shareholders holding more than 1% of the equity share capital

	Name of the shareholder	No. of shares	% of shareholding
1	I-Labs Venture Capital Fund	3,762,375	8.50
2	S. Ravindra Babu	2,688,768	6.07
3	Venkataraman Kumar Gandarava Kottai	2,226,911	5.03
4	Sri Power Generation (India) Private Limited	1,769,822	4.00
5	Godavari Greenlands Private Limited	1,343,750	3.04
6	Ashish Dhawan	1,172,268	2.64
7	Satyavathi Dendukuri	835,500	1.89
8	Rakesh Mishra	755,757	1.71
9	Srinivas Raju D	747,600	1.69
10	S. Ravindra Babu (HUF)	512,126	1.15
11	Venturetech Solutions P Ltd	458,250	1.03
	Total	16,273,127	36.75

▪ Registrar and Share Transfer Agents

Cameo Corporate Services Limited

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

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

▪ Share Transfer System and other related matters

(i) Share transfers

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

(ii) Nomination facility for shareholding

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

(iii) Payment of dividend through Electronic Clearing Service

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

(iv) Unclaimed Dividends

Pursuant to the provisions of Section 123 of the Companies Act, 2013, the dividend which remain unclaimed for seven years, are liable to be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013.

(v) Dividend remitted to IEPF

Financial Year	₹ lakhs
2014	8.08
2012	5.80
2011	5.67
2010	2.98
2009	2.56
2008	3.41
2007	1.25

(vi) 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.

(vii) 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
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 2016

Management's Discussion and Analysis

(1) Background and Overview

Innovation is the Core of your Company and accordingly your company has continued to invent and grow its patent portfolio. In the past year, the company was awarded two new patents. The patents were awarded by the US Patent and Trademark Office of which one was for performing authentication and service translation for Mobile Virtual Network Operators (MVNOs). With more than a decade of experience in launching MVNE/MVNO services across the globe, Megasoft has always been well positioned to serve this segment. The other patent strengthens our mobile payments portfolio and aims at offering enhanced customer experience. The award of both patents only reiterates our strong belief and commitment to continue innovating and contributing to the industry.

Your Company continues to introduce new innovative products and services. Our offerings will help companies simplify their businesses while maintaining the profitability, quality of service and customer experience. Our rich industry experience and domain expertise enables us to deliver a suite of offerings making us quite confident to add new contracts. We will engage, enhance and extend our high performance portfolio of offerings to meet the ever-increasing future needs of our clients worldwide.

The decades of experience and our team's expertise will continue to enable us deliver multi-dimensional projects. Customer centric services offered by the company will provide the edge to be a technology partner of choice. Our deep understanding of technology's role as a value creator and the agility to respond to clients has been instrumental in sustaining and growing our leadership position. As a global leader, we enable enterprises adapt to changing market conditions and derive maximum value from their investments.

(2) Financial results

The company reported a turnover of ₹ 6,568.29 Lakhs in 2016 as against ₹ 10,072.85 Lakhs in 2015. This generated an overall profit of ₹ 129.81 Lakhs for the financial year under review.

(3) Industry Outlook

(A) MVNO market expecting robust growth

The MVNO (Mobile Virtual Network Operator) concept has evolved over the years and many of the present day mobile subscribers are customers of MVNOs. MVNOs are expected to grow faster than mobile network operators. New services such as mobile money and M2M will help drive this growth but the most important factor is the changing regulatory environment supporting MVNOs.

The global MVNO Market is expected to reach \$73.20 billion by 2020, according to a new study by Grand View Research. Increasing global mobile subscribers and demand for data services is expected to favor market growth over the next six years.

GSMA Intelligence said the number of MVNOs worldwide increased by 70 per cent between June 2010 and June 2015, reaching 1,017. As of June 2015, MVNOs are in over 30 countries across the developing

regions, up from 13 countries in June 2010. GSMA Intelligence has also recorded 260 MNO sub-brands spread across 56 countries. The global MVNO subscribers are expected to reach 300 million by 2020 from 170 million in 2014. Globally, MVNOs account for about 2% of mobile subscriptions, a figure set to reach 3.8% at end-2018.

With the Telecom Regulatory Authority of India recently approving rules to regulate MVNOs in the country, the telecom landscape in India is expected to scale the next level of growth. Technology advancements such as LTE and 4G infrastructure are expected to provide new avenues to the Indian MVNO market. Independent research firms predict India to be one of the world's largest MVNO markets. If MVNOs succeed, the market could easily represent a US \$4 Billion opportunity very quickly.

(B) Mobile enablement presents opportunities

Mobile adoption rates are on the rise and if market reports are any indication, growth rates aren't slowing down anytime soon. Consumers and employees alike are the driving forces behind mobile adoption spurred by the evolution in mobile device capabilities along with the speed of mobile networks.

The use of mobile and wireless technologies to support the achievement of health objectives has the potential to transform the face of health service delivery across the globe. A powerful combination of factors is driving this change. These include rapid advances in mobile technologies and applications, a rise in new opportunities for the integration of mobile health into existing e-Health services, and the continued growth in coverage of mobile cellular networks.

M-Banking is already the largest channel for the majority of banks by volume of transactions. Banks are increasingly shifting to a 'mobile first' approach and providing 'branded utility' applications such as cloud-based data storage and home-buying research support.

India has witnessed in the past mobile (access) driven growth, internet (information) driven growth and content (entertainment) driven growth. The mobile space in India is now witnessing commerce (transaction) driven growth. Future growth in our country can be anticipated largely from rural areas, the enterprise segment and of course, mobile enablement.

The quick acceptance of rapidly evolving telecom technology and the onslaught of smart devices have taken India by storm too. With the Government's emphasis on creating smart cities, providing better rural access & connectivity and mobile enabling the enterprise segment, key aspects such as mobile enablement and IoT will take precedence in the near future.

(C) Predictive Analytics Market worth 7.8 Billion USD by 2020

According to Zion Research, the global predictive analytics market was valued at approximately USD 2.5 billion in 2014 and is expected to reach approximately USD 7.8 billion by 2020, growing at a CAGR of around 17.0% between 2015 and 2020.

The predictive analytics market is segmented on the basis delivery mode including cloud based and predictive on-premises

¹ <http://www.telecomlead.com/telecom-services/mvno-strategies-gain-indian-telecom-market-68239>

² <http://www.fiercewireless.com/europe/story/report-number-mvnos-exceeds-1000-globally/2015-09-02>

³ <https://www.gsmaintelligence.com/research/2015/02/the-global-mvno-footprint-a-changing-environment/490/>

⁴ <https://globenewswire.com/news-release/2016/02/10/809164/0/en/Mobile-Virtual-Network-Operator-MVNO-Market-Worth-73-20-Billion-By-2020-Radiant-Insights-Inc.html>

⁵ http://www.mvnodirectory.com/research/Prospering_MVNO_cycle.html

installation. Cloud based segment accounted for largest share of predictive analytics market in 2014. This segment is expected to witness significant growth in the years to come owing to increasing IT priorities among different enterprises over the past couple of years.

North America predictive analytics market led the global industry with share more than 55% in 2014. This region expected to continue its dominance in predictive analytics market over the forecast period. Europe was another leading regional market for predictive analytics. Deployment of IoT coupled with shifting trend towards smart cities is a key factor to propel the demand in this region. Asia Pacific is also expected to witness fastest growth in the years to come.

(D) Mobile Payments

Global mobile money market is expected to grow from \$12.34 billion in 2014 to \$78.02 billion by 2019, at a Compound Annual Growth Rate (CAGR) of 44.6% during the forecast period from 2014 to 2019. In terms of regions, MEA is expected to be the biggest market in terms of market size, whereas APAC and North America are expected to experience increased market traction.

Powered by the now-ubiquitous smartphone and increasing adoption of mobile payments, it is clear that this is the year that mobile transactions will go mainstream. Forrester Research forecasts that mobile payments by United States consumers will go from \$52 billion in 2015 to \$142 billion by the end of 2019.

Consumers worldwide will use their mobile phones to spend a total of US\$620bn on all forms of mobile transaction this year, representing a 37.8% year-on-year growth from \$450bn in 2015. By 2017, total mobile payment volumes will reach \$780bn, climbing to \$930bn in 2018 and \$1.08tn in 2019.

(4) Business Strategy and Priorities for 2016

For 2016 and beyond, the company will execute on the following approach to growing the business:

(I) Latin America Focus

The Latin American market is large and complex, with wide variations within and across each country in the region in terms of wealth, demographics and preferences. Megasoft will focus its business development and sales efforts to specifically concentrate on developing markets in the region such as Mexico, Brazil, Chile and Columbia. The company's MSP offering will address the fast growing MVNO markets in Mexico, Columbia, Chile and other countries in the region, which is expected to add more MVNOs over the 2016-2020 period.

The company's geographically diverse sales focus allow it to concentrate and target those regions where businesses are optimistic, economies are stable or growing and investments in mobile are continuing to be made. Your Company is strengthening its presence in LATAM region with new deployments in the region. The company continues to have a strong pipeline in this region and is confident of adding more customers this year and in future. Your Company has also further strengthened its Spanish Language abilities at its back office as well, to enhance customized offerings and support to clients of this region.

The company has also hired independent consultants well-versed with the telecommunications industry to penetrate and create additional revenue streams from new customers in this region. The multiple channels adopted to grow business and sales will enable the company to capitalize on the myriad opportunities that this region offers.

(II) Launch of Services

With the view to leverage its decades long strength in mobile & hosted IT environment management across a larger market opportunity, Your Company launched its re-entry into the IT Services business, with specialized focus on Cloud, Cyber Security, IOT (Internet of Things) & M-enablement areas. Experts from our company will consultatively engage with enterprises to deploy sophisticated cloud services. We will also facilitate organizations to seamlessly migrate from traditional non cloud infrastructure to shared multi-tenant cloud environment. The company's objective will be to deliver performance and cost advantages to our customers by ensuring high availability and disaster recovery.

Working with varied organizations today and in future demands data security. Megasoft, an ISO 27001:2012 certified company applies resourceful expertise of integrated cyber security, intelligence & communication to efficiently undertake measures and drive initiatives in preventing and tackling cyber-crimes. Your Company's expertise and abilities from a system integrator perspective are extensive. Megasoft will use the System Integration approach to combine high-end professional IT services, including software engineering, IT infrastructure design, network operations and cloud computing technologies. The company will incorporate cyber safety and security measures that focus on business continuity.

Additionally, your Company aims to act as the epicenter of managing services for IoT platform providers and other IoT market participants. A strong focus will be on the ability to exploit all the assets and capabilities available in the network, service and business layers. The company will extend its telecom expertise and state-of-the-art service enablement framework to uniquely position top notch services across the IoT value-chain. We will deliver services to help our customers implement, integrate and manage various components of their IoT ecosystem.

The declining revenues and profit margins are forcing Communication Service Providers (CSPs) to invest their limited resources in network management with specialists. For nearly 25 years, Megasoft has been providing telecom services across the globe. The tremendous experience in the communications industry can enable our clients realize significant operational efficiencies and discover new sources of revenue. Your company's service offerings will span entire network life cycle from network consulting & planning, design development & engineering, integration & testing, operations & maintenance environments to managing end-to-end services efficiently.

(III) AMPLIO

Mobile Operators and Internet Service Providers are challenged to improve their profitability under stiff competition amid

⁶ <http://www.marketsandmarkets.com/PressReleases/mobile-money.asp>

⁷ <http://www.mobilemarketer.com/cms/opinion/columns/22358.html>

⁸ <http://www.nfcworld.com/2016/02/04/341939/global-mobile-payment-revenue-to-hit-620bn-in-2016/>

growing demand for bandwidth and capacity. The ability to optimize network resources while creatively monetizing customer behavior is gaining importance and XIUS AMPLIO, our recently launched product, will address this core need.

Your Company realizes the much-felt need of service providers for a solution that uniquely combines technology, predictive analytics, with domain and operational expertise anchored around customer experience. XIUS AMPLIO enables service providers to refine the services they already provide, with a focus on creating richer, personalized experiences. With better intelligence on customer usage patterns, service providers can leverage new valuable sources of customer insight to drive and multiply data revenue.

(IV) Expanding to New MVNO Markets

The recent decision of our Telecom Commission to allow Mobile Virtual Network Operators (MVNOs) in India, awaiting Telecom Minister's approval, provides your Company with a huge opportunity to offer our Mobile Services Platform (MSP) to local/global MVNOs entering India. Under Brand XIUS, your Company is in the process of putting together a Consortium of partners and together with them, your Company will offer a complete "Concept to Market" offering the prospective new MVNOs planning to launch in India. It is not unreasonable to expect MVNO market share in India to reach about 10% of all connections in just a few years. Successful MVNOs in India can soon be serving more than 80 million connections with a significantly sizeable revenue share and your Company is in a great position to benefit from this large home market.

Additionally, Iranian ICT market is also opening up and it offers untapped opportunities for foreign investment and doing business in telecom, IT, media and other vertical markets. The Communication Regulatory Authority (CRA) of Iran had welcomed applications for MVNOs and based on data published by the CRA, 30 international operators have submitted their interests for making partnership with Iranian companies. In South America too, there are several countries who are witnessing a growth in MVNO launches and your Company intends to target all these markets to expand further, globally.

