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MOSCHIP

ANNUAL REPORT 2018

CONTE NTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. K. Pradeep Chandra	--	Non-Executive Chairman
Mr. K. Ramachandra Reddy	--	Non-Executive Director
Mr. Prasad Gajjala	--	Independent Director
Mr. D. G. Prasad	--	Independent Director
Ms. Poornima Shenoy	–	Independent Director
Mr. Camillo Martino	--	Independent Director
Mr. Raja Praturi	–	Non-Executive Director
Mr. Damodar Rao Gummadapu	--	Non-Executive Director

COMMITTEES OF THE BOARD

Audit Committee.

Mr. Gajjala Prasad	--	Chairman
Mr. K. Pradeep Chandra	--	Member
Mr. D.G. Prasad	--	Member
Mr. Damodar Rao	--	Member

Nomination & Remuneration Committee.

Mr. Gajjala Prasad	--	Chairman
Mr. K. Pradeep Chandra	--	Member
Ms. Poornima Shenoy	--	Member
Mr. Raja Praturi	--	Member

Stakeholders Relationship Committee.

Mr. Gajjala Prasad	--	Chairman
Ms. Poornima Shenoy	--	Member
Mr. Raja Praturi	--	Member

Mr. Venkata Sudhakar Simhadri
Chief Executive Officer

Mr. Jayaram Susarla
Chief Financial Officer

CS Suresh Bachalakura
Company Secretary & Compliance Officer

REGISTERED OFFICE

Plot No. 83 & 84, 2nd Floor
Punnaiah Plaza, Road No. 2
Banjara Hills, Hyderabad
Telangana – 500034.
Tel : 040-6622-9292
Fax : 040-6622-9393
Website: www.moschip.com

STATUTORY AUDITORS

M/s. S. T. Mohite & Co.
Chartered Accountants
G-5, B-Block, Paragon Venkatadri Apartments
3-4-812, Street No. 1, Barkatpura,
Hyderabad – 500 027.

SECRETARIAL AUDITORS

M/S B S S & Associates
Company Secretaries
Off: Parameswara Apartments
6-3-626, 5th Floor, 5 – A
Anand Nagar, Khairtabad
Hyderabad - 500 004.

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad - 500 032,
Telangana, India
Tel: 040-4465 5209
Email: einward.ris@karvy.com

To

The Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Financial Statements (both Consolidated& Standalone) of the Company for the year ended 31[st] March 2018..

1. Summary of Financial Results

(Rs. In Lakhs)

	Year ended 31 March 2018		Year ended 31 March 2017	
	Standalone	**Consolidated**	**Standalone**	**Consolidated**
Income from operations	4,555.86	6,017.24	1,668.84	3,761.27
Other Income	134.30	46.92	190.30	183.07
Total Revenue	**4,690.16**	**6,064.16**	**1,859.14**	**3,944.34**
Profit before Interest, Depreciation and Tax	(452.80)	(507.17)	81.30	197.56
Less: Interest	529.55	533.20	176.15	193.48
Less: Depreciation	209.83	219.64	15.98	25.40
Profit before tax	**(1,192.18)**	**(1,260.01)**	**(110.83)**	**(21.32)**
Less: Provision for tax	-	3.48	-	12.10
Profit after tax	**(1,192.18)**	**(1,263.49)**	**(110.83)**	**(33.42)**
Less: Pre-Acquisition (+) Profit / (-) Loss	-	-	-	(151.00)
Net Profit / (Loss)for the year	**(1,192.18)**	**(1,263.49)**	**(110.83)**	**117.58**

On consolidated basis, the Income from operations grew to Rs. 6,017.24 lakhsf rom Rs. 3,761.27 lakhs registering a growth of 60% year on year. The consolidated Earnings before Interest, Depreciation and tax expenses (EBIDTA) stood at Rs. (507.17) lakhs while that of previous year EBIDTA stood at Rs. 197.56 Lakhs.

Net Loss before tax for the year ended 31 March 2018 is at Rs. 1260.01 lakhs as against a Net loss of Rs. 21.32 lakhs in the previous year ended 31 March 2017. The increase in loss is mainly on account of higher interest and depreciation & amortization expenses and few of the onetime cost incurred during the year.

On a standalone basis, Income from operations for the year ended 31 March 2018 stood at Rs. 4,555.86 lakhs as against Rs. 1,668.84 lakhs for the preceding year, increase in revenue from operations is around 173%. Standalone Net Loss for the year ended 31 March 2018 is Rs. 1,192.18 lakhs as against Net Loss of Rs. 110.83 lakhs for the year ended 31 March 2017.

2. Performance Review

Your Company, MosChip Semiconductor Technology Limited (MosChip India) is a fabless model semiconductor and Internet of Things (IoT) focused company. It specializes in product design and development services ranging from Chip Design to Systems Development. It works with Defense Labs as well as globally acclaimed chip design companies in the areas of Chip (SOC) design and development for Aerospace, Defence, Consumer and Industrial applications and IoT Products and Services across various industries.

The Performance review of the Company and its subsidiaries for the year is detailed in **Annexure-A** under 'Management Discussion & Analysis' annexed hereto pursuant to the provisions SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

3. Subsidiaries, Joint Ventures and Associate Companies

During the financial year ended 31 March 2018, three subsidiaries of your company namely, ElitePlus Semiconductor Technologies Private Limited, Orange Semiconductors Private Limited and TexoTech Solutions Private Limited ceased to exist as a result of Amalgamation with the Company in terms of the order dated February 02, 2018 as passed by the Hon'ble Regional Director, South East Region. Consequently, the results of these 3 companies are forming part of stand-alone results of MosChip. Presently the Company has three direct subsidiaries, namely

01) MosChip Semiconductor Technology, USA

02) Maven Systems Private Limited, Pune

03) MosChip Global Pte Ltd

There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013. There has been no material change in the nature of the business of the subsidiary.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is enclosed as **Annexure-B** of the Board's Report.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company and its subsidiaries (standalone and consolidated) along with relevant documents are available on the website of the Company.

4. Dividend& Transfers to Reserves

In view of the losses (Standalone& Consolidated) your directors have not recommended any dividend for the year under review. As a result, there is no appropriation of any amount to the reserves of the Company during the year under review.

5. Share Capital

(a) Increase in Paid-up Share Capital

During the year under review, your Company issued and allotted Equity Shares as follows:

i. On 22.05.2017, 81,500 Equity Shares were allotted at a price of Rs.5.98, on exercise of ESOP's Scheme.

ii. On 16.09.2017, 3,62,500 Equity Shares were allotted at a price of Rs.5.98, on exercise of ESOP's Scheme.

iii. On 06.02.2018, 62,64,300 Equity Shares were allotted pursuant to conversion of Equal Number of warrants on preferential basis at a price of Rs.21.80 .

Consequent to the above, the subscribed and paid-up equity share capital of your Company as on March 31, 2018 stood at Rs.26,31,53,630/- comprising of 13,15,76,815 Equity Shares of Rs.02 /- each.

(b) Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

(c) Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

(d) Bonus Shares

The Company has not issued any bonus shares during the year under review.

(e) Dematerialization of Shares

97.43 % of the company's paid up Equity Share Capital is in dematerialized form as on 31stMarch, 2018 and balance **2.57%** isin physical form. The Company's Registrars are Karvy Computershare Pvt. Ltd., Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad, Telangana- 500 032.

6. Major events occurring after the balance sheet date

(a) Material changes and commitments if any affecting the financial position of the Company occurred between the end of the financial year to which this Financial Statements relate and the date of the report

There have been no material changes and commitments, affecting the financial position of the Company which occurred during the period between the end of the financial year to which the financial statements relate and the date of this report excepting that the Board of Directors in their meeting held on July 23, 2018 decided to acquire, subject to regulatory and other approvals, the following companies

- FirstPass Semiconductors Pvt. Ltd, Hyderabad;-Partly by Cash and Partly by issue of your company shares to the residual shareholders of that company by way of amalgamation with MosChip.
- Gigacom Semiconductor Pvt. Ltd, Visakhapatnam; - By issue of your company shares to the shareholders of that company by way of amalgamation with Moschip

- Institute of Silicon Systems Pvt. Ltd,Hyderabad;- Cash acquisition of 100% shareholding by Moschip
- Gigacom Semiconductor LLC, California, USA. – Preferential issue of your company shares to their unitholders.

(b) Change in the Nature of Business:

There is no change in the nature of business of the Company.

(c) Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

7. Directors and Key Managerial Personnel

(a) <u>Inductions, Changes & Cessations in Directorships</u>

Mr. K. Ramachandra Reddy (DIN: 00042172), resigned from the position of Whole-time Director & CEO on 06.04.2017 and re-designated as Non-Executive Director of the Company. The Board in its Meeting dated 06.04.2017, placed on record its appreciation for the Services, assistance and guidance provided by Mr. K. Ramachandra Reddy since incorporation of the Company as a Whole Time Director & CEO.

Mr. K. V. Ramana (DIN: 00255421), resigned from the position of Independent Director on 24.08.2017. The Board in its Meeting dated 24.08.2017, placed on record its appreciation for the Services, assistance and guidance provided by Mr. K. V. Ramana.

Mr. Seetha Ramam Voleti (DIN: 07332440), resigned from the position of Whole-time Director & CFO on 16.01.2018 and re-designated as Non-Executive Director of the Company. Subsequently on 27.04.2018, Mr. Seetha Ramam Voleti resigned from the Board of Directors of your Company. The Board placed on record its appreciation for the Services, assistance and guidance provided by Mr. Seetha Ramam Voleti.

Mr. Damodar Rao Gummadapu (DIN: 07027779) resigned from the position of Non-Executive Director on 06.04.2017 and appointed as CEO of the Company w.e.f. 06.04.2017. Further, Mr. Damodar Rao Gummadapu resigned from the position of CEO of the Company on 27.04.2018 and the Board has appointed him as Additional Director w.e.f. 27.04.2018 in the category of Non-Executive Non-Independent Director.

On recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Camillo Martino (DIN: 07785530) as Additional Director with effect from 06.04.2017 and his appointment was regularized in 18th AGM held on 29.09.2017.

On recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Raja Praturi (DIN: 01819707) as Additional Director in the Independent Category with effect from 29.09.2017 who has since been re-designated as Non-Executive Director of the Company On 13.08.2018.

On recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Singa Rao Gottipati (DIN: 07730448) as Additional Director in the Non-Executive Non-Independent Category with effect from 29.09.2017. Further, on recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Singa Rao Gottipati (DIN: 07730448) as an Executive Director and Manager of the Company with effect from 27.04.2018. This appointment was approved by the shareholders through postal ballot results declared on 05th June, 2018. However, on 23rd July, 2018 Mr. Singa Rao Gottipati has resigned as a Director of your company.

On recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. K. Pradeep Chandra (DIN: 05345536) as Additional Director in the Independent Category with effect from 27.04.2018.

On recommendation of the nominations and Remuneration Committee, the Board has appointed Mr. D. G. Prasad (DIN: 00160408) as Additional Directors in the Independent Category with effect from 28.05.2018.

Approval of members by way of ordinary resolution is required for regularization of appointment of Mr. Raja Praturi, Mr. K. Pradeep Chandra, Mr. D. G. Prasad and Mr. Damodar Rao Gummadapu at the ensuing Annual General Meeting scheduled to be held on September 29, 2018.

Directors retiring by rotation:

Pursuant to the requirements of the Companies Act, 2013 and Articles of Association of the Company Mr. K. Ramachandra Reddy, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

(b) Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company as on 01.04.2017were –

Mr. K. Ramachandra Reddy	–	Chief Executive Officer.
Mr. Seetha Ramam Voleti	–	Chief Financial Officer
Mr. CS Suresh Bachalakura	–	Company Secretary

Changes in the key managerial personnel during the year are as below:

On 06.04.2017, Mr. K. Ramachandra Reddy resigned from the position of Chief Executive Officer and the Board has appointed Mr. Damodar Rao Gummadapu as Chief Executive Officer with effect from 06.04.2017.

On 16.01.2018, Mr. Seetha Ramam Voleti resigned from the position of Chief Financial Officer. On recommendation of the Nominations and Remuneration Committee, the Board has appointed Mr. Jayaram Susarla as Chief Financial Officer of the Company with effect from 28.05.2018.

On 27.04.2018, Mr. Damodar Rao Gummadapu resigned from the position of Chief Executive Officer.

On recommendation of the Nominations and Remuneration Committee, the Board has appointed Mr. Venkata Sudhakar Simhadri as Chief Executive Officer of the Company w.e.f. 23.07.2018.

(c) Independent Directors

It may be recalled that the Members at the Eighteenth Annual General Meeting held on 29.09.2017 re-appointed Mr. G. Prasad and Ms. Poornima Shenoy as Independent Directors of the Company for a further period of 5 years and Mr. Camillo Martino was appointed as an Independent Director of the Company to hold office for a period of 5 years.

As detailed earlier, Mr. K. Pradeep Chandra and Mr. D. G. Prasad were appointed as Additional Directors in the category of Independent and possess appropriate balance of skills, expertise and knowledge and are qualified for appointment as Independent Directors.

Independent Directors Declaration:

All Independent Directors have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as an independent director during the year.

(d) Familiarization programme for Independent Directors

At the time of appointment, the Company conducts familiarization programmes for an Independent Director through meetings with key officials of the Company. During these meetings, presentations are made on the roles and responsibilities, duties and obligations of the Director, Company's business, Company's strategy, financial reporting, governance and compliances and other related matters.

(e) Board evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI Listing Regulations").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee (“NRC”) reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

(f) Audit Committee

The Composition of the Audit Committee is provided in the Corporate Governance Report forming part of this report. All the recommendations made by the Audit Committee were accepted by the Board.