(V) Partnership Approach to Business Development & Sales

Developing business in new countries and markets takes time, resources and on-the-ground championing. In order to shorten the business development cycle and leverage the existing market know-how in new markets, your Company is pursuing a partnership based approach to new markets, wherein sales efforts are driven by channel partners, in-country agents, as well as Network Equipment Providers (as we help fill a niche for them with green-field operators and regional carriers). Besides, the company will also partner with independent consultants to leverage their expertise and skills while also extending our global presence. Vendors that already have a key presence in prominent organizations, multi-country operations and those that align with our services and standards of operation will also be preferred for partnering with our company and strengthening our brand.

(VI) Increasing Annuity based Revenue

Your Company will emphasize on building annuity-based revenue in order to generate sustainable and predictable

revenues as well as profits. The company intends to focus on this model to help our customers realize increased value from their purchase and also to easily accelerate the time to repurchase instead of an upfront Capital outflow. Offering managed services also helps us generate regular revenue inflow while enabling us stay in close contact with our customers. Our business approach will also go a long way in keeping the customer engaged and continuing their loyalty.

(A) Operational Priorities

Our growth and the company's objective of serving our customers better necessitated the move of our Global Delivery Center at Hyderabad to a new facility with upgraded infrastructure. A presence in the heart of the technology hub meant enhanced connectivity, convenient access and the friendliest of environments with the likes of Google & Oracle as neighbors. The new facility houses ramped up data center and Network Operations Center (global NOC) and will also enable future engineering and delivery team expansions. The company made this upgrade without impacting support levels and deliverables to each of our customers.

Your Company has been one of the top technology companies over the past decades because of our quality employees. We offer many opportunities to improve and advance each individual's professional development. Our professional culture fosters collaboration and excellence within an inspiring environment. We are continually growing our teams and will align the expertise and skills of every individual with the company's objectives.

As informed earlier, your Company has obtained registration for the TSIC allotted Hyderabad properties located in Madhapur and Nanakramguda IT Hubs. During the next financial year, it will be a priority for your Company to develop these properties to comply with the registration conditions laid down by Telangana State Industrial Infrastructure Corporation Limited (TSIIC) as well as to monetize the same to improve your Company's network.

The company continues its tight cost controls, debt reduction and repayment as well as monetization of some of its real estate assets.

(B) Sources of Revenue

The company derives revenues through the following revenue models:

- **Hosted Managed Services (Annuity)**

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

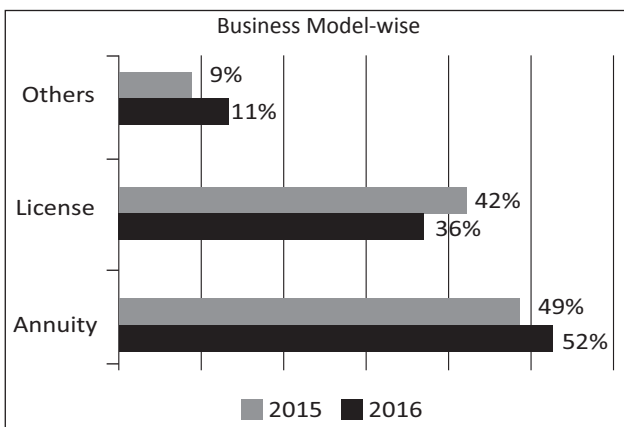
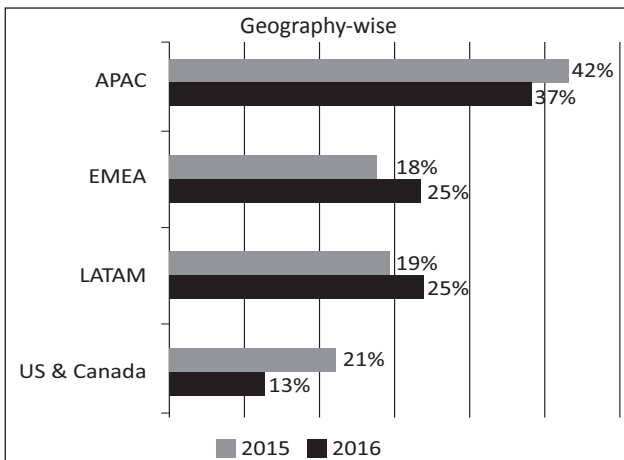
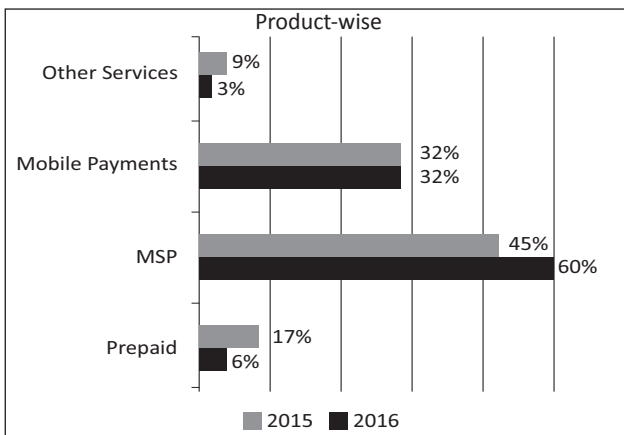
- **Software Licensing**

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

- **Services, Maintenance and Customization**

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

(C) Segment-wise Performance



(D) 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 9001:2008 – Quality Management System

QMS enhancing customer satisfaction

Your company is certified for ISO 9001:2008 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

The company is also certified for ISO 27001:2013 by Bureau VERITAS Certification, India. This assures that the company

maintains confidentiality, integrity and availability of corporate and client information

(5) Our Offering

1. Mobile Services Platform (MSP)

Megasoft, with a presence of nearly 25 years, operates in India and international telecom markets. Our Mobile Services Platform manages more than 350 million phone calls a day. Having built our own successful business in India gives us the local knowledge to provide MVNO entrants a real advantage in this complex market.

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

- XIUS MSP provides end-to-end infrastructure for 3G/4G Mobile Operators, MVNE/MVNOs, Converged Broadband 4G/LTE Service Providers, Mobile Operator Wholesale Departments, and M2M/IOT Service Providers.
- XIUS Mobile Services Platform (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.

2. Mobile Enablement

Mobile phones are in widespread use and have increasingly become tools that consumers can use for myriad reasons. Megasoft is uniquely positioned and facilitates clients to evolve in their technology and business models by providing mobile enablement platform for service delivery through mobile including payments. Mobile enablement focuses on providing seamless customer experience through mobile as it is done across other service delivery channels. We extend our telecom expertise and serve various enterprises and industry verticals that are extensively becoming mobile conscious such as healthcare, education and banking.

3. AMPLIO

With the forecast of continued mobile network infrastructure spending around the globe especially on data and customer experience management, the company is well positioned to address this area of need in the market. Megasoft realizes the much-felt need of service providers for a solution that uniquely combines technology, predictive analytics, with domain and operational expertise anchored around customer experience.

The company continues its expansion and application of its core capabilities in mobile data, customer experience, network optimization, distribution management etc. and enablement to offer products that leverage the mobile depth and experience possessed by the company and its employees.

XIUS AMPLIO enables service providers to refine the services they already provide, with a focus on creating richer, personalized experiences. With better intelligence on customer usage patterns, service providers can leverage new valuable sources of customer insight to drive and multiply data revenue.

4. Payments

Mobile payments are bound to move toward the main-stream over the next three years. The global mobile payment transaction volume is forecasted to reach a staggering \$721.4 billion by 2017

and this makes it more important than ever for Megasoft to capitalize on this trend. Mobile payments will soon be a medium to reach a group of 2 billion unbanked people in a cost-efficient manner.

Megasoft has the technology expertise as well as the experience of having offered payment management solutions to clients across geographical regions. These facts make the company confident about its capabilities to deliver future projects in this area. The company believes that there will be a significant advantage to strengthen our approach and focus on mobile payments. More importantly, the company has a well-chalked out plan to target the right audience and make the most of mobile payments.

Megasoft has been providing payments and related mobile retail financial services and technologies for over 10 years. The company has gathered rich experience by deploying their mobile banking & payments solutions in Venezuela, Ecuador and Mexico primarily targeting the unbanked population. The company has efficiently managed a large agent network (700K – 800K agent points) and facilitates payments and remittance services to unbanked customers. An integral prerequisite of these deployments required the company to integrate with major banks and financial institutions.

5. Services

Leveraging decades of services experience, technology leadership & execution excellence, Megasoft in 2016, launched Cyber Security, Cloud, M-enablement & IoT and Mobile Network Services. Being a field-proven and tested services company, we will enable our customers to create and deliver a host of new experiences for their end users, automate previously manual processes, drastically reduce response times for critical operations, understand operations in real-time and make more accurate predictions about where their business is going. Megasoft has also added technology partners to the eco system to provide comprehensive end to end service offering. To mention a few the partners are Dell, F5, HP, Oracle, RedHat and others.

6. Risks and Concerns

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

Market Risk

The company's growth is dependent on Mobile Telecom industry growth. The telecom industry has historically suffered from an extended sales cycle and high debtors' position, detrimental to cash flows. With the macroeconomic situation still fluid and the telco industry facing falling ARPU's worldwide, sustained capital expenditure in the mobile industry remains uncertain and this may affect the company's performance. The company is also aiming at non-telco customers for its mobile transactions platforms. While this reduces the company's sole dependence on mobile telco's 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.

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. In the past year, the company was awarded two new patents by the USPTO – one for performing authentication and service translation for Mobile Virtual Network Operators (MVNOs) and another that strengthens our mobile payments portfolio and aims at offering enhanced customer experience. The award of both patents only reiterates our strong belief and commitment to continue innovating and contributing to the industry.

Litigation

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

Foreign Currency Fluctuation

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

Client Concentration

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

7. Internal Controls

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

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

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

8. Human Assets

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

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

9. Financial results review

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

FINANCIAL PERFORMANCE (CONSOLIDATED)

Share capital

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. Certain advances made by the overseas subsidiary prior to 2007 (being the date of acquisition of that wholly owned subsidiary) have been set-off to retained earnings by that subsidiary. Accordingly, the surplus in statement of profit and loss was lower at the end of the current financial year.

Borrowings

As at	Short term debt		Long term debt		Total debt	
	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Finance lease obligations	0.66	7.97	--	0.66	0.66	8.63
Secured - Current maturities of long-term debt from Bank	--	--	--	--	--	--
Secured - Working Capital / Demand loan from Bank	7017.84	6,712.11	--	--	7,017.84	6,712.11
Unsecured - from bodies corporate	2791.91	2,643.35	--	--	2,791.91	2,643.35
Total	9,810.41	9,363.43	--	0.66	9,810.41	9,364.09

The movement in the finance lease obligations is on account of monthly instalments paid during the year. The movement in bank borrowings was on account of fluctuation in foreign currency rate.

The movement in unsecured loan is due to rupee depreciation against US\$.

Deferred tax liability / asset

The deferred tax asset is ₹ 28.93 lakhs at the end of the financial year as against deferred tax liability of ₹ (6.30) lakhs in the previous year.

Trade Payables & Other current liabilities

The trade payables and other current liabilities increased from ₹ 4,661.33 lakhs in 2015 to ₹ 5319.13 lakhs in 2016.

Provisions

As at	Short term		Long term		Total	
	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Provision for retirement benefits	7.60	6.78	156.32	144.26	163.92	151.04

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

Fixed assets

The fixed asset additions of ₹ 119.65 lakhs (previous year ₹ 99.92 lakhs) is in the normal course of business.

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. However your Company has revived the Operations of its wholly owned subsidiary i.e. Boston Communications Group De Mexico, S.R.L.

Trade receivables

The decrease in trade receivables (net of provisions) stood at ₹ 6,501.19 lakhs as against ₹ 8,778.31 lakhs in the previous year.

Cash and bank balances

The current year cash and bank balances of ₹ 514.16 lakhs was higher on account of some of the sales collections received during last week of year end. The previous year-end balance was ₹ 376.29 lakhs.

Short term loans and advances

The short term loans and advances from ₹ 1,597.63 lakhs in 2015 to ₹ 1,802.80 lakhs in 2016

For the period / year ended	31-Mar-2016 ₹ lakhs	31-Mar-2015 ₹ lakhs
Revenues	6,568.29	10,072.85
EBIDTA	1,634.69	2,494.00
Finance cost	787.01	1,202.60
Depreciation	670.28	1,354.74
Profit before tax	177.40	24.44
Less: Taxes	47.59	(49.37)
Profit after tax	129.81	73.81

Results of operations (consolidated)

Revenues

The consolidated revenues declined from ₹ 10,072.85 lakhs in 2015 to ₹ 6,568.29 lakhs in 2016. The reduction in revenues was on account of delay in closure of deals by the company owing to capex deferment by the clients.

Other Income / (Expenses)

The foreign exchange gain (net) was ₹ 76.72 lakhs in 2016 as against ₹ 99.44 lakhs in 2015 in the previous financial year. The foreign exchange movement was on account of foreign currency rate fluctuation.

Software, hardware and material costs

The Software, hardware and material costs of ₹ 406.01 lakhs in 2016 and ₹ 1,414.87 lakhs in 2015 are on account of project supplies at the customer site through execution of the project contracts.

Employee cost

The decline in employee cost from ₹ 2,723.21 lakhs in 2015 to ₹ 2010.86 lakhs in 2016 is in the normal course of business.

Other expenses

The decline in other expenses from ₹ 3,458.79 lakhs in 2015 to ₹ 2,598.25 lakhs in 2016 was on account of the economic measures initiated & implemented by the company

Finance cost

The movement in finance cost from ₹ 1202.59 lakhs in 2015 to ₹ 787.01 lakhs in 2016 is in the normal course of business.