(g) Nomination and Remuneration Committee:

Details pertaining to composition of the Nomination and Remuneration Committee are included in the Report on Corporate Governance.

The Company’s Nomination and Remuneration Policy was prepared in conformity with the requirements of the provisions of Section 178(3) of the Act.

The Policy on directors’ appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) for payment of remuneration to Directors and policy containing guiding principles for payment of remuneration to Senior Management, Key Managerial Personnel and other employees including Non-executive Directors has been uploaded on the website of the Company athttps://moschip.com/wp-content/uploads/2017/07/Nomination-remuneration-Policy.pdf.

Remuneration ratio of the Directors / Key Managerial Personnel (KMP) / Employees:

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure-C** to this report.

(h) ESOP plans

During the year under report the company has eight schemes in operation as mentioned below, for granting stock options to the employees and directors of the company and its wholly owned subsidiary in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014.

(a) MosChip Stock Option Plan – 2001

(b) MosChip Stock Option Plan – 2002

(c) MosChip Stock Option Plan – 2004

(d) MosChip Stock Option Plan – 2005(MI)

(e) MosChip Stock Option Plan – 2005(WOS)

(f) MosChip Stock Option Plan – 2008

(g) MosChip Stock Option Plan – 2008(ALR)

(h) MosChip Stock Option Plan – 2008(Director)

During the year the company has not issued stock options. A statement with all the details of outstanding employee stock option plans is annexed herewith as **Annexure-D** to this report.

8. Corporate Social Responsibility (CSR) Initiatives:

Section 135 of the Companies Act, 2013 provides the threshold limit for applicability of the CSR to a Company i.e. (a) Networth of the Company to be Rs.500 crore or more; or (b) turnover of the company to be Rs.1,000 crore or more; or (c) net profit of the company to be Rs.5 crore or more. As the Company does not fall under any of the threshold limits given above, the provisions of Section 135 are not applicable to the Company.

9. Internal control systems and their adequacy:

The Company maintains appropriate systems of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorized, recorded and reported correctly.

The internal audit is conducted by an external firm of Chartered Accountants appointed by the Board of Directors to review effectiveness and efficiency of these systems and procedures to ensure that all assets are protected against loss and that the financial and operational information is accurate and complete in all respects. The Audit Committee of the Board of Directors approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an on-going basis and significant deviations are brought to the notice of the Audit Committee.

10. Vigil Mechanism / Whistle Blower Policy

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism Whistle Blower Policy in line with listing regulations for directors and employees to report genuine concerns has been established. The Vigil Mechanism / Whistle Blower Policy has been uploaded on the website of the Company at https://moschip.com/investor-relations/policies-documents/WhistleBlowerPolicy-document.pdf

11. Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

12. Statutory Auditors and Auditors' Report

M/s. S. T. Mohite & Co., Chartered Accountants (Firm Registration No. 011410S) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 18th Annual General Meeting (AGM) held on September 29, 2017 until the conclusion of the fifth consecutive AGM of the Company to be held in the year 2022.

The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide Notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 29, 2017.

The Notes on Financial Statements referred to in the Auditors Report are self-explanatory and do not call for any further comments.

The Report of the Statutory Auditors for the year ended 31stMarch, 2018 forming part of the Annual Report does not contain any qualification, reservation, observation, adverse remark or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

13. Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. BSS& Associates, Company Secretaries for conducting Secretarial Audit of the Company for the financial year 2017-2018. The Secretarial Audit Report is annexed herewith as **Annexure-E**.

14. Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

Information required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is included in Annexure -F.

15. Related Party Transactions:

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. All Related Party Transactions are placed before the Audit Committee and before the Board for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which are of a foreseeable and repetitive nature. The particulars of contracts or arrangements with related parties referred to in section 188(1) and applicable rules of the Companies Act, 2013 in Form AOC-2 is provided as **Annexure-G** to this Annual Report.

The Board of Directors of the Company has, on the recommendation of the Audit 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 thereunder and the Listing Agreement. This Policy was considered and approved by the Board has been uploaded on the website of the Company at https://moschip.com/investor-relations/policies-documents/PolicyOnRelatedPartyTransactions-document.pdf

16. Extract of Annual Return:

As required by Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT-9 is available on the Company's website at www.moschip.com/investor-relations/MGT-9.

17. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 of Companies Act, 2013 and Schedule V of the Listing Regulations, disclosure on particulars relating to Loans, Advances, Guarantees and Investments are provided as part of the financial statements.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) the Companies Act, 2013 and based upon representations from the Management, the Board, to the best of its knowledge and belief, states that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) 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 at the end of the financial year and of the profit and loss of the company for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared annual accounts on a going concern basis; and

e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively;

f) The directors had devised proper systems to ensure compliance by the Company with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory, and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2017-2018.

19. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

The Company is committed to good corporate governance in line with the provisions of SEBI (LODR) Regulations, 2015 and Provisions, Rules and Regulations of the Companies Act, 2013. The Company is in compliance with the provisions on corporate governance specified in the Listing Agreement with BSE. A certificate of compliance from Mr. Sompally Srikanth, a Practicing Company Secretary and the report on Corporate Governance form part of this Directors' Report as **Annexure-H**.

20. Company's Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace

The Company prohibits any form of sexual harassment and any such incidence is immediately investigated and appropriate action taken in the matter against the offending employee(s) based on the nature and the seriousness of the offence. The Company has a policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace (the Policy) and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" notified by the Government of India vide Gazette Notification dated 23rd April, 2013.

There was no case of sexual harassment reported during the year under review.

21. Development and Implementation of a Risk Management Policy:

The Company has been addressing various risks impacting the Company and the policy of the Company on risk management is provided elsewhere in this Annual Report under Management Discussion and Analysis in **Annexure-A** .

Annexures forming part of this report

Annexures	Particulars
A	Management Discussion & Analysis
B	Form AOC – 1 (Report on Subsidiary companies)
C	Remuneration related disclosures per Section 197
D	Statement on outstanding ESOP Plans
E	Secretarial Audit Report
F	Energy Conservation Particulars
G	Form AOC – 2 (Related Party disclosures)
H	Report on Corporate Governance

Appreciation

The Board of Directors appreciates the cooperation, understanding and support by all its stake holders namely the Bankers, State and Central Government, Local authorities and its employees received during the year.

This Report will be incomplete without a specific appreciation for the Members of the Company who have shown immense confidence and understanding in the Company's well-being.

For and on behalf of the Board of Directors

K. Pradeep Chandra
Chairman

Place: Hyderabad
Date: 3rd September, 2018

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'Annexure-A' to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

Company Overview:

MosChip is a Hyderabad-based Semiconductor Product Design Services and Internet of Things (IoT) Solutions company with 18+ years of track record in the business. Its unique combination of product development expertise and deep knowledge of competencies ranging from Chip Design to End application solution involving hardware platforms, software and silicon chips makes MosChip a unique semiconductor Company. MosChip closely works with Indian defense Labs in offering some of the high-end product solutions and associated with globally acclaimed chip design companies like Qualcomm, Broadcom, AMD, Xilinx etc.

MosChip forayed into IoT (Internet of Things) by acquisition of Maven Systems Pvt. Ltd., in 2016. Maven has proven capabilities in providing end-to-end solutions for Street lighting, Smart metering catering to energy sector and Asset tracking solutions for heavy equipment and logistic industry.

MosChip was founded in 1999 and listed on Bombay Stock Exchange since 2001.

Semi-conductor Industry:

Semiconductors are extensively used in electronics devices, medical electronics and Military systems. Longer battery life, AI capabilities, biometrics, cloud computing, IoT will propel the future growth. Semiconductor industry will benefit from the ongoing innovation and development in connectivity, data centers, communications, automotive, safety & security, infotainment, navigation, home automation, wearable devices, etc. and will continue to see growth in the coming decade.

2018 and beyond will bring increased emphasis on smaller yet powerful chips, low power consumption, improved connectivity and security. Some of the key trends impacting the semiconductor industry are:

- AI – Artificial Intelligence based applications demand is increasing rapidly across various industries. AI will also benefit semiconductor manufacturing by speeding up the process, increasing chip performance, reducing production costs and increasing output
- Transition to 7 nm node and beyond – shift towards smaller nodes will bring competitive advantages of increased power and performance. This will of course require significant cost and resource investments by the industry
- Autonomous Vehicles – increased connectivity, better battery performance in Electric vehicles, enhanced sensors required for the rapidly growing automotive technologies will spur the semiconductor industry
- 5G – deployment of 5G technology will increase demand for connectivity and connected devices and spur the semiconductor demand
- AR/ VR – augmented reality/ virtual reality in industrial, gaming, healthcare verticals augur new opportunities
- Reduction in US Corporate Tax – reduction from 35% to 21% has created a favorable business environment and increased spending in innovation and R&D

As per World Semiconductor trade Statistics (WSTS), the global semiconductor market grew by 21.6% to reach US$ 419 Billion in 2017 riding on increasing memory prices, boost in crypto currency, increasing adoption of GPUs (graphics processing units) by data centers and cloud companies for AI tasks and growing popularity of e-sports. The industry was predicted to grow by 7% in 2018. This impressive growth rate was revised higher to 9.5% to reach US$ 451 Billion in 2018 in May 2018. The forecast for 2019 is likely to be about US$ 500 Billion.

Infiniti Research has specifically identified 4 major contributors to the future growth of semiconductor industry, particularly for processors, sensors and ICs:

- AI – AI functionality for data processing, linguistic analysis, speech recognition, image processing is used across various industries. Apple & Samsung have introduced AI functionality in their smartphones for facial recognition, voice commands and image processing. China's Ministry of Industry & Information technology's plan to mass-produce neural-network processing chips by 2020 and IBM Watson Group's US$ 200 million investment for their Munich facility are just two examples of the rising demand for AI chips. Tsinghua, Horizon Robotics and Huawei of China have already released AI chips apart from Qualcomm

- IoT – Ericsson predicts that there will be more connected short-range IoT devices than mobile phones by 2022. Wireless connected sensors at home, industry, medical and other commercial applications will drive the demand for semiconductor industry. 20% for short-range IoT and 30% for wide-area IoT is the expected CAGR in the coming years
- Autonomous vehicles – Level 3 autonomous vehicles are equipped with neural processing chips to allow driver to safely take their attention off driving. Google's Waymo, Tesla and Toyota with nVidia's Drive PX2 platform are good examples.
- 5G and AR/VR – with the rollout of 5G, bandwidth-intensive applications like high-resolution video streaming and AR/VR will grow rapidly. As of now video streaming accounts for 70% of the broadband data usage and is expected to raise further

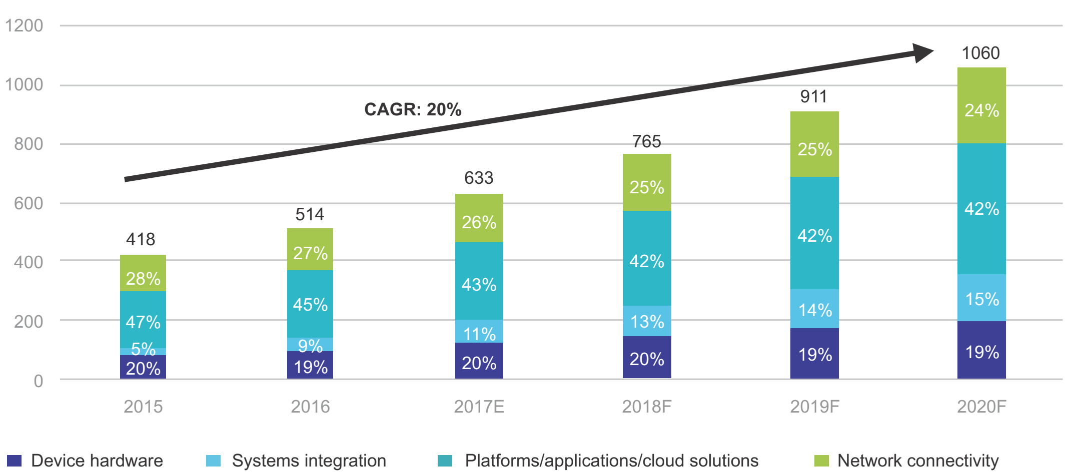
All the leading players like Intel, nVidia, AMD, Cypress Semiconductor, Samsung, TSM, Apple, Google are investing heavily and scaling rapidly to meet the growing demands. This will have a definite positive impact on the downstream engineering design services companies and MosChip intends to leverage the opportunity and increase the growth rate.

IoT (Internet of Things) Industry

IoT can be defined as technologies or/ and applications that equip sensors, devices to generate information; to connect to internet; to communicate to computing source for data analysis in real-time and enable smart action to be initiated. The number of IoT-connected devices in 2016 were estimated at 18 billion units and is expected at a CAGR of 15% to reach 31 billion units by 2020. IoT market value of US$ 0.4 trillion in 2015 is expected to grow at a CAGR of 20% to reach US$ 1.1 trillion by 2020.

IoT market can be generally divided into three broad categories: enterprise/industrial, consumer, and services/public sector. Each has its own distinct characteristics and market opportunities (table 1).

Figure 2. Forecasted global IoT market spending ($ billion)



Source: Jenny Lai, Anderson Chow, Carrie Liu, and Chi Tsang, *The industrial internet of Things,* HSBC Global Reasearch, November 2016, p. 14.