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 ₹ 1,354.74 lakhs in the previous financial year to ₹ 670.28 lakhs in 2016 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

As at	Short term debt		Long term debt		Total debt	
	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Finance lease obligations	0.66	7.97	--	0.66	0.66	8.63
Secured - Working Capital / Demand loan from Bank	1,512.21	1,517.08	--	--	1,512.21	1,517.08
Unsecured - from bodies corporate	158.50	158.50	--	--	158.50	158.50
Total	1,671.37	1,683.55	--	0.66	1,671.37	1,684.21

The movement in the finance lease obligations is on account of monthly instalments paid during the year. There is no movement in unsecured loans during the year.

Deferred tax liability/asset

The deferred tax asset was ₹ 29.03 lakhs at the end of the financial year as against deferred tax liability of ₹ (6.39) lakhs in the previous year.

Trade Payables & Other current liabilities

The increase of payables and current liabilities from ₹ 1,625.67 lakhs in 2015 to ₹ 1,713.70 lakhs in 2016 was on account of delay in payments due to stretched cash flows.

Provisions

As at	Short term		Long term		Total	
	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Provision for retirement benefits	7.60	6.78	156.32	144.26	163.92	151.04

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

Fixed assets

The fixed asset additions of ₹ 1,405.56 lakhs (previous year ₹ 86.24 lakhs) was in the normal course of business.

Investments

No additional investments were made during the financial year under review. However your Company has revived the Operations of its wholly owned subsidiary i.e. Boston Communications Group De Mexico, S.R.L.

Trade Receivables

Trade receivables (net of provisions) were lower at ₹ 3,274.90 lakhs as against ₹ 6,076.26 lakhs in the previous year on account of stretched sales realisation.

Cash and bank balances

The cash and bank balance was ₹ 253.08 lakhs in 2016 as against ₹ 207.63 lakhs in 2015.

Short term loans and advances

The decrease in short term loans and advances from ₹ 30.91 lakhs in 2015 to ₹ 29.80 lakhs in 2016 was on account of repayment of loans (part) by the company's overseas subsidiary during the year.

For the period / year ended	31-Mar-2016 ₹ lakhs	31-Mar-2015 ₹ lakhs
Revenues	3,003.91	5,337.13
EBIDTA	393.00	578.00
Finance cost	239.56	316.44
Depreciation	63.70	304.08
Profit before tax	89.74	11.52
Less: Taxes	47.59	(50.03)
Profit after tax	42.15	61.55

Result of Operations (Standalone)

Revenues

Revenues were ₹ 3003.91 lakhs in 2016 as against ₹ 5,337.13 lakhs in 2015.

Other Income / (Expenses)

The foreign exchange gain (net) was ₹ 80.37 lakhs in 2016 as against ₹ 64.34 lakhs in 2015. The foreign exchange movement was on account of foreign currency rate fluctuation.

Software, hardware and material costs

The Software, hardware and material costs was ₹ 348.46 lakhs in 2016 as against ₹ 1291.49 lakhs in 2015 on account of project supplies at the customer site through execution of the project contracts.

Employee cost

The decline in employee cost from ₹ 1,988.47 lakhs in 2015 to ₹ 1,462.36 lakhs in 2016 was on account of down-sizing of employee count.

Other expenses

The decrease in other expenses from ₹ 1,495.80 lakhs in 2015 to ₹ 88.52 lakhs in 2016 was on account of the economic measures initiated & implemented by the company

Finance cost

The decrease in finance cost from ₹ 316.44 lakhs in 2015 to ₹ 239.56 lakhs in 2016 was on account of decrease in bank charges.

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 ₹ 63.70 lakhs in 2016 as against ₹ 304.08 lakhs in 2015.

For and on behalf of the Board of Directors

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

Place : Hyderabad
Date : 28 May 2016

Auditors' Certificate on Corporate Governance

To the Members of Megasoft Limited

We have examined the compliance of conditions of Corporate Governance by Megasoft Limited, for the year ended 31 March 2016, as stipulated in terms of the Listing Regulations.

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 the above-mentioned Listing Regulations.

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 **M/s Srikanth & Shanthi Associates**

Chartered Accountants

[FRN 004006S]

for **M/s T N Rajendran & Co.**

Chartered Accountants

[FRN 005080S]

MC Srikanth

[M.No. 018588]

T N Rajendran

[M.No. 028778]

Place: Hyderabad

Date: 28 May 2016

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 2016 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 2016

GV Kumar
Managing Director

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 clause 49(I)(D)(ii) of the Listing Agreement/SEBI Listing Regulations of the Stock Exchanges in India, 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 2015-16

Hyderabad
28 May 2016

GV Kumar
Managing Director

Independent Auditors' Report on Consolidated Financial Statements

To the Members of the Megasoft Limited

Report on the consolidated financial Statements

We have audited the accompanying consolidated financial statements of Megasoft Limited ('the Holding Company') and its subsidiaries and associate (collectively referred to as 'the Company' or 'the Group'), comprising the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the consolidated financial statement').

Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of the Consolidated financial statements in terms of the requirements of the companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and the consolidated 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 Companies Act, 2013 (hereinafter referred to as 'the Act') read with Rule 7 of the companies (Accounts) Rules, 2014. The Board of Directors of the company is responsible for 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment; include the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that given a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial

statements give the information required by the Act in the manner so required and give a true a fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on other legal and regulatory requirements

- 1 As required by sub- section 3 of section 143 of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of accounts as required by the law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of these books.
 - c. The consolidated balance sheet, the consolidated statement of profit & loss, and the consolidated cash flow statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group Companies incorporated in India is disqualified as on 31 March 2016 from being appointed as Director of that company in terms of sub-section 164 of the Act.
 - f. *In respect of Bad debts written off amounting to Rs. 28,02,11,164/- these have not been debited to the statement of profit & loss and have been directly adjusted against the opening general reserves which in our opinion is not in accordance with "Accounting Standard No. 5, Net Profit or loss for the period, prior period items and changes in accounting policies." Accordingly the statement of profit & loss has been affected.*
 - g. With respect to the other matters to be included in the Auditors' 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. According to the information and explanation given to us, there were no pending litigation which would impact the financial position of the Company;
 - ii. The Company did not have any material foreseeable losses on long-term contracts including derivatives contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and subsidiary companies incorporated in India.

For M/s Srikanth & Shanthi Associates
Chartered Accountants
[FRN 004006S]

MC Srikanth
Partner
[M.No. 018588]

For M/s T N Rajendran & Co.
Chartered Accountants
[FRN 005080S]

T N Rajendran
Partner
[M.No. 028778]

Place : Hyderabad
Date : 28 May 2016

Consolidated Balance Sheet

	Note	As at 31-Mar-2016	As at 31-Mar-2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	3	4,426.73	4,426.73
(b) Reserves & Surplus	4	8,359.21	12,556.85
		12,785.94	16,983.58
Non-Current liabilities			
(a) Long-term borrowings	5	--	0.66
(b) Deferred tax liabilities (Net)	6	28.94	--
(c) Long-term provisions	7	156.33	144.26
		185.27	144.93
Current liabilities			
(a) Short-term borrowings	8	9,809.76	9,355.47
(b) Trade payables	9	3,188.16	2,747.96
(c) Other current liabilities	10	2,130.97	1,913.32
(d) Short-term provisions	11	91.40	79.28
		15,220.29	14,096.02
Total		28,191.50	31,224.52
ASSETS			
Non-current assets			
(a) Fixed Assets	12		
(i) Tangible assets		8,424.24	8,304.59
(ii) Intangible assets		791.60	791.60
		9,215.84	9,096.19
(b) Non-current investments	13	--	1,212.30
(c) Deferred tax assets (Net)	6	--	6.30
(d) Goodwill on consolidation	14	10,157.50	10,157.50
		19,373.34	20,472.29
Current Assets			
(a) Trade receivables	15	6,501.19	8,778.31
(b) Cash and cash equivalents	16	514.16	376.30
(c) Short-term loans and advances	17	1,802.80	1,597.63
		8,818.16	10,752.24
Total		28,191.50	31,224.52

The accompanying notes are an integral part of the consolidated financial statements.

As per our Report of even date attached
for **M/s Srikanth & Shanthi Associates**
Chartered Accountants
Firm Registration No.004006S

for **M/s TN Rajendran & Co.**
Chartered Accountants
Firm Registration No.005080S

For and on behalf of the Board

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

MC Srikanth
Partner
Membership No.018588

TN Rajendran
Partner
Membership No.028778

Anish Mathew
Director

Shridhar Thathachary
Chief Financial Officer

Anil Kumar Sood
Director

Rakhee Jain
Company Secretary

Place: Hyderabad
Date : 28 May 2016

Consolidated Statement of Profit & Loss

	Note	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
INCOME			
Revenue from operations		6,568.29	10,072.85
Other Income / (Expenses)	18	81.55	105.79
Total Income		6,649.85	10,178.65
EXPENSES			
Software, hardware and material costs		406.02	1,414.87
Employee benefits expense	19	2,010.87	2,723.20
Finance cost	20	787.02	1,202.60
Depreciation	12	670.28	1,354.74
Other expenses	21	2,598.26	3,458.79
Total Expenses		6,472.44	10,154.20
PROFIT			
Profit before tax		177.40	24.45
Less: Taxes	22	47.59	(49.37)
Profit for the period		129.81	73.82
Earnings per share			
(equity shares, par value ₹ 10 each)	23		
Basic (₹)		0.30	0.17
Diluted (₹)		0.30	0.16
Number of shares used in computing			
Basic		44267293	44267293
Diluted		44267293	46572293

The accompanying notes are an integral part of the consolidated financial statements.

As per our Report of even date attached
for **M/s Srikanth & Shanthi Associates**
Chartered Accountants
Firm Registration No.004006S

for **M/s TN Rajendran & Co.**
Chartered Accountants
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For and on behalf of the Board

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Partner
Membership No.028778

Anish Mathew
Director

Shridhar Thathachary
Chief Financial Officer

Anil Kumar Sood
Director

Rakhee Jain
Company Secretary

Place: Hyderabad
Date : 28 May 2016

Consolidated Cash Flow Statement

	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
Cash flows from operating activities		
Profit before taxation	177.40	24.45
Adjustments for:	--	--
Depreciation & Amortisation	670.28	1,354.74
Loss / (Profit) on sale / discard of Fixed Assets	3.34	--
Employees Stock Compensation expense	--	--
Provision for retirement benefits	12.88	21.27
Exchange differences on translation (net)	47.93	(163.41)
Bad debts written-off	--	1,154.48
Provision for Doubtful Debts	--	(1,136.86)
Interest received	(4.83)	(3.13)
Finance cost	787.02	1,202.60
Operating profit before working capital changes	1,694.02	2,454.13
(Increase) / Decrease in Trade Receivables	(508.86)	(2,183.42)
(Increase) / Decrease in Short Term Loans & Advances	(175.25)	(94.64)
(Decrease) / Increase in Current Liabilities	657.86	(1,622.64)
Taxes paid during the year	(30.97)	(3.87)
Net cash provided by operating activities	1,636.80	(1,450.45)
Cash flows from investing activities		
Purchase / acquisition of Fixed Assets	(1,405.56)	(99.92)
Foreign exchange differences on translation of fixed assets	612.28	(37.34)
Transitional effect of change in the useful life of assets, as per schedule II of the Companies Act 2013	(1,589.39)	--
Goodwill on consolidation	--	--
Investment in other companies	1,212.30	--
Interest received	4.83	3.13
Net Cash used for investing activities	(1,165.54)	(134.12)
Cash flows from financing activities		
Proceeds from issue of shares including securities premium	--	--
Employees Stock Compensation outstanding	--	--
Business Reconstruction Reserve	--	--
Proceeds from long-term borrowings	--	--
Repayment of long-term borrowings	--	--
Increase / (Decrease) in Short Term Borrowings	454.29	2,152.80
Increase / (Decrease) in Long Term Borrowings	(0.66)	(9.96)
Dividend paid	--	--
Finance cost	(787.02)	(1,202.60)
Net cash provided by financing activities	(333.39)	940.24
Net increase in cash & cash equivalents	137.87	(644.33)
Cash & Cash equivalents at the beginning of the year	376.30	1,020.62
Cash & Cash equivalents at the end of the year	514.16	376.30

As per our Report of even date attached

For and on behalf of the Board

for M/s Srikanth & Shanthy Associates

for M/s TN Rajendran & Co.

Chartered Accountants

Chartered Accountants

Firm Registration No.004006S

Firm Registration No.005080S

GV Kumar
Managing Director

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Partner

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Anish Mathew
Director

Shridhar Thathachary
Chief Financial Officer

Anil Kumar Sood
Director

Rakhee Jain
Company Secretary

Place: Hyderabad

Date : 28 May 2016

Notes to the consolidated financial statements

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

1 Corporate Information

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

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

Name of the Wholly owned Subsidiary Companies	Country of Incorporation	% Holding
XIUS Holding Corp (formerly, Boston Communications Group, Inc.)	USA	100%
Xius Corp (formerly, Cellular Express, Inc.)	USA	100%
Boston Communications Group De Mexico, S.R.L.	Mexico	100%
Megasoft Consultants Sdn Bhd	Malaysia	100%

2 Significant Accounting policies

(i) Basis for preparation

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standards required a change in the accounting policy hitherto in use. The Management evaluates all recently issued or revised accounting standards on an on-going basis.