Deloitte Insights I deloitte.com/insights

Table 1. IoT market structure

	Enterprise/industrial	Consumer	Services/public sector
Representative value opportunities	• Planning and inventory • Factory and operations • Supply network and logistics • New business models • New products and product development • Asset management	• Customer experience • Channel connectivity • Aftermarket support • New products and extensions • Lifestyle enhancement	• Health care delivery • Commercial building Energy management • Public sector safety • Public sector traffic management • Crop yield management
Representative use cases	• Demand and supply synchronization • Quality sensing and Prediction • Condition-based • Dynamic routing and scheduling	• Smart homes • Remote appliances • Connected cars • Personal lifestyle monitoring	• Smart buildings • Smart cities • Smart irrigation • Patient surveillance • Smart law enforcement
Additional features	• Manufacturing operations and product driven • Private cloud primarily • Hybrid architecture • Fewer devices • Relatively complex data sets • B2B channels	• Customer and product driven • Public cloud primarily • Millions of devices • Simpler data sets • B2C channels	• Public sector, services driven • Pubilc/private cloud mix • Variable data set complexity • Medium number of devices • B2B2B, B2B, B2C channels
Projected global IoT spending share by 2020	50-60%	20-25%	20-25%

Source: Deloitte analysis. **Deloitte Insights | deloitte.com/insights**

The enterprise/industrial segment involves complex data sets and fewer devices in manufacturing operations within a private cloud environment. The consumer segment involves many devices in a public cloud environment and is more focused on consumer experience. The services/public sector segment is a hybrid of the two.

Major growth is expected to come from:

- Monitoring/ predictive maintenance – monitoring key capital assets and leveraging advanced analytics to predict failures and administer preventive maintenance activities
- Asset tracking – tracking movement and location of assets through sensors, real-time reporting and optimizing performance
- Dynamic routing and scheduling – optimizing schedules and enhancing productivity in real-time

Industry 4.0 revolution and the digital transformation will drive significant increase in IoT capabilities and implementation across various industry verticals like oil & gas; power & utilities; life sciences/ health care; transportation & logistics; manufacturing; etc. Moschip intends to ride this growth wave.

<u>Highlights and Key developments at MosChip</u>

a) Semiconductor Segment

MosChip acquired 3 Semiconductor companies in 2016-17 and with a view to synergize, absorbed these companies with itself. It delivered a most sophisticated and state of the art SOC (System-on-Chip) to Defense Labs. The company provides best in class product development services in ASIC, FPGA, Embedded Software and Systems designs. For this purpose, it adopted flexible engagement models to provide an attractive pricing option to the customer. The recent forays into Outcome based model have met with fair success too as it de-risks the project execution risk for the customer.

In its endeavor to expand the canvass of skillset and business geography MosChip proposed to acquire FirstPass Semiconductors Pvt. Ltd., Hyderabad and Gigacom Semiconductor, California, USA and India. While the former company is serving multiple clients in the Physical Design and Analog Layout space, the latter companies are focused on Mixed Signal design services, IP development and licensing, with a dedicated back-office in Visakhapatnam, India. These acquisitions, when completed, will vastly benefit MosChip with an IP focus and USA centric business relationships with top-tier companies; even while making it one of the few companies engaged in Semiconductor Design & Deliver with full-canvass capabilities including Fab relationships apart from adding nearly 250 talented & experienced engineering resources to the talent pool.

Moschip also acquired Institute of Silicon Systems Pvt. Ltd. (ISS) a highly recognized player in the training space which trained more than 700 engineering students in semiconductor design and development over the past eight years. This acquisition will enhance the talent pool of MosChip in training its manpower in the latest technological advancements in the field of semiconductors and a continuous source of talent supply to meet the growing needs of the business.

R&D activities

Anticipating the future market potential, MosChip forayed into a few development projects involving Artificial intelligence/Machine learning Object detection and classification, Data Augmentation, Face detection are some of the proto solutions developed internally which help to cater applications like Intruder identification, facial analysis at high-security locations, identification of criminals in public places etc.

MosChip is endeavoring to create a world class IP portfolio in high speed communication protocols to serve commercial & industrial applications.

b) IoT Segment

Moschip has commissioned the State of the Art Assembly unit at Uppal, Hyderabad to assemble up to 85,000 CCMS (Centrally Controlled Monitoring Systems) panels and variations thereof for Street lighting projects. The Assembly unit produced and delivered CCMS panels to Energy Efficiency Services Limited (EESL), a JV Company of Public Sector Companies under Ministry of Power, Government of India, under SLNP (Street Lighting National Program) The sale was through Karnataka State Electronics Development Corporation Ltd. (Keonics),for projects in Gujarat, Andhra Pradesh, Greater Hyderabad Municipal Corporation. The Company booked gross revenue of Rs. 21.44 Crores for the first time during the financial year and hopes to better these figures in the years ahead. The project also requires MosChip to design and deliver the front-end cloud-based application with analytics, pinpointing the energy saved, faulty lights, lights off / on etc., and maintain the same for over 7/10 years. MosChip has been able to successfully launch the cloud based solution and the maintenance phase has commenced in some of the areas. Presently the company is monitoring about 500,000+ lights spread over three states. Considering the project nature and timelines, these orders require large working capital outlays which your company has deployed by raising additional sources in the form of equity and borrowings during the year.

EESL is expected to implement across the country and implement the Street lighting projects under SLNP program in several States of the country. from the experience gained over the past one year, the Company is embarking upon further improvements to the panel as well as to develop products for individual street lighting projects and smart metering, which should eventually lead to opportunities for pitching in Smart Cities projects under implementation in various Cities of the country.

Maven Systems, Pune acquired in 2016, has stabilized the POCs developed for Heavy equipment monitoring systems (GeoHEMS), Asset location systems used in logistics industry etc., Enquiries for wider canvas of applications of this technology, gives confidence that the commercial production is not far away.

Risks and concerns

The following important factors could affect our future results of operations.

Semiconductor segment

- **Semiconductor Services under pressure**

  There is pricing pressure in the value-added services space within the Semiconductor Industry as many MNC's are looking at lowering their R&D budgets and have expanded their operations within India and other countries with cheaper manpower costs. The billing rates are under pressure, and due to this the margins are affected adversely.

- **Future success depends upon the continued services of key personnel, many of whom would be difficult to replace**

  The Company's future success depends upon the continued services of its executive officers, key hardware and software engineers, and sales, marketing and support personnel, many of whom would be difficult to replace. Because of the highly technical nature of its business, the loss of key engineering personnel could delay product introductions and significantly impair the Company's ability to successfully create future products.

- **Others may bring infringement actions against MosChip Group that could be time-consuming and expensive to defend.**

  The Company may become subject to claims involving patents and other property rights. Intellectual property claims would subject the Group to significant liability claims for damages and invalidate its proprietary rights. In addition, intellectual property claims may be brought against customers that incorporate its products in the design of their own products. These claims, regardless of their success or merit and regardless of whether the Group is named as a defendant in a lawsuit, would likely be time consuming and expensive to resolve and would divert the time and attention of the Management and technical personnel.

- The cyclical nature of the semiconductor industry may lead to significant variances in the demand for MosChip Group's products and could harm its operations.

  The cyclical nature of the semiconductor industry could lead to significant variances in demand and thereby impacting the margins. The Company may experience periodic fluctuations in its future financial results because of changes in industry-wide conditions.