The financial statements are prepared in accordance with the principle required for the preparation and presentation of consolidated financial statements as laid down under the accounting standards on Consolidated Financial Statements as specified in the Companies (Accounting Standards) Rules, 2006. The financial statements of Megasoft Limited and its subsidiaries have been combined on a line-by-line basis by adding together book values of like item of assets, liabilities, income and expenses after eliminating intragroup balances and transactions and resulting unrealized gain/loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the group. Minority interests have been excluded. Exchange difference resulting from the difference due to translation of foreign currency assets and liabilities in subsidiaries is disclosed as foreign currency translation reserve.

(ii) Use of Estimate

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amounts

of revenues and expenses during the reporting period. Examples of such estimates include estimates of carrying value of work in progress, provision for doubtful debts and useful life of fixed assets. Actual results could differ from estimates.

(iii) 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 user
- Product maintenance revenues, Over the period of the maintenance contract

(iv) Fixed Assets & Depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. Direct costs such as freight, installation costs, duties and taxes are included in the cost of the asset until the assets are ready to be put to use. Assets acquired under hire purchase / leases are capitalized and the corresponding liability is recorded at an amount equal to the fair value of the hired / leased assets or the present value of the minimum hire/lease payments, whichever is lower, at the inception of the lease/hire purchase. Leased rentals in respect of leased assets are charged to profit and loss Account. Initial costs incurred in connection with specific leasing / hire purchase activities directly attributable to activities performed by the company for a financial lease/hire purchase are included as part of the amount recognized as an asset under the lease/hire purchase.

Depreciation on fixed assets is provided using the straight line method in accordance with the rates specified under the local laws of the respective countries. Depreciation is charged on a pro-rata basis on fixed assets purchased/sold during the period. Depreciation on assets acquired under financial lease / hire purchases is provided using the straight-line method over the shorter of the lease / hire purchase term and useful life of the asset.

(v) Intangible Assets and Amortization

Intangible assets are stated at cost of acquisition or construction less accumulated amortization and impairment losses if any. Intangible assets are amortized over their estimated useful economic life. Gains or Losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and losses when the asset is derecognized.

(vi) Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable

amount is the greater of the assets net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Previously recognized impairment loss is further provided or reversed depending on the changes in circumstances.

(vii) Investments

Investments in subsidiary / other companies are classified as long-term investments and are stated at cost. Any diminution in value is to be determined for each investment individually on the basis of its expected benefits to the Company. The exact quantum of such benefits is dependent on a number of uncertain future events.

(viii) Foreign Currency transactions

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.

(ix) Retirement benefits

India

Contributions to provident fund are deposited with a recognized provident fund. Provision for gratuity and leave encashment is made on the basis of an actuarial valuation.

Subsidiary companies

Retirement benefits are provided to employees of subsidiary companies in accordance with the local laws

and regulations prevailing in the country in which the subsidiary company is located.

(x) Borrowing cost

Borrowing costs other than those directly attributable to qualifying Fixed Assets are recognized as an expense in the period in which they are incurred.

(xi) Taxes

Current tax

Current tax is measured at the amount expected to be paid out or recovered from the tax administration adopting the applicable rates in forces.

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonable / virtual certainty (as the case may be) to be realised.

The break-up of major components of the deferred tax assets and liabilities as of each year-end Balance sheet date have been arrived at after setting off deferred tax assets and liabilities where the company has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing laws.

(xii) Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation and a reliable estimate can be made of the amount of the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognized a contingent liability but discloses its existence in the financial statements.

(xiii) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shareholders.

	As at 31-Mar-2016 ₹ lakhs	As at 31-Mar-2015 ₹ lakhs
3 Share Capital		
Authorised		
75,000,000 Equity Shares of ₹ 10 each	7,500.00	7,500.00
	7,500.00	7,500.00
Issued, Subscribed & Paid-up		
44,267,293 Equity Shares of ₹ 10 each fully paid-up	4,426.73	4,426.73
	4,426.73	4,426.73

The company has only one class of shares referred to as equity shares having a par value of ₹ 10 each. Each holder of the equity share, as reflected in the records of the company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity shareholders holding more than 5 percent of equity shares along with the number of equity shares held at the beginning and at the end of the period is as given below:

	No of shares	No of shares
S. Ravindra Babu	2,688,768	2,688,768
Ravindra Babu S (HUF)	512,126	512,126
	3,200,894	3,200,894
	7.24%	7.24%
GV Kumar	2,226,911	2,226,911
	5.03%	5.03%
I Labs Venture Capital Fund	3,762,375	3,762,375
	8.50%	8.50%

The company has not allotted any equity shares by way of bonus shares nor has bought back any equity shares during the period of five years immediately preceding the balance sheet date. The company has not allotted any equity shares without payment being received in cash during the period of five years immediately preceding the balance sheet date.

Employees Stock Option Plans

The company had two stock option plans viz Associates Stock Option Plan 2004 and Employees Stock Option Plan 2007 which provided for the granting of stock options to employees / directors of the company and its subsidiaries (not being promoter directors of the company). The said plans lapsed during the financial year under review in accordance with the terms of the shareholders' resolutions dated 18.06.2004, 10.05.2005, 22.06.2006 and 08.06.2007.

	As at 31-Mar-2016	As at 31-Mar-2015
	₹ lakhs	₹ lakhs
4 Reserves & Surplus		
Securities Premium		
Opening Balance	250.66	250.66
Closing Balance	250.66	250.66
Foreign Currency Translation Reserve		
Opening Balance	(2,405.95)	(2,242.54)
Movement during the year	47.93	(163.41)
Closing Balance	(2,358.02)	(2,405.95)
General Reserve		
Opening Balance	5,368.55	5,368.55
Less: Receivable relating to Earlier years Adjusted	2,802.11	
	2,566.44	
Less: Investments Adjusted		
Keystone Wireless	1,212.30	
Megasoft Consultants Pte Ltd,Singapore	26.31	
	1,238.61	
Closing Balance	1,327.82	5,368.55
Capital Reserve		
On Transfer of Land by TSIC to the company	1,218.92	--
Closing Balance	1,218.92	-
Business Reconstruction Reserve		
Opening Balance	21.38	21.38
Closing Balance	21.38	21.38
Surplus in statement of profit and loss		
Opening Balance	9,322.21	13,233.14
Profit for the period	129.81	73.82
Transitional effect of change in the useful life of assets, as per schedule II of the Companies Act 2013	(1,589.39)	--
Adjustments *	35.82	(3,984.75)
Closing Balance	7,898.45	9,322.21
Total Reserves & Surplus	8,359.21	12,556.85

* Certain advances made by the wholly owned subsidiary company prior to 2007 (being the date of acquisition of that wholly owned subsidiary) have been set-off to retained earnings by that wholly owned subsidiary.

	As at 31-Mar-2016 ₹ lakhs	As at 31-Mar-2015 ₹ lakhs
5 Long-term borrowings		
Secured		
Long term maturities of finance lease obligations	--	0.66
	--	0.66
Vehicles are hypothecated to the Banks / Financial Institutions as security for the amounts borrowed by the company.		
The Company has entered into leasing / hire purchase arrangements with banks and financial institutions for the hire / lease of motor vehicles ("the leased asset") for a period not exceeding 60 months. During the lease / hire period, the Company has agreed to hypothecate and create an exclusive charge on the vehicle in favour of the bank / financial institution and repay the principal amount of the loan along with interest thereon by way of instalments as agreed upon. The charge / security created in favour of the bank / financial institution shall remain in force until such time all the dues under the agreement are fully discharged.		
Pending lease / hire purchase obligations comprising minimum lease / hire payments		
Not later than one year	0.66	7.97
Later than one year and not later than five years	--	0.66
Total	0.66	8.63
Less: Amounts representing interest	--	(0.88)
Present value of minimum lease payments	0.66	7.75
Less : Amount due not later than one year	(0.66)	(7.20)
Amounts due later than one year and not later than five years	--	0.55
6 Deferred tax (assets) / liabilities (net)		
Fixed Assets	33.20	(18.55)
Retirement benefits	(4.26)	7.03
Provision for doubtful debts	-	5.22
	28.94	(6.30)
7 Long-term provisions		
Provision for retirement benefits (non-funded)	156.33	144.26
	156.33	144.26
8 Short-term borrowings		
Secured		
Working Capital / Demand loan from Bank	7,017.84	6,712.11
Unsecured		
From bodies corporate	2,791.92	2,643.35
	9,809.76	9,355.47
The working capital loan facilities from Banks are secured by a first charge on entire current assets and fixed assets (except company's assets acquired under hire purchase scheme), present and future, of the company.		
9 Trade payables		
Sundry Creditors		
for goods / services	3,188.16	2,747.96
	3,188.16	2,747.96
10 Other current liabilities		
Current maturities of long-term debt	-	-
Current maturities of finance lease obligations	0.66	7.97
For accrued salaries and benefits	122.34	135.34
Provision for expenses	1,944.72	1,683.73
Other payables	63.24	78.58
Unclaimed Dividends	-	7.69
	2,130.97	1,913.32
11 Short-term provisions		
Provision for retirement benefits (non-funded)	7.60	6.79
Proposed Dividend on Equity Shares	-	-
Tax on Dividend	-	-
Provision for taxation (net)	83.80	72.49
	91.40	79.28

12 Fixed Assets

Amount in Lakhs

Particulars	Gross Block				Depreciation				Net Block			
	Cost as at 1-Apr-2015	Additions	Deletions / Adjustments	Foreign exchange translation difference	Cost as at 31-Mar-2016	As at 1-Apr-2015	For the period/ year	On Deletions / Adjustments	Foreign exchange translation difference	Total as at 31-Mar-2016	As at 31-Mar-2016	As at 31-Mar-15
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(A) Tangible Assets												
Land & Land development	4,317.09	1,348.58	-	-	5,665.67	-	-	-	-	-	5,665.67	4,317.09
Plant & Machinery	150.39	19.50	(88.42)	12.16	93.63	48.22	24.56	(88.42)	26.72	187.92	(94.29)	102.17
Computer systems & Software	12,842.61	2,357.80	(1,289.39)	387.34	14,298.36	9,069.76	552.16	(1,289.39)	381.34	11,292.65	3,005.71	3,772.85
Furniture & Fittings	396.52	229.75	(102.91)	21.34	544.70	290.58	1.49	(102.91)	21.93	416.91	127.79	105.94
Vehicles	69.65	14.48		3.23	87.36	63.11	5.07	-	2.21	70.39	16.97	6.54
	17,776.26	3,970.11	(1,480.72)	424.07	20,689.72	9,471.67	583.28	(1,480.72)	432.20	11,967.87	8,721.85	8,304.59
(B) Intangible Assets												
Intellectual Property Rights	68.00	-	-	-	68.00	68.00	-	-	-	68.00	-	-
Patents	1,147.17	105.73	(108.67)	72.36	1,216.59	355.57	87.00	(108.67)	171.36	722.60	493.99	791.60
	1,215.17	105.73	(108.67)	72.36	1,284.59	423.57	87.00	(108.67)	171.36	790.60	493.99	791.60
Total	18,991.43	4,075.84	(1,589.39)	496.43	21,974.31	9,895.24	670.28	(1,589.39)	603.56	12,758.47	9,215.84	9,096.19
Previous year	21,716.01	99.92	(3,029.04)	204.54	18,991.43	11,402.34	1,354.74	(3,029.04)	167.20	9,895.24	9,096.19	

	As at 31-Mar-2016 ₹ lakhs	As at 31-Mar-2015 ₹ lakhs
13 Non-current investments		
Trade (Unquoted) - at cost		
In other companies		
Keystone Wireless, LLC	*** (See Note No.25)	--
A company incorporated in USA represents 5% of the capital on the date of investment		1,212.30
	--	1,212.30
14 Goodwill on consolidation		
XIUS Holding Corp (formerly, Boston Communications Group, Inc.)		
Accumulated losses on the date of becoming subsidiary i.e. 30 August 2007	10,157.50	10,157.50
	10,157.50	10,157.50
Goodwill arising on account of acquisition of subsidiary companies are not being amortised.		
15 Trade receivables		
Over six months from the date they were due for payment		
considered good	5,402.21	4,671.30
considered doubtful	-	730.90
Others - unsecured, considered good	1,098.98	4,107.01
	6,501.19	9,509.22
Less: Provision for doubtful debts	--	(730.90)
	6,501.19	8,778.31
16 Cash & Bank balances		
Cash on hand	0.65	0.82
Balances with Banks		
In Current Accounts	453.60	291.87
Other Bank balances		
Unclaimed dividend accounts	-	7.69
Other Bank Deposits *	59.91	75.91
	514.16	376.30
* The balance on deposit accounts which has been pledged as a security, by the company for availing non-fund based facilities.		
17 Short-term loans and advances		
Unsecured, considered good		
Loans and advances to employees	21.98	25.45
Other loans and advances	1,539.65	1,398.52
Security Deposits	210.73	173.14
Advance Income-tax	30.44	0.52
	1,802.80	1,597.63
	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
18 Other Income / (Expenses)		
Miscellaneous Income	-	3.22
Interest received	4.83	3.13
Gains / (losses) on foreign currency, net	76.72	99.44
	81.55	105.79
19 Employee benefits expenses		
Salaries & Bonus including overseas staff expenses	1,902.44	2,545.10
Contribution to Provident & Other Funds	75.99	97.81
Social security and other benefit plans for overseas employees	-	41.57
Employees Welfare expenses	32.44	38.73
	2,010.87	2,723.20
20 Finance cost		
Interest expense	523.62	1,046.18
Bank charges and commission	263.39	156.41
	787.02	1,202.60