- The Company's operating and consolidated results may be adversely affected by variations of the Indian rupee against foreign currencies and the US dollar

  The Company has international exposure and is subject to currency fluctuations. The Company also consolidates its results with wholly owned subsidiaries in USA. Any adverse fluctuations in the currencies in which the Company's exports/imports or any adverse fluctuations against the US dollar would affect the Company's results of operations and the consolidated financial position.

IoT Business segment

- **Technology obsolescence**

  The Company is deploying men and material for developing Proof of Concept (POCs) models for various industrial and commercial applications. If the gestation period is long for converting the POCs in to a commercial product there could be an obsolescence of design.

- **Working capital requirement**

  The government contracts awarded by EESL, state government(s) and Smart cities projects are long gestation projects. Therefore they require long outlays towards working capital since the process of awarding the contract, site preparation, inspections, maintenance etc., are time consuming activities. The ability of the Company to raise the funds at optimum rates, would impact the profitability.

- **Government policies**

  The priorities of the elected State and Central government(s) will decide the policy framework in relation to taking up of these projects which will directly impact your company's fortunes by way of lower demand for the products. Any change in the duty structure for import of electronic components, after finalization of price bids, would impact the profitability.

- **Supply Chain dependencies**

  The company depends on assured & quality supplies of various electronic components forming part of its products. Any disturbance in the supply chain process could impact the operations of the company.

- **Natural calamities**

  Since the CCMS panels are deployed in public places and exposed to nature, the maintenance costs are impacted by any untoward incidents and natural calamities.

Internal control systems

The Company has formulated effective internal control systems and implemented the same strictly to ensure that the assets and interests of the Company are safeguarded and to determine the accuracy and reliability of accounting data.

The Company has an internal audit system and its functions are to ensure that systems are designed and implemented with adequate internal controls. The Company's control methodology is commensurate with the size of operations, the transactions that are executed, and the assets that must be safeguarded and deployed in accordance with the Company's policies.

Audit Committee, headed by a non-executive independent Director, periodically reviews the audit information/observation and all significant issues are brought to the attention of the committee.

For and on behalf of the Board of Directors

K. Pradeep Chandra
Chairman

Place: Hyderabad
Date: 3rd September, 2018

SAFE HARBOR: Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary entities, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

The risks and uncertainties including but not limited to, those risks and uncertainties, viz, our ability to compete in highly competitive semiconductor industry, ability to define, develop and sell new products, dependency on subcontractors for the supply and quality of raw material, dependency on markets considering the cyclical nature of the industry and our ability to attract and retain technical manpower. MosChip may from time to time make additional forward looking statements in any manner and does not undertake to update any of these forward looking statements that may be made from time to time by or on behalf of the company.

Note: references to corporate, product or other names may be trademarks or registered trademarks of their respective owners.

Annexure 'B' to the Directors' Report

Form AOC-1

(Pursuant to first proviso to sub- section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

Part "A": Subsidiaries

(In Rupees)

		Name of the Subsidiary	
		MosChip Semiconductor Technology, USA	**Maven Systems Pvt Ltd**
01	Reporting period	31 March 2018	31 March 2018
02	Exchange Rate to INR (Closing / Average rate)	65.14 / 64.54	NA
03	Equity Share Capital	19,82,86,160	1,00,000
04	Reserves & Surplus	(19,71,67,706)	(9,51,40,458)
05	Total Assets	16,86,11,763	10,66,91,225
06	Total Liabilities	16,74,93,309	20,17,31,683
07	Investments other than investments in Subsidiary	Nil	Nil
08	Turnover (Total Revenue including other income)	28,03,22,907	2,38,31,250
09	Profit / (Loss) Before Taxation	2,90,16,732	(3,53,55,021)
10	Taxation expenses	(51,632)	(3,48,299)
11	Profit / (Loss) After Taxation	2,89,65,100	(3,57,03,320)
12	Proposed Dividend	Nil	Nil
13	% of Shareholding	100%	100%

MosChip Semiconductor Technology, USA operates in USD, for purpose of Part A presentation (table above) we have used following rates

- *Balance sheet – USD to INR closing rate as on 31 March 2018*
- *Profit and loss account – USD to INR average rate for the period 1 April 2017 to 31 March 2018*

Names of Subsidiaries which are yet to commence operations: MosChip Global Pte Ltd is not commenced business operations during the year 2017-2018 (the board of directors in its meeting held on 27/04/2018 has decided to dissolve MosChip Global Pte Ltd).

Names of Subsidiaries which have been liquidated or sold during the Year: During the year 2017-2018 Orange Semiconductors Private Limited, ElitePlus Semiconductor Technologies Private Limited and TexoTech Solutions Private Limited (Wholly owned subsidiaries) are merged with MosChip Semiconductor Technology Limited under the provisions of Section 233 of the Companies Act, 2013.

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

K. Pradeep Chandra
Chairman

Place: Hyderabad
Date: 3rd September, 2018

Annexure 'C' to the Directors' Report

Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(I) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18 are as under:

S.No	Name	Designation	Remuneration Paid for the year 2017-18. In Rupees	Remuneration Paid for the year 2016-17 In Rupees	Increase in Remuneration from previous year in Rupees	Ratio/times for median of employee Remuneration
1	Mr. K. Ramachandra Reddy	Chairman	83,333	39,16,669	(38,33,336)	0.10
2.	Mr. Seetha Ramam Voleti*	Director & CFO	16,95,079	12,54,169	4,40,910	2.13
3.	Mr. Damodar Rao Gummadapu@	Non- Executive & Non Independent Director & CEO	NIL	NIL	NIL	NA
4.	Mr. G. Prasad	Independent Director	NIL	NIL	NIL	NA
5	Mr. K. V. Ramana$	Independent Director	NIL	NIL	NIL	NA
6	Mrs. Poornima Shenoy$	Independent Director	NIL	NIL	NIL	NA
7.	Mr. Camillo Martino$	Independent Director	NIL	NIL	NIL	NA
8.	Mr. Raja Praturi$	Independent Director	NIL	NIL	NIL	NA
9.	Mr. Singa Rao G@	Non-Executive Director	NIL	NIL	NIL	NA
10.	Mr. Suresh Bachalakura	Company Secretary	9,16,530	6,58,900	2,57,630	1.15

a) The remuneration of Directors does not include Sitting Fee, Gratuity and retirement benefits. The remuneration of Key Managerial Personnel (KMPs) does not include perquisite value of stock options exercised during the Financial Year 2017-18.

*Mr. Seetha Ramam Voleti resigned as Whole Time Director & CFO w.e.f. 24th January, 2018.

@ Mr. Damodar Rao Gummadapu Non-Executive and Non Independent Director and Mr. Signa Rao Gottipati of the Company opted neither for the remuneration nor the sitting fee.

$ Independent Directors are paid only sitting fee.

(II) The percentage increase in the median remuneration of the employees of the Company for the Financial Year 2016-17:

The median remuneration of the employees in the Financial Year 2017-18 was increased by 31.41 % as compared to the financial year 2016-17. The Median Remuneration of Employees of the Company during the Financial Year 2017-18 was Rs. 795,060.

Majority of the additions made during the year ended 31 March 2018 are related to senior management for leadership roles and hence median remuneration calculated above are not comparable.

(III) The number of permanent employees on the rolls of the Company:

There were 179 permanent employees on the rolls of Company as on March 31, 2018 as against 167 employees as on 31 March 2017.

(IV) The explanation on the relationship between average increase in remuneration and company performance:

Standalone Income from operations for the year ended 31 March 2018 is Rs. 4,555.86 lakhs as against Rs.1,668.84 lakhs as on 31 March 2017, increase in income from operations by 173 % amounting to Rs. 2,887.02 Lakhs.

On an average, employees received an annual increase of 17.2%, the individual increments varied based on tenure and performance of the individual employee.

(V) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2017-18 with the percentage increase in the managerial remuneration:

The average increase in the remuneration of employees excluding KMPs during FY 2017-18 was 17.2% and the average increase in the remuneration of Key Managerial Personnel was 41 %.

(VI) The key parameters for the variable component of remuneration availed by the directors:

Based on the recommendations of the Nomination and Remuneration Committee and as per the Remuneration Policy of the Company.

(VII) Affirmation that the remuneration is as per the remuneration policy of the Company:

The remuneration of Directors was as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

K. Pradeep Chandra
Chairman

Place: Hyderabad
Date: 3rd September, 2018

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Annexure 'D' to the Directors report

Details of Stock options pursuant to SEBI Regulations

a) The Company has established nine schemes under Employee Stock Option Plans. They are, MosChip Stock Option Plan 2001, MosChip Stock Option Plan 2002, MosChip Stock Option Plan 2004, MosChip Stock Option Plan 2005 (MI), MosChip Stock Option Plan 2005 (WOS), MosChip Stock Option Plan 2008, MosChip Stock Option Plan 2008(ALR) and MosChip Stock Option Plan 2008(Director).

b) Each option granted to eligible employees shall entitle such employees to one equity share of the nominal value of Rs.2 /- each at a price to be determined by the Board of Directors or Nomination & Remuneration Committee or the market price. However, subject to the regulations or guidelines of the SEBI in regard to the pricing of the Options, as applicable from time to time. The equity shares issued upon exercise of the Options shall rank pari passu in all respects with the existing equity shares.

c) Each option shall be vested after a minimum period of 12 months from the date of grant of the Option or at such times as may be determined by the Board or Nomination & Remuneration Committee from time to time.

d) The Options shall be valid and exercisable for such periods as may be determined by the Board or Nomination & Remuneration Committee, from time to time. Options not exercised within the specified period will lapse. All options that are lapsed will be added back to the pool and are eligible for future grants to the employees.

e). (Options in Numbers)

Particulars	2001	2002	2004	2005 (MI)	2005 (WOS)	2008	2008(ALR)	2008 (DIRECTOR)
Total Options Available under the Plans	3,00,000	7,00,000	10,00,000	5,00,000	5,00,000	30,00,000	10,00,000	10,00,000
Options granted during the year	-	-	-	-	-	-	-	-
Exercised upto 31-03-2017	1,25,375	1,58,560	1,000	1,00,000	-	3,51,000	-	-
Exercised during the year	-	-	-	-	-	4,44,000	-	-
Exercise Price (in Rs.)	-	-	-	-	-	5.98	-	-
Options lapsed during the year	-	-	-	-	-	1,97,000	-	-
Options due for vesting & Exercisable	-	-	-	-	-	6,98,000	-	-
Options yet to be granted (including those lapsed)	**1,74,625**	**5,41,440**	**9,99,000**	**4,00,000**	**5,00,000**	**15,07,000**	**10,00,000**	**10,00,000**

f) Employees who received grant in any one year of options amounting to 5% or more of options granted during the year: Nil

g) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant : Nil

For and on behalf of the Board of Directors

K. Pradeep Chandra
Chairman

Place: Hyderabad
Date: 3rd September, 2018

Annexure 'E' to the Directors report

Form No. MR-3
Secretarial Audit Report
For the Financial Year ended March 31, 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MosChip Semiconductor Technology Limited,
(CIN: L31909TG1999PLC032184)
Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza,
Road No. 2, Banjara Hills, Hyderabad,
Telangana – 500 034.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. MosChip Semiconductor Technology Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company'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 authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;
2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)

6) Other laws applicable specifically to the Company namely:

a. Information Technology Act, 2000 and the rules made thereunder

b. Special Economic Zones Act, 2005 and the rules made thereunder

c. Software Technology Parks of India rules and regulations

d. The Indian Copy Right Act, 1957

e. The Patents Act, 1970

f. The Trade Marks Act, 1999

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board and General Meetings.

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

i. The Company has made delay of 2 days in making listing application for listing of 62,64,300 equity shares issued pursuant to conversion of equal number of warrants and paid a penalty of Rs.40,000/- for Non-Compliance of Regulation 108 (2) of SEBI (ICDR) Regulations, 2015

We further report that, on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads / Company Secretary / Chief Financial Officer / Chief Executive Officer taken on record by the Board of Directors of the Company, in our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive, 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.

Adequate notice was given to all directors to schedule the Board meetings and agenda with detailed notes there on were sent to all the directors at least Seven days in advance except as permitted by law/regulations and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and there were no dissenting views.

We further report that, based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, the Company had following event which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

1. The Company has allotted

   I. 4,44,000 Equity Shares pursuant to exercise of the Option granted to the employees under MosChip Stock Option Plan 2008.

   ii. 62,64,300 Equity Shares pursuant to conversion of Warrants

2. Wholly owned subsidiaries 'ElitePlus Semiconductor Technologies Private Limited', 'Orange Semiconductors Private Limited' and 'TexoTech Solutions Private Limited' were amalgamated with the Company vide order dated February 08, 2018 passed by the Regional director, South East Region.

for B S S& Associates
Company Secretaries

S. Srikanth
Partner
ACS No.: 22119
C P No.: 7999

Hyderabad
03.09.2018

This Report is to be read with our letter of even date which is annexed to the report and forms an integral part of this report.

To,
The Members,
MosChip Semiconductor Technology Limited,
(CIN: L31909TG1999PLC032184)
Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza,
Road No. 2, Banjara Hills, Hyderabad,
Telangana - 500034,

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for B S S& Associates
Company Secretaries

S. Srikanth
Partner
ACS No.: 22119
C P No.: 7999

Hyderabad
03.09.2018

Annexure ‘F’ to the Directors’ Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided here under

1. Conservation of Energy

i. Steps taken or impact on conservation of energy

The Company’s operations require low energy consumption. The Company continues to work on reducing carbon footprint in all its areas of operations by institutionalizing following measures across all our facilities:

a. Switching off computers when not in use

b. Utilization of lights and stand-alone air conditioners only when required

c. Minimal usage of AC s and lights during weekend.

d. Using LED lights at all work stations.

e. Optimal cooling of work areas and data centers

ii. Steps taken by the company for utilizing alternate sources of energy

At present, Company is not utilizing any alternate source of energy

iii. Capital investment on energy conservation equipments

The Company has not made any capital investment on energy conservation equipments

2. Technology Absorption

Efforts made towards technology absorption

Company has made continues effort to develop technology for the better outputs and reduction of cost. With the change of time it is essential to be updated with the latest equipments and technology to serve our client better. Company consistently strives to absorb latest technology suitable to industry size and clients need.