	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
21 Other expenses		
Services rendered by business associates and others	596.06	847.86
Rent	259.51	338.13
Rates & Taxes	9.14	20.18
Communication expenses	265.43	467.37
Travel & Conveyance	342.66	570.80
Insurance	70.03	105.81
Power & Fuel	139.45	188.56
Repairs & Maintenance	-	-
Machinery	161.63	105.74
Others	58.49	37.75
Printing & Stationery	10.38	10.37
Loss / (Profit) on sale / discard of Fixed Assets	3.34	-
Business Development expenses	178.61	127.79
Legal & Professional expenses	99.86	279.72
Auditors' remuneration	22.36	29.90
Rebates & Discounts	279.03	253.96
Miscellaneous expenses	102.25	57.23
Bad debts written-off	-	1,154.48
Provision for doubtful debts (net)	-	(1,136.86)
	2,598.26	3,458.79
22 Taxes		
Current tax	5.35	60.67
Deferred tax expense / (benefit)	35.43	(41.54)
Earlier year tax	6.81	(68.50)
	47.59	(49.37)
23 Earnings per share		
Basic		
Profit after tax	129.81	73.81
Weighted average number of equity shares outstanding	44,267,293	44,267,293
Earnings per share - Basic (Rs)	0.30	0.17
Diluted		
Profit after tax	129.81	73.81
Weighted average number of equity shares outstanding	44,267,293	44,267,293
Dilutive effect of stock options outstanding	--	2,305,000
Weighted average number of equity shares outstanding	44,267,293	46,572,293
Earnings per share - Diluted (Rs)	0.30	0.16
	As at 31-Mar-2016 ₹ lakhs	As at 31-Mar-2015 ₹ lakhs
24 Commitments & Contingencies		
(i) Estimated amount of contracts pending execution on capital account (net of advances)	-	2.26
(ii) Bank guarantees	236.69	485.60
(iii) The company's banker have provided Stand-by Letter of Credit facility for US\$ 8.30 million (previous year- US \$ 8.30 million) to the company's wholly owned subsidiary, for working capital facility availed by that subsidiary by discounting of the same overseas. The said facility of that subsidiary is further secured by a corporate guarantee of the company.		
(iv) The company's appeal to the CIT (Appeals) for the assessment year 2006-07, 2007-08, 2008-09, 2010-11 and 2011-12 involving a demand of Rs.41.60 Crores has been decided in its favour. However, the Income Tax Authorities have preferred an appeal before the Income Tax Appellate Tribunal.		
(v) In respect of an arbitration moved by US client against the company, the matter had been settled out of the court. The payments have been structured as per mutual agreement.		

25. Investment

Investment amounting to ₹ 1238.61 Lakhs has been adjusted against the Reserve & surplus based on the Legal Opinion.

26. Employee Benefit Plans:

(a) Provident Fund:

Both the Employees and the company make monthly contributions to the Provident Fund Plan equal to a specified percentage of covered employee's salary. The entire contribution in respect of employees is contributed to the Government administered Employee Provident and Pension Fund.

(b) Defined benefit Plans:

The company offers the following Employee benefit schemes to its Employees

- Gratuity (unfunded) – The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based completed years of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.
- Post -employment leave encashment (unfunded) – Leave encashment is payable to the employees on separation from the company at retirement, death while in employment or on termination of employment. Employees are not entitled to encash leave while in employment.

The following table sets out the status of the defined benefit schemes and the amount recognised in the financial statements.

Amount in Lakhs

For the period/year ended	Gratuity		Privilege Leave	
	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
Present Value of Projected Benefit Obligation				
Present Value of Benefit Obligation at the Beginning of the period	114.18	96.74	36.86	33.04
Interest Cost	9.16	11.49	2.96	3.92
Service Cost	18.62	20.12	7.13	15.58
(Benefit Paid Directly by the Employer)	(22.51)	(32.45)	(9.21)	(15.51)
Actuarial (Gains)/ Losses on Obligations - Due to Change in Financial Assumptions	1.29	18.93	0.37	6.28
Actuarial (Gains)/ Losses on Obligations - Due to Experience	6.85	(0.65)	(1.78)	(6.45)
Present Value of Benefit Obligation at the End of the period	127.59	114.18	36.33	36.86
Fair Value of Plan Assets	N.A	N.A	N.A	N.A
Actuarial (Gains)/ Losses Recognised in the Statement of Profit or Loss				
Actuarial (Gains)/ Losses on Obligation For the Period	8.13	18.28	(1.41)	(0.17)
Actuarial (Gains)/ Losses on Plan Asset For the Period	-	-	-	-
Subtotal	8.13	18.28	(1.41)	(0.17)
Actuarial (Gains)/ Losses Recognised in the Statement of Profit or Loss	8.13	18.28	(1.41)	(0.17)
Actual Return of Plan Assets	N.A	N.A	N.A	N.A
Amount Recognised in the Balance Sheet				
(Present Value of Benefit Obligation at the end of the period)	(127.59)	(114.18)	(36.33)	(36.86)
Fair Value of Plan Assets at the end of the Period	-	-	-	-
Funded Status [Surplus/ (Deficit)]	(127.59)	(114.18)	(36.33)	(36.86)
Unrecognised Past Service Cost at the end of the Period	-	-	-	-
Net (Liability)/ Asset Recognised in the Balance Sheet	(127.59)	(114.18)	(36.33)	(36.86)
Net Interest Cost				
Present Value of Benefit Obligation at the Beginning of the period	114.18	96.74	36.86	33.04
(Fair Value of Plan Assets at the Beginning of the Period)	-	-	-	-
Net Liability / (Asset) at the Beginning	114.18	96.74	36.86	33.04
Interest Cost	9.16	11.49	2.96	3.92
(Expected Return on Plan Assets)	-	-	-	-

Net Interest Cost	9.16	11.49	2.96	3.92
Expenses Recognised in the Statement of Profit or Loss				
Service Cost	18.16	20.12	7.13	15.58
Net Interest Cost	9.16	11.49	2.96	3.92
Actuarial (Gains)/ Losses	8.13	18.28	(1.41)	(0.17)
Expenses Recognised in the Statement of Profit or Loss	35.92	49.89	8.68	19.33
Balance Sheet Reconciliation				
Opening Net Liability	114.18	96.74	36.86	33.04
Expense Recognised in Statement of Profit or Loss	35.92	49.89	8.67	19.33
(Benefit Paid Directly by the Employer)	(22.51)	(32.45)	(9.21)	(15.51)
Net Liability / (Asset) Recognised in the Balance Sheet	127.59	114.18	36.33	36.86
Category of Assets	N.A.	N.A.	N.A.	N.A.
Actuarial assumptions				
Expected Return on Plan Assets	N.A.	N.A.	N.A.	N.A.
Rate of Discounting	7.95%	8.03%	7.95%	8.03%
Rate of Salary Increase	6.00%	6.00%	6.00%	6.00%
Rate of Employee Turnover	2.00%	2.00%	2.00%	2.00%

* The Estimate of future salary increases considered in actual valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

* Mortality Rate during Employment – Indian Assures Live Mortality (2006-08)

Experience Adjustments	31-Mar-2016	31-Mar-2015	31-Dec-2013	31-Dec-2012	31-Dec-2011	31-Dec-2010
Gratuity						
Present value of DBO	127.59	114.18	96.73	94.40	103.18	80.74
Fair value of plan assets	-	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(127.59)	(114.18)	(96.73)	(94.40)	(103.18)	(80.74)
Experience gain / (loss) adjustments on plan liabilities	6.85	(0.65)	0.63	(17.43)	1.41	10.35
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-	-
Leave Encashment						
Present value of DBO	36.33	36.86	33.04	37.38	41.46	44.38
Fair value of plan assets	-	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(36.33)	(36.86)	(33.04)	(37.38)	(41.46)	(44.38)
Experience gain / (loss) adjustments on plan liabilities	(1.78)	(6.45)	(6.08)	(2.72)	(4.40)	21.08
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-	-

27 Related party transactions

Associates

Entities controlled by Director/s

NMR Property Development Private Limited
Sri City Private Limited
Suprani Farms Private Limited

Sricity Holdings India Private Limited
Sricity Utility Services Private Limited
Sri Dhruva Builders Private Limited

Directors & Key Management Personnel

GV Kumar
D Sudhakar Reddy

	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
Associate companies		
Reimbursement of common expenses received	16.35	17.35
Due to / (from)	(2.20)	(2.17)
Directors & Key Management Personnel		
Remuneration to Executive Directors	52.07	65.09
Commission to Non-Executive Directors		-
Directors' sitting fees	5.55	5.85

There are no provisions for doubtful debts / advances in respect of related parties as at the Balance Sheet date or amounts written-off or written back during the year in respect of debts due from or to related parties.

28. Segmental Information

Subsequent to divestment of IT Services ('Blue Ally') 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.

	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
Business Segment (Primary)		
Revenues - Telecom	6,568.29	10,072.85
Segment profit	1,553.15	2,493.61
Less: Finance cost	787.02	1,202.60
Less: Depreciation	670.28	1,354.74
Other Income / (Expenses)	81.55	88.18
Profit before taxes	177.40	24.44
Less: Taxes	47.59	(49.37)
Profit after taxes	129.81	73.81
	--	--
Geographical Segment (Secondary)		
Revenues		
USA & Canada	847.78	2,155.11
South America & Latam	1,615.58	1,868.18
Middle East & Africa	1,642.26	1,774.20
APAC	2,462.68	4,275.37
	6,568.29	10,072.85
Carrying amount of segment assets		
USA & Canada	8,951.42	8,327.21
South America	1,054.98	1,054.99
Middle East & Africa	2,197.63	2,197.64
APAC	5,756.89	8,268.08
	17,960.92	19,847.92
Addition to Fixed Assets		
USA & Canada	-	13.56
South America	-	-
Middle East & Africa	-	-
APAC	192.48	86.35
	192.48	99.92

29 Previous year comparatives

The financial statements present the results of operations of the company and its subsidiaries for the financial year ended 31 March 2016 (12 months period) and are not directly comparable for the period ended 31 March 2015 (15 months period).

Independent Auditors' Report To The Members of Megasoft Limited

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of Megasoft Limited which comprise the balance sheet as at 31 March 2016, the statement of profit and loss, the cash flow statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the financial position, financial performance and the 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 Companies Act, 2013 (hereinafter referred to as 'the Act') read with Rule 7 of the companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's fair preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2016, and their profit and their cash flows for the year ended on that date.

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 Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

- As required by sub-section 3 of section 143 of the Act, we report, to the extent applicable, that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements.
- In our opinion, proper books of accounts as required by the law relating to the preparation of the aforesaid financial statements have been kept so far as it appears from our examination of these books.
- The balance sheet, the statement of profit & loss, and the cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the financial statements.
- In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
- On the basis of the written representations received from the directors of the Company as on 31 March 2016 taken on record by the Board of Directors of the Company and the report of the statutory auditors, none of the Directors of the Company is disqualified as on 31st March 2016 from being appointed as Director of that company in terms of sub-section 164 of the Act.
- 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 ; and
- In respect of Bad debts written off amounting to Rs.28,02,11,164/- , these have not been debited to the statement of profit & loss and have been directly adjusted against the opening general reserves, which in our opinion is not in accordance with "Accounting Standard No. 5, Net Profit or Loss for the period, prior period items and changes in accounting policies." Accordingly the statement of profit & loss has been affected.*
- With respect to the other matters to be included in the Auditors' 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:
 - According to the information and explanation given to us, there were no pending litigation which would impact the financial position of the Company;
 - The Company did not have any material foreseeable losses, on long-term contracts including derivatives contracts; and
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s Srikanth & Shanthi Associates
Chartered Accountants
[FRN 004006S]

For M/s T N Rajendran & Co.
Chartered Accountants
[FRN 005080S]

MC Srikanth
Partner
[M.No. 018588]

T N Rajendran
Partner
[M.No. 028778]

Place : Hyderabad
Date : 28 May 2016

Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The Company has a regular programme of physical verification of its fixed assets were by which fixed assets are verified in phased manner over a period of three years. In accordance with this programme, certain fixed assets 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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 held any physical inventories. Thus, paragraph 3(ii) of the order is not applicable to the Company.
- (iii) The company has not granted any loans other than wholly owned subsidiaries,hence this clause is not applicable.
- (iv) In our opinion and according to the information and explanation given to us, the company has complied with the provision of the section 185 and 186 of the Act, with respect to loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.
- (vii) Statutory Dues:
- (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been depositing with the appropriate authorities except instances where delayed remittances were noticed with respect to Provident Fund and Employees State Insurance during the year. However ,there were no dues on any of these account as of the date of this report.
- (b) According to the information and explanations given to us following disputed dues payable in respect of income-tax as on 31 March 2016.
- (viii) The Company did not default in repayment of dues to the bank.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.
- (x) According to the information and explanation given to us, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination 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 explanations given to us and based on our examination given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.
- (xvi) The Company is not covered under section 45-IA of the Reserve Bank of India Act 1934.

For M/s Srikanth & Shanthi Associates
Chartered Accountants
[FRN 004006S]

For M/s T N Rajendran & Co.
Chartered Accountants
[FRN 005080S]

Nature of Statue	Nature of Demand	Assessment Years	Amount	Forum where the dispute is pending
Income Tax Act 1961	Tax and Interest	2006-07, 2007-08, 2008-09, 2010-11& 2011-12	₹ 41.60 Crores	Income Tax Appellate Tribunal, Chennai

MC Srikanth
Partner
[M.No. 018588]

T N Rajendran
Partner
[M.No. 028778]

Place : Hyderabad
Date : 28 May 2016

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 M/s. Megasoft Limited as of 31 March 2016 in conjunction with our audit of the 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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 31 March 2016, 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 M/s Srikanth & Shanthy Associates
Chartered Accountants
[FRN 004006S]

For M/s T N Rajendran & Co.
Chartered Accountants
[FRN 005080S]

MC Srikanth
Partner
[M.No. 018588]

T N Rajendran
Partner
[M.No. 028778]

Place : Hyderabad
Date : 28 May 2016

Balance Sheet

	Note	As at 31-Mar-2016 ₹ lakhs	As at 31-Mar-2015 ₹ lakhs
Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	3	4,426.73	4,426.73
(b) Reserves & Surplus	4	10,090.80	13,000.45
		14,517.53	17,427.18
Non-Current liabilities			
(a) Long-term borrowings	5	-	0.66
(b) Deferred tax liabilities (Net)	6	29.04	-
(c) Long-term provisions	7	156.33	144.26
		185.36	144.93
Current liabilities			
(a) Short-term borrowings	8	1,670.71	1,675.58
(b) Trade payables	9	1,466.17	1,362.51
(c) Other current liabilities	10	247.54	263.18
(d) Short-term provisions	11	91.52	78.54
		3,475.94	3,379.82
Total		18,178.83	20,951.92
Assets			
Non-current assets			
(a) Fixed Assets	12		
(i) Tangible assets		6,053.30	4,714.79
(ii) Intangible assets	-	-	-
		6,053.30	4,714.79
(b) Non-current investments	13	5,617.08	6,855.69
(c) Deferred tax assets (Net)	6	-	6.39
		11,670.38	11,576.87
Current Assets			
(a) Trade receivables	14	3,274.91	6,076.27
(b) Cash and cash equivalents	15	253.08	207.64
(c) Short-term loans and advances	16	2,980.46	3,091.14
		6,508.45	9,375.04
Total		18,178.83	20,951.92

The accompanying notes are an integral part of the standalone financial statements.

As per our Report of even date attached
for **M/s Srikanth & Shanthi Associates**
Chartered Accountants
Firm Registration No.004006S

for **M/s TN Rajendran & Co.**
Chartered Accountants
Firm Registration No.005080S

For and on behalf of the Board

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

MC Srikanth
Partner
Membership No.018588

TN Rajendran
Partner
Membership No.028778

Anish Mathew
Director

Shridhar Thathachary
Chief Financial Officer

Anil Kumar Sood
Director

Rakhee Jain
Company Secretary

Place: Hyderabad
Date : 28 May 2016

Statement of Profit & Loss

	Note	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
INCOME			
Revenue from operations		3,003.91	5,337.13
Other Income / (Expenses)	17	85.21	70.69
Total Income		3,089.13	5,407.81
EXPENSES			
Software, hardware and material costs		348.47	1,291.49
Employee benefits expense	18	1,462.36	1,988.47
Finance cost	19	239.56	316.44
Depreciation	12	63.70	304.08
Other expenses	20	885.29	1,495.81
Total Expenses		2,999.38	5,396.30
PROFIT			
Profit before tax		89.75	11.52
Less: Taxes	21	47.59	(50.03)
Profit for the period		42.16	61.54
EARNINGS PER SHARE			
	22		
(equity shares, par value Rs 10 each)			
Basic (₹)		0.10	0.14
Diluted (₹)		0.10	0.13
Number of shares used in computing			
Basic		44267293	44267293
Diluted		44267293	46572293

The accompanying notes are an integral part of the standalone financial statements.

As per our Report of even date attached
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Anil Kumar Sood
Director

Rakhee Jain
Company Secretary

Place: Hyderabad
Date : 28 May 2016

Cash Flow Statement

	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
Cash flows from operating activities		
Profit before taxation	89.75	11.52
Adjustments for:		
Depreciation & Amortisation	63.70	304.08
Loss / (Profit) on sale / discard of Fixed Assets	3.34	-
Bad debts written-off	-	1,152.65
Provision for Doubtful Debts	-	(1,136.86)
Employees Stock compensation expense	-	-
Provision for retirement benefits	12.88	21.27
Interest received	(4.83)	(3.13)
Finance cost	239.56	316.44
Operating profit before working capital changes	404.40	665.98
(Increase) / Decrease in Trade Receivables	(20.45)	(1,913.33)
(Increase) / Decrease in Short Term Loans & Advances	140.61	429.46
(Decrease) / Increase in Current Liabilities	88.01	895.51
Taxes paid during the year	(29.92)	(0.90)
Net cash provided by operating activities	582.65	76.71
Cash flows from investing activities		
Purchase / acquisition of Fixed Assets	(1,405.56)	(86.25)
Transitional effect of change in the useful life of assets, as per schedule II of the Companies Act 2013	(130.00)	-
Investment / (divestment) in subsidiary / other companies *	1,238.61	-
Interest received	4.83	3.13
Net Cash used for investing activities	(292.11)	(83.11)
Cash flows from financing activities		
Employees Stock Compensation outstanding	-	-
Business Reconstruction Reserve	-	-
Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings	-	-
Increase / (Decrease) in Short Term Borrowings	(4.87)	25.07
Increase / (Decrease) in Long Term Borrowings	(0.66)	(9.96)
Dividend paid	-	-
Finance cost	(239.56)	(316.44)
Net cash provided by financing activities	(245.09)	(301.34)
Net increase in cash & cash equivalents	45.45	(307.74)
Cash & Cash equivalents at the beginning of the year	207.64	515.37
Cash & Cash equivalents at the end of the year	253.08	207.64

As per our Report of even date attached
for **M/s Srikanth & Shanthi Associates**
Chartered Accountants
Firm Registration No.004006S

for **M/s TN Rajendran & Co.**
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For and on behalf of the Board

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Chief Financial Officer

Anil Kumar Sood
Director

Rakhee Jain
Company Secretary

Place: Hyderabad
Date : 28 May 2016

Notes to the financial statements

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

1 Corporate Information

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.

2 Significant Accounting policies

(i) Basis for preparation

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting policy hitherto in use.

The Management evaluates all recently issued or revised accounting standards on an on-going basis.

(ii) Use of Estimate

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates of carrying value of provision for doubtful debts and useful life of fixed assets. Actual results could differ from estimates.

(iii) 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

(iv) Fixed Assets & Depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. Direct costs such as freight, installation costs, duties and taxes are included in the cost of the asset until the assets are ready to be put to use. Assets acquired under hire purchase / leases are capitalized and the corresponding liability is recorded at an amount equal to the fair value of the hired / leased assets or the present value of the minimum hire/lease payments, whichever is lower, at the inception of the lease/hire purchase. Leased rentals in respect of leased assets are

charged to profit and loss Account. Initial costs incurred in connection with specific leasing / hire purchase activities directly attributable to activities performed by the company for a financial lease/hire purchase are included as part of the amount recognized as an asset under the lease/hire purchase.

Depreciation on fixed assets other than computer systems & software is provided using the straight-line method in accordance either the rate specified under Schedule II to the companies Act, 2013. Depreciation on computer system & software other than telecom related assets is provided on the basis of estimated useful life of four years. Depreciation is 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.

(v) Intangible Assets and Amortization

Intangible assets are stated at cost of acquisition or construction less accumulated amortization and impairment losses if any. Intangible assets are amortized over their estimated useful economic life. Gains or Losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and losses when the asset is derecognized.

(vi) Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Previously recognized impairment loss is further provided or reversed depending on the changes in circumstances.

(vii) Investments

Investments in subsidiary / other companies are classified as long-term investments and are stated at cost. Any diminution in value is to be determined for each investment individually on the basis of its expected benefits to the Company. The exact quantum of such benefits is dependent on a number of uncertain future events.

(viii) Foreign Currency transactions

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of the transaction or at average monthly exchange rates that approximate the actual rates of exchange prevailing at the dates of the transactions. Current assets and liabilities denominated in foreign currency are translated at the rate of exchange as at Balance Sheet date as per the provisions of AS-11. All resulting gain or losses are recognized in the profit & loss account. Foreign exchange gain or losses relating to the acquisition of fixed assets are adjusted to the cost of the assets.

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.

ix. Retirement benefits

Provident Fund

Employees received benefits from a provident fund, which is a defined contribution plan. Both the employee and the company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The company has no further obligation under the plan beyond its monthly contributions.

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a non-funded, defined benefits retirement plan (the "Gratuity Plan") covering all employees. The plan, subject to the provisions of the Act, provides a lump sum payment to vested employees at retirement or termination of employment of an amount based on the respective employee's salary and the years of employment with the company. The Company estimates its liability on adhoc basis in the interim financial reports and on an actuarial valuation basis as of each year-end balance sheet date carried out by an independent actuary, and is charged to profit & loss Account in accordance with AS-15 (revised)

Leave encashment

Leave encashment cost is a defined benefit, and is accrued on adhoc basis in the interim financial reports on an actuarial valuation basis as of each year-end balance sheet date carried out by an independent actuary, and is charged to profit & loss Account in accordance with AS-15 (revised).

(x) Borrowing cost

Borrowing costs other than those directly attributable to qualifying Fixed Assets are recognized as an expense in the period in which they are incurred.

(xi) Taxes

Current tax

Current tax is measured at the amount expected to be paid out or recovered from the tax administration adopting the applicable rates in forces.

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonable / virtual certainty (as the case may be) to be realized.

The break-up of major components of the deferred tax assets and liabilities as of each year-end Balance sheet date have been arrived at after setting off deferred tax assets and liabilities where the company has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing laws.

(xii) Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation and a reliable estimate can be made of the amount of the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognized a contingent liability but discloses its existence in the financial statements.

(xiii) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares.

	As at 31-Mar-2016 ₹ lakhs	As at 31-Mar-2015 ₹ lakhs
3 Share Capital		
Authorised		
75,000,000 Equity Shares of ₹ 10 each	7,500.00	7,500.00
	7,500.00	7,500.00
Issued, Subscribed & Paid-up		
44,267,293 Equity Shares of ₹ 10 each fully paid-up	4,426.73	4,426.73
	4,426.73	4,426.73

The company has only one class of shares referred to as equity shares having a par value of ₹ 10 each. Each holder of the equity share, as reflected in the records of the company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

The company declares and pays dividends in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity shareholders holding more than 5 percent of equity shares along with the number of equity shares held at the beginning and at the end of the period is as given below:

	No of shares	%	No of shares	%
S. Ravindra Babu	2,688,768		2,688,768	
Ravindra Babu S (HUF)	512,126		512,126	
	3,200,894	7.24%	3,200,894	7.24%
GV Kumar	2,226,911	5.03%	2,226,911	5.03%
I Labs Venture Capital Fund	3,762,375	8.50%	3,762,375	8.50%

The company has not allotted any equity shares by way of bonus shares nor has bought back any equity shares during the period of five years immediately preceding the balance sheet date. The company has not allotted any equity shares without payment being received in cash during the period of five years immediately preceding the balance sheet date.

Employees Stock Option Plans

The company had two stock option plans viz Associates Stock Option Plan 2004 and Employees Stock Option Plan 2007 which provided for the granting of stock options to employees / directors of the company and its subsidiaries (not being promoter directors of the company). The said plans lapsed during the financial year under review in accordance with the terms of the shareholders' resolutions dated 18.06.2004, 10.05.2005, 22.06.2006 and 08.06.2007.

	As at 31-Mar-2016	As at 31-Mar-2015
	₹ lakhs	₹ lakhs
4 Reserves & Surplus		
Securities Premium		
Opening Balance	250.66	250.66
Closing Balance	250.66	250.66
Capital Reserve		
On Transfer of Land by TSIC to the company	1,218.92	-
Closing Balance	1,218.92	-
General Reserve		
Opening Balance	5,368.55	5,368.55
Less: Receivable relating to Earlier years Adjusted	2,802.11	
	2,566.44	
Less: Investments Adjusted (See Note No.24)		
Keystone Wireless	1,212.30	
Megasoft Consultants Pte Ltd,Singapore	26.31	
	1,238.61	
Closing Balance	1,327.82	5,368.55
Business Reconstruction Reserve		
Opening Balance	21.38	21.38
Closing Balance	21.38	21.38
Surplus in statement of profit and loss		
Opening Balance	7,359.86	7,298.32
Profit for the period	42.16	61.54
Transitional effect of change in the useful life of assets, as per schedule II of the Companies Act 2013	(130.00)	-
Closing Balance	7,272.01	7,359.86
Total Reserves & Surplus	10,090.80	13,000.45

5 Long-term borrowings

Secured		
Long term maturities of finance lease obligations	--	0.66
	--	0.66

Vehicles are hypothecated to the Banks / Financial Institutions as security for the amounts borrowed by the company.

The Company has entered into leasing / hire purchase arrangements with banks and financial institutions for the hire / lease of motor vehicles ("the leased asset") for a period not exceeding 60 months. During the lease / hire period, the Company has agreed to hypothecate and create an exclusive charge on the vehicle in favour of the bank / financial institution and repay the principal amount of the loan along with interest thereon by way of instalments as agreed upon. The charge / security created in favour of the bank / financial institution shall remain in force until such time all the dues under the agreement are fully discharged.

Pending lease / hire purchase obligations comprising minimum lease / hire payments

	As at 31-Mar-2016	As at 31-Mar-2015
	₹ lakhs	₹ lakhs
Not later than one year	0.66	7.97
Later than one year and not later than five years	-	0.66
Total	0.66	8.63
Less: Amounts representing interest	-	(0.88)
Present value of minimum lease payments	0.66	7.75
Less : Amount due not later than one year	(0.66)	(7.20)
Amounts due later than one year and not later than five years	--	0.55

	As at 31-Mar-2016 ₹ lakhs	As at 31-Mar-2015 ₹ lakhs
6 Deferred tax (assets) / liabilities (net)		
Fixed Assets	33.30	(18.64)
Retirement benefits	(4.26)	7.03
Provision for doubtful debts	-	5.22
	29.04	(6.39)
7 Long-term provisions		
Provision for retirement benefits (non-funded)	156.33	144.26
	156.33	144.26
8 Short-term borrowings		
Secured		
Working Capital / Demand loan from Bank	1,512.21	1,517.08
Unsecured	-	-
From bodies corporate	158.50	158.50
	1,670.71	1,675.58
The working capital loan facilities from Banks are secured by a first charge on entire current assets and fixed assets (except company's assets acquired under hire purchase scheme), present and future, of the company.		
9 Trade payables		
Sundry Creditors for goods / services	1,466.17	1,362.51
	1,466.17	1,362.51
The company has compiled this information based on the current information in its possession. As at the year end, no supplier has intimated the company about its status as a Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.		
10 Other current liabilities		
Current maturities of finance lease obligations	0.66	7.97
For accrued salaries and benefits	113.39	127.00
Provision for expenses	79.95	57.95
Other payables	53.53	62.57
Unclaimed Dividends	-	7.69
	247.54	263.18
11 Short-term provisions		
Provision for retirement benefits (non-funded)	7.60	6.79
Provision for taxation (net)	83.92	71.76
	91.52	78.54

12 Fixed Assets

Amount in Lakhs

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 1-Apr-2015	Additions	Deletions / Adjustments	Cost as at 31-Mar-2016	As at 1-Apr-2015	For the period/ year	On Deletions / Adjustments	Total as at 31-Mar-2016	As at 31-Mar-2016	As at 31-Mar-2015
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(A) Tangible Assets										
Land & Land development	4,317.09	1,348.58	-	5,665.67		-		-	5,665.67	4,317.09
Plant & Machinery	139.77	7.50	(38.42)	108.85	37.69	11.56	(38.42)	10.83	98.02	102.08
Computer systems & Software	1,370.31	7.14	1.33	1,378.78	1,187.16	50.21	1.33	1,238.70	140.08	183.15
Furniture & Fittings	235.43	38.99	(92.91)	181.51	129.50	0.29	(92.91)	36.88	144.63	105.93
Vehicles	69.65			69.65	63.11	1.64		64.75	4.90	6.54
	6,132.25	1,402.21	(130.00)	7,404.46	1,417.46	63.70	(130.00)	1,351.16	6,053.30	4,714.79
(B) Intangible Assets										
Intellectual Property Rights	68.00	-	-	68.00	68.00	-	-	68.00	-	-
Patents	2.68	-	-	2.68	2.68	-	-	2.68	-	-
	70.68	-	-	70.68	70.68	-	-	70.68	-	-
Total	6,202.93	1,402.21	(130.00)	7,475.14	1,488.14	63.70	(130.00)	1,421.84	6,053.30	4,714.79
Previous year	9,145.73	86.24	(3,029.04)	6,202.93	4,213.10	304.08	(3,029.04)	1,488.14	4,714.79	

	As at 31-Mar-2016 ₹ lakhs	As at 31-Mar-2015 ₹ lakhs
13 Non-current investments		
Trade (Unquoted) - at cost		
In wholly owned subsidiary companies		
Megasoft Consultants Pte Ltd	See Note No.24	26.31
A company incorporated in Singapore 100,000 ordinary shares of S\$ 1 each fully paid	-	
Megasoft Consultants Sdn Bhd	63.63	63.63
A company incorporated in Malaysia 500,000 ordinary shares of MR 1 each fully paid		
XIUS Holding Corp (formerly, Boston Communications Group, Inc.)	5,553.45	5,553.45
A company incorporated in USA 1,000 ordinary shares of US\$ 0.001 each fully paid		
Trade (Unquoted) - at cost		
In other companies		
Keystone Wireless, LLC	See Note No.24	1,212.30
A company incorporated in USA represents 5% of the capital on the date of investment	-	
	5,617.08	6,855.69
14 Trade Receivables		
Over six months from the date they were due for payment		
considered good	2,285.86	4,604.78
considered doubtful	-	730.90
Others - unsecured, considered good	989.04	1,471.49
	3,274.91	6,807.17
Less: Provision for doubtful debts	-	(730.90)
	3,274.91	6,076.27
15 Cash & Bank balances		
Cash on hand	0.65	0.82
Balances with Banks		
In Current Accounts	192.52	123.21
Other Bank balances		
Unclaimed dividend accounts	-	7.69
Other Bank Deposits *	59.91	75.91
	253.08	207.64
* The balance on deposit accounts which has been pledged as a security, by the company for availing non-fund based facilities.		
16 Short-term loans and advances		
Unsecured, considered good		
Loans and advances to employees	22.36	17.12
Loans and advances to subsidiary companies	2,207.96	2,121.25
Other loans and advances	520.86	789.47
Security Deposits	198.84	162.78
Advance Income-tax	30.44	0.52
	2,980.46	3,091.14

	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
17 Other Income / (Expenses)		
Miscellaneous Income	-	3.22
Interest received	4.83	3.13
Gains / (losses) on foreign currency, net	80.38	64.34
	85.21	70.69
18 Employee benefits expenses		
Salaries & Bonus including overseas staff expenses (*Includes Managerial Remuneration of ₹ 52.06 Lakhs and Previous Year ₹ 65.09 Lacs)	1,353.94	1,851.93
Contribution to Provident & Other Funds	75.99	97.81
Employees Welfare expenses	32.44	38.73
	1,462.36	1,988.47
Computation of net profit in accordance with Section 197 & 198 of the Companies Act, 2013 and calculation of commission payable to non-executive directors.		
Profit after tax	42.16	61.54
Add:		
Managerial Remuneration	57.62	70.94
Depreciation / impairment as per books	63.70	304.08
Provision for doubtful debts	-	15.79
Loss on sale / Discard of Fixed Assets	3.34	-
Provision for taxation	47.59	(50.03)
	172.26	340.79
Less:		
Depreciation as per Section 123 of the Act	63.70	304.08
Profit on which commission is payable	150.71	98.25
Commission to Non-Executive Directors		
Maximum allowed as per the Act	1.50	0.98
Commission approved by the Board	--	--
* The liability towards gratuity is provided on an actuarial basis for the company as a whole. The amount pertaining to directors is not individually ascertainable and is therefore not included above.		
19 Finance cost		
Interest expense	215.38	279.68
Bank charges and commission	24.18	36.77
	239.56	316.44

	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
20 Other expenses		
Services rendered by business associates and others	63.96	294.62
Rent	164.97	185.00
Rates & Taxes	1.98	12.39
Communication expenses	39.33	69.81
Travel & Conveyance	182.78	343.69
Insurance	38.13	61.93
Power & Fuel	73.67	90.29
Repairs & Maintenance	-	-
Machinery	33.09	21.47
Others	55.10	30.12
Printing & Stationery	10.18	8.12
Loss / (Profit) on sale / discard of Fixed Assets	3.34	-
Business Development expenses	35.27	21.17
Legal & Professional expenses	28.20	27.36
Auditors' remuneration	20.39	18.72
Rebates & Discounts	82.71	260.33
Miscellaneous expenses	52.18	34.99
Bad debts written-off	-	1,152.65
Provision for doubtful debts (net)	-	(1,136.86)
	885.29	1,495.81

21 Taxes		
Current tax	5.35	60.00
Deferred tax expense / (benefit)	35.43	(41.52)
Earlier year tax	6.81	(68.50)
	47.59	(50.03)

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be continuous, the Company is in the process of continually updating the documentation for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

22 Earnings per share		
Basic		
Profit after tax	42.15	61.54
Weighted average number of equity shares outstanding	44,267,293	44,267,293
Earnings per share (Rs)	0.10	0.14
Diluted		
Profit after tax	42.15	61.54
Weighted average number of equity shares outstanding	44,267,293	44,267,293
Dilutive effect of stock options outstanding	--	2,305,000
Weighted average number of equity shares outstanding	44,267,293	46,572,293
Earnings per share (Rs)	0.10	0.13

	As at 31-Mar-2016 ₹ lakhs	As at 31-Mar-2015 ₹ lakhs
23 Commitments & Contingencies		
(i) Estimated amount of contracts pending execution on capital account (net of advances)	-	2.25
(ii) Bank guarantees	236.69	485.60
(iii) The company's banker have provided Stand-by Letter of Credit facility for US\$ 8.30 million (previous year- US \$ 8.30 million) to the company's wholly owned subsidiary, for working capital facility availed by that subsidiary by discounting of the same overseas. The said facility of that subsidiary is further secured by a corporate guarantee of the company		
(iv) The company's appeal to the CIT (Appeals) for the assessment year 2006-07, 2007-08, 2008-09, 2010-11 and 2011-12 involving a demand of ₹ 41.60 Crores has been decided in its favour. However, the Income Tax Authorities have preferred an appeal before the Income Tax Appellate Tribunal.		
(v) In respect of an arbitration moved by US client against the company, the matter had been settled out of the court. The payments have been structured as per mutual agreement.		

24 Investment

Investment amounting to ₹ 1238.61 has been adjusted against the Reserve & surplus based on the Legal Opinion.

25 Related party transactions

Wholly owned Subsidiary companies

Megasoft Consultants Sdn Bhd, Malaysia
 XIUS Holding Corp (formerly, Boston Communications Group, Inc.), USA
 XIUS Corp (formerly, Cellular Express, Inc.), USA
 Boston Communications Group De Mexico, S.R.L.
 Megasoft Consultants Pte Ltd, Singapore
 BCGI Wireless Private Limited

Associates

Entities controlled by Director/s

NMR Property Development Private Limited	Sricity Holdings India Private Limited
Sri City Private Limited	Sricity Utility Services Private Limited
Suprani Farms Private Limited	Sri Dhruva Builders Private Limited

Directors & Key Management Personnel

GV Kumar
 D Sudhakar Reddy

	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
Wholly owned Subsidiary companies		
Sale of services		
Megasoft Consultants Sdn Bhd	850.64	886.63
XIUS Corp (formerly, Cellular Express, Inc.), USA	-	1,071.45
Boston Communications Group De Mexico, S.R.L.	152.68	-
Software development expenses		
XIUS Corp (formerly, Cellular Express, Inc.), USA	-	120.19
Trade Receivables		
Megasoft Consultants Sdn Bhd	-	98.46
XIUS Corp (formerly, Cellular Express, Inc.), USA	134.23	140.83
Boston Communications Group De Mexico, S.R.L.	99.50	-
Short-term loans and advances		
XIUS Holding Corp (formerly, Boston Communications Group, Inc.), USA	2,207.96	2,121.25
Corporate Guarantees for foreign currency loan from bank		
XIUS Holding Corp (formerly, Boston Communications Group, Inc.), USA	5,505.63	5,195.04

	For the year ended 31-Mar-2016 ₹ lakhs	For the 15 months period ended 31-Mar-2015 ₹ lakhs
Associates	-	-
Reimbursement of common expenses received	16.35	17.35
Due to / (from)	(2.20)	(2.17)
Directors & Key Management Personnel	-	-
Remuneration to Executive Directors	52.07	65.09
Commission to Non-Executive Directors	-	-
Directors' sitting fees	5.55	5.85
Details of loans and advances in the nature of loans	-	-
(as required by clause 32 of the listing agreement with the stock exchanges)	-	-
Balance at the end of the year	-	-
XIUS Holding Corp (formerly, Boston Communications Group, Inc.), USA	2,207.96	2,513.09
Maximum amount outstanding during the year	-	-
XIUS Holding Corp (formerly, Boston Communications Group, Inc.), USA	2,513.09	2,732.82
There are no provisions for doubtful debts / advances in respect of related parties as at the Balance Sheet date or amounts written-off or written back during the year in respect of debts due from or to related parties.		
26 Payments to Auditors		
Audit fees	16.00	15.73
Out of pocket expenses	0.89	2.24
Tax matters	-	0.75
Others	3.50	-
	20.39	18.72
27 CIF value of imports		
Capital goods	-	-
Others	4.85	10.69
	4.85	10.69
28 Expenditure in foreign currency		
Travel expenses	122.94	106.99
Software Development expenses	55.55	120.19
Others	6.58	10.69
	185.07	237.86
29 Earnings in foreign currency		
Software development services	3,003.91	5,337.13

30. Employee Benefit Plans

(a) Provident Fund:

Both the Employees and the company make monthly contributions to the Provident Fund Plan equal to a specified percentage of covered employee's salary. The entire contribution in respect of employees is contributed to the Government administered Employee Provident and Pension Fund.

(b) Defined benefit Plans:

The company offers the following Employee benefit schemes to its Employees

- (i) Gratuity (unfunded) – The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based completed years of service or part thereof in excess of six months Vesting occurs on completion of five years of service.
- (ii) Post -employment leave encashment (unfunded) – Leave encashment is payable to the employees on separation from the company at retirement, death while in employment or on termination of employment. Employees are not entitled to encash leave while in employment.

The following table sets out the status of the defined benefit schemes and the amount recognised in the financial statements.

Amount in Lakhs

For the period/year ended	Gratuity		Privilege Leave	
	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
Present Value of Projected Benefit Obligation				
Present Value of Benefit Obligation at the Beginning of the period	114.18	96.74	36.86	33.04
Interest Cost	9.16	11.49	2.96	3.92
Service Cost	18.62	20.12	7.13	15.58
(Benefit Paid Directly by the Employer)	(22.51)	(32.45)	(9.21)	(15.51)
Actuarial (Gains)/ Losses on Obligations - Due to Change in Financial Assumptions	1.29	18.93	0.37	6.28
Actuarial (Gains)/ Losses on Obligations - Due to Experience	6.85	(0.65)	(1.78)	(6.45)
Present Value of Benefit Obligation at the End of the period	127.59	114.18	36.33	36.86
Fair Value of Plan Assets	N.A	N.A	N.A	N.A
Actuarial (Gains)/ Losses Recognised in the Statement of Profit or Loss				
Actuarial (Gains)/ Losses on Obligation For the Period	8.13	18.28	(1.41)	(0.17)
Actuarial (Gains)/ Losses on Plan Asset For the Period	-	-	-	-
Subtotal	8.13	18.28	(1.41)	(0.17)
Actuarial (Gains)/ Losses Recognised in the Statement of Profit or Loss	8.13	18.28	(1.41)	(0.17)
Actual Return of Plan Assets	N.A	N.A	N.A	N.A
Amount Recognised in the Balance Sheet				
(Present Value of Benefit Obligation at the end of the period)	(127.59)	(114.18)	(36.33)	(36.86)
Fair Value of Plan Assets at the end of the Period	-	-	-	-
Funded Status [Surplus/ (Deficit)]	(127.59)	(114.18)	(36.33)	(36.86)
Unrecognised Past Service Cost at the end of the Period	-	-	-	-
Net (Liability)/ Asset Recognised in the Balance Sheet	(127.59)	(114.18)	(36.33)	(36.86)
Net Interest Cost				
Present Value of Benefit Obligation at the Beginning of the period	114.18	96.74	36.86	33.04
(Fair Value of Plan Assets at the Beginning of the Period)	-	-	-	-
Net Liability / (Asset) at the Beginning	114.18	96.74	36.86	33.04
Interest Cost	9.16	11.49	2.96	3.92
(Expected Return on Plan Assets)	-	-	-	-
Net Interest Cost	9.16	11.49	2.96	3.92
Expenses Recognised in the Statement of Profit or Loss				
Service Cost	18.16	20.12	7.13	15.58
Net Interest Cost	9.16	11.49	2.96	3.92

Actuarial (Gains)/ Losses	8.13	18.28	(1.41)	(0.17)
Expenses Recognised in the Statement of Profit or Loss	35.92	49.89	8.68	19.33
Balance Sheet Reconciliation				
Opening Net Liability	114.18	96.74	36.86	33.04
Expense Recognised in Statement of Profit or Loss	35.92	49.89	8.67	19.33
(Benefit Paid Directly by the Employer)	(22.51)	(32.45)	(9.21)	(15.51)
Net Liability / (Asset) Recognised in the Balance Sheet	127.59	114.18	36.33	36.86
Category of Assets	NA	N.A.	N.A.	N.A.
Actuarial assumptions				
Expected Return on Plan Assets	N.A.	N.A.	N.A.	N.A.
Rate of Discounting	7.95%	8.03%	7.95%	8.03%
Rate of Salary Increase	6.00%	6.00%	6.00%	6.00%
Rate of Employee Turnover	2.00%	2.00%	2.00%	2.00%

* The Estimate of future salary increases considered in actual valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

* Mortality Rate during Employment – Indian Assures Live Mortality (2006-08)

Experience Adjustments	31-Mar-2016	31-Mar-2015	31-Dec-2013	31-Dec-2012	31-Dec-2011	31-Dec-2010
Gratuity						
Present value of DBO	127.59	114.18	96.73	94.40	103.18	80.74
Fair value of plan assets	-	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(127.59)	(114.18)	(96.73)	(94.40)	(103.18)	(80.74)
Experience gain / (loss) adjustments on plan liabilities	6.85	(0.65)	0.63	(17.43)	1.41	10.35
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-	-
Leave Encashment						
Present value of DBO	36.33	36.86	33.04	37.38	41.46	44.38
Fair value of plan assets	-	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(36.33)	(36.86)	(33.04)	(37.38)	(41.46)	(44.38)
Experience gain / (loss) adjustments on plan liabilities	(1.78)	(6.45)	(6.08)	(2.72)	(4.40)	21.08
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-	-

31. Quantitative details

The Company is in the business of development and maintenance of computer software. The development and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to furnish the quantitative details and the information required under the Companies Act, 2013

32. Segmental Information

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

33. Previous year comparatives

The financial statements present the results of operations of the company and its subsidiaries for the financial year ended 31 March 2016 (12 months period) and are not directly comparable for the period ended 31 March 2015 (15 months period).



**MEGASOFT
MEGASOFT LIMITED**

CIN: L72200TN1999PLC042730

No.85, Kutchery Road, Mylapore, Chennai 600004, Tamilnadu, India.
www.megasoft.com

Notice of the Annual General Meeting

NOTICE is hereby given that the **16th Annual General Meeting** of the Members of **MEGASOFT LIMITED** will be held at 10 AM (IST) on Monday, the 26th day of September 2016 at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), 168, TTK Road, Alwarpet, Chennai 600014 to transact the following business:

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 2016, the report of the Auditors thereon and the Directors' Report,
- (ii) the Audited Consolidated Financial statements of the Company for the year ended 31st March 2016 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 GV Kumar (DIN-00059107), who retires by rotation and, being eligible offers himself for re-appointment.

- (4) Ratification of Appointment of statutory auditors

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

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the appointment M/s Srikanth & Shanthi Associates, Chartered Accountants [ICAI Firm Registration No.004006S], Chennai, and M/s TN Rajendran & Co., Chartered Accountants [ICAI

Firm Registration No.005080S], Chennai, as the joint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the Seventeenth (17th) AGM of the Company to be held in the year 2017 (subject to ratification of their appointment by the Members at every AGM held after this AGM) be and is hereby ratified and that the Board of Directors of the Company be and is hereby authorised to fix such remuneration plus service tax, out of pocket and travelling expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors based on the recommendation of the Audit/Risk & Compliance Committee."

Special Business

- (5) 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 2016

GV Kumar
Managing Director

NOTES

- (1) The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
- (2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote on his / her behalf in the meeting and such person can act as a proxy on behalf of members of the company not exceeding 50 (Fifty) and holding in aggregate not more than 10% (Ten percent) of the total shares. A member holding more than 10% (Ten percent) of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (3) The instrument appointing the Proxy, duly completed must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the ANNUAL GENERAL MEETING is enclosed.
- (4) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the Company.
- (5) Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
- (6) Representatives/Proxies submitted on behalf of Limited Companies, Societies and Partnerships firms, etc. must be supported by appropriate resolution / authority as applicable issued by the member organisation.
- (7) Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
- (8) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
- (9) The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
- (10) Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
- (11) Members desiring any information with regard to Accounts/ Reports are requested to write to the Company Secretary at least ten days before the meeting so as to enable the management to keep the information ready.
- (12) The company had two stock option plans viz Associates Stock Option Plan 2004 and Employees Stock Option Plan 2007 which provided for the granting of stock options to employees / directors of the company and its subsidiaries (not being promoter directors of the company), which lapsed during the year. The Company had obtained a Certificate from the Auditors of the Company certifying that the said plans lapsed during the financial year under review in accordance with the terms of the shareholders' resolutions dated 18.06.2004, 10.05.2005, 22.06.2006 and 08.06.2007
- (13) The Register of Members and Share Transfer Books of the Company will remain closed from 20th September 2016 to 26th September 2016 (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.
- (14) 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.
- (15) 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).
- (16) 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.
- (17) The Company is concerned about the environment and utilises natural resources in a sustainable way. The Ministry of Corporate Affairs ('MCA'), Government of India, has by its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively; permitted companies to send official documents to their shareholders electronically as part of its Green Initiative in Corporate Governance. Recognising the spirit of the Circular issued by the MCA, we are sending documents like Notice convening the Annual General Meetings, Financial Statements, Directors' Report, Auditors' Report, etc., to the email address provided by you with your depositories.
- (18) Annual Report 2016 with Attendance Slip and Proxy forms are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purpose unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report are being sent by the permitted mode.
- (19) Pursuant to the provisions of Section 123 of the Companies Act, 2013 dividends which remained unclaimed after the prescribed period of 7 years are liable to be transferred to the Investor Education Protection Fund ('IEPF') of the Central Government. Information in respect of such unclaimed dividend when due for transfer to IEPF of Government of India including the unclaimed amount since 2007, are given in the Corporate Governance Report.
- (20) Members may note that the Notice of the 16th Annual General Meeting and the Annual Report 2016 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.
- (21) 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.
- (22) 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.
- (23) 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 16th 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.
- (24) 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 23 September 2016 at 9.00 A.M and ends on 25 September 2016 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. 19 September 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:
- (ix) After entering these details appropriately, click on "SUBMIT" tab.

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

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the Megasoft Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Explanatory Statement

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

Item No.5

The Company has branches outside India and may also open / acquire new branches outside India in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches to meet the compliance of laws applicable in those countries. The Members are requested to authorise the Board of Directors of the Company to appoint branch auditors in consultation with the Company's Auditors and fix their remuneration.

None of the directors or key managerial personnel or their relatives is concerned or interested in the Resolution.

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

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

Place : Hyderabad
Date : 28 May 2016

GV Kumar
Managing Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 16TH ANNUAL GENERAL MEETING PURSUANT TO SEBI LISTING REGULATIONS

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

Name of the Director	D Sudhakar Reddy	GV Kumar
Date of Birth	15 June 1958	31 July 1966
Date of Appointment	6 March 2000	1 September 2004
Qualification	Fellow Member of The Institute of Chartered Accountants of India	Electrical Engineer with Post Graduate degree in Management
Experience in Specific-functional area	He was in practice for over fifteen years and has expertise in Finance, Tax and Corporate Laws	Founder & CEO of XIUS India Limited (which was merged with the company in 2004) and has over 25 years of experience in IT & Telecom Industries
List of companies in which directorship held in other companies	9	NIL
Chairman / Members of the Committee of the Board of companies in which he is Director	Member of Audit/Risk & Compliance Committee of the company and Member of Stakeholders Relationship Committee of the company	Member of Stakeholders Relationship Committee of the company
Shareholding in the company		
(equity shares of Rs10 each)	NIL	2226911

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

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



MEGASOFT LIMITED

CIN: L72200TN1999PLC042730

No.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 Company : _____ Name of the member (s) :

Registered Address : _____ E-mail Id :

Folio No/Client Id : _____ DP ID :

I/We, being the member (s) _____ of 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 : _____, or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16th Annual General Meeting to be held on Monday, the 26th day of September 2016 at 10.00 AM at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), 168, TTK Road, Alwarpet, Chennai 600014 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 Financial Statements and Report of the Board of Directors and Auditors thereon (ii) Audited Consolidated Financial statements and Reports of the Auditors thereon.			
2	Re-appointment of Mr. D Sudhakar Reddy (DIN-00047707), who retires by rotation			
3	Re-appointment of Mr. GV Kumar (DIN-00059107), who retires by rotation			
4	Ratification of appointment of statutory auditors			
Special Business				
5	Appointment of Branch auditor			

Signed this _____ day of _____ 2016

Affix Rs.1/-
Revenue
Stamp

Signature of shareholder:

Signature of First Proxy holder

Signature of Second Proxy holder

Signature of Third Proxy holder

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



**MEGASOFT
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ATTENDANCE SLIP

Regd Folio No. _____

DP/ Client ID No.* _____

No. of shares held _____

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

I hereby record my presence at the Annual General Meeting of the Company at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), 168, TTK Road, Alwarpet, Chennai 600014 on Monday, the 26th day of September 2016 at 10.00 AM

(Signature of Member /Proxy)

Member's /Proxy's name in BLOCK LETTERS

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

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

* For share(s) held in electronic form.

GLOBAL offices

INDIA

Megasoft Limited

85, Kutchery Road
Mylapore, Chennai 600004
Tamilnadu, India

Phone :+91 44 24616768

Fax :+91 44 24617810

Email :contact@megasoft.com

“Cyber Gateways”

Block-A, Wing-1, Level 5 & 6
Madhapur, Hitec-City Layout
Hyderabad 500081

Telangana, India

Phone :+91 40 40330000

Fax :+91 40 40133555

Email :contact@megasoft.com

UNITED STATES

Megasoft Limited

42467 Hundonmoore DR
Chantilly
VA 20152, USA

XIUS Holding Corp

15 Tyngsboro Road
Unit 8C, North Chelmsford
MA 01863, USA

Phone :+1 781-904-5000

Fax :+1 781-904-5601

XIUS Corp

15 Tyngsboro Road
Unit 8C, North Chelmsford
MA 01863, USA

Phone :+1 781-904-5000

Fax :+1 781-904-5601

MEXICO

Boston Communications Group De Mexico, S.R.L

Paseo de la Reforma 505
piso 32 Col Cuauhtemoc CP 06500,
Ciudad de Mexico, Mexico
Phone: +52 (55) 85034200

MALAYSIA

Megasoft Consultants Sdn Bhd

Suite 18-3, D' Wangsa
Jalan Wangsa Delima 11
53300 Kuala Lumpur
Malaysia

Phone: +60-3-41491492

Fax :+60-3-41491497

Disclaimer

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

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Registered office: Megasoft Limited, No 85 Kutchery Road, Mylapore, Chennai 600004