Information regarding imported technology (Imported during last three years)

Details of technology imported	Year of import	Status Implemented / absorbed
NIL	NA	NA

Research & Development (R&D)

Specific areas in which R&D work has been done by the Company

The Company has been focusing on growing the services business and has made some amount of investment in semiconductor and IoT space. Most of the work is in proof of concept stage and it is expected to get commercialized in the coming years.

Future plan of action

The Company is in process of building up repertoire of expertise and domain knowledge which can be used for the growing business and exploring new lines of business.

Expenditure on R&D

The Company is working on IoT and Semiconductor space, majority of the projects are in Proof of concept stage. We expected to commercialize the same in coming years.

3. Foreign Exchange Earnings and Outgo

(a) Activities relating to exports; initiative taken to increase exports; development of new export markets for products and services; and export plans;

The Company is majorly in to catering the domestic market requirements in areas of Semiconductor and IoT.

(b) Foreign exchange earnings and out go

(Value in Rs.)

	Year ended March 31, 2018	Year ended March 31, 2017
Foreign Exchange earnings	4,07,40,491	5,07,31,197
Foreign Exchange outgo	2,11,51,157	56,51,593

For and on behalf of the Board of Directors

K. Pradeep Chandra
Chairman

Place: Hyderabad
Date: 3rd September, 2018

Annexure 'G' to the Directors' Report

FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered in to by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

MosChip Semiconductor Technology Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2017-18.

2. Details of material contracts or arrangements or transactions at arm's length basis:

There were no material contracts or arrangements or transactions with related parties during the financial year 2017-18.

For and on behalf of the Board of Directors

K. Pradeep Chandra
Chairman

Place: Hyderabad
Date: 3rd September, 2018

Annexure 'H' to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy

Corporate Governance in simple words means the way a corporation is governed. Corporate governance refers to mechanisms, processes and relations by which corporations are controlled and directed. Corporate Governance is a systematic process driven by the ethical conduct of the business and affairs of an organisation aimed at promoting sustainable business and enhancing shareholders value in long term. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability across all business practices.

MosChip is committed to pursue the principles of good corporate governance to be a good corporate citizen of India and keep the shareholders abreast with the day-to-day affairs of the Company in the best possible manner.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation(2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to Corporate governance.

Board of Directors

An active, informed and independent Board is a pre-requisite for strong and effective corporate governance. The Board plays a crucial role in overseeing how the management safeguards the interests of all the stakeholders. The Board ensures that the Company has clear goals aligned to the shareholders' value and growth. The Board critically evaluates strategic direction of the Company and exercises appropriate control to ensure that the business of the Company is conducted in the best interests of the shareholders and society at large. The Board is duly supported by Executive team and the Senior Management Personnel in ensuring effective functioning of the Company.

Composition of the Board

The Company has a balanced and diverse Board, which includes independent professionals and confirms to the provisions of the Companies Act, 2013 and the Listing Regulations. Your Company's Board represents a confluence of experience and expertise from diverse areas of technology, banking, Finance, general management and entrepreneurship. As on March 31, 2018, the Board comprises of 07 members comprising of a Non-Executive Chairman, Two Non-Executive Director and Four Independent Directors.

None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director.

The Composition of the Board of Directors and the number of Directorships and Committee positions held by them as on March 31, 2018 are as under:

Name of the Director	Category	No. of outside Directorship(s) held Public*	No. of other Board Committees** (of Companies)		No. of Equity Shares held
			As a Member	As a Chairman / Chairperson	
Mr. K. Ramachandra Reddy	Non-Executive Director	0	0	0	39,43,037
Mr. Seetha Ramam Voleti	Non-Executive & Non Independent Director	0	0	0	-
Mr. Prasad Gajjala	Independent Director	0	0	0	2,750
Ms. Poornima Shenoy	Independent Director	01	0	0	-
Mr. Camillo Martino	Independent Director	0	0	0	-
Mr. Raja Praturi	Independent Director	0	0	0	-
Mr. Singa Rao Gottipati	Non-Executive Director	0	0	0	-

* Directorships held by the Directors as mentioned above, exclude directorships held in private companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.

** In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of two Committees viz. Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies have been considered.

Mr. Damodar Rao Gummadapu, Non-Executive Director resigned from his office w.e.f. April 06, 2017 and again appointed as Additional Director w.e.f. April 27, 2018.

Mr. K. Ramachandra Reddy resigned from the office of Whole Time Director and re-designated as Non-Executive Director with effect from 06th April, 2017.

Mr. Camillo Martino was appointed as an Additional Director in the category of Independent w.e.f. 06^{th} April, 2017 and regularized in the AGM held on September 29, 2017.

Mr. K. V. Ramana, Independent Director resigned from his office w.e.f. August 24, 2017.

Mr. Raja Praturi was appointed as Additional Director in the category of Independent with effect from September 29, 2017.

Mr. Singa Rao Gottipati was appointed as Non-Executive Additional Director on September 29, 2017 re-designated as Executive Director w.e.f. 27^{th} April, 2018 and resigned from the Board w.e.f. July 23, 2018.

Mr. Seetha Ramam Voleti resigned from the office of Whole-time Director and re-designated as Non-Executive Director with effect from 16^{th} January, 2018 and resigned from the directorship of Company w.e.f. 27^{th} April, 2018.

Mr. K. Pradeep Chandra was appointed as an Additional Director in the category of Independent w.e.f. 27^{th} April, 2018.

Mr. D. G. Prasad was appointed as an Additional Director in the category of Independent w.e.f. 28^{th} May, 2018.

None of the Directors are related to each other.

The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. Apart from the above, additional Board Meetings are convened to address the specific needs of the Company. In case of urgent business exigencies some resolutions are also passed by circulation, as permitted by law, which is confirmed in the subsequent Board Meeting. Time gap between two consecutive meetings does not exceed 120 days. Video Conferencing / teleconferencing facilities are also made available to enable participation of Directors, in case they are unable to attend the meeting physically.

There is a structured manner in which the agenda items are prepared and presented. The Company Secretary in consultation with the Chairman and the Executive Directors prepares the detailed agenda for the meetings. All the agenda items are backed by comprehensive agenda notes and relevant supporting papers containing all the vital information, so as to enable the Directors to have focused discussion at the meeting and take informed decisions. The agenda and agenda notes are circulated to allthe Directors well in advance, usually a week before the Meeting. In case of sensitive agenda matters, where it is not practical to circulate the relevant information as part of the agenda papers, the same is tabled at the meeting. In special and exceptional circumstances, additional or supplementary agenda items are taken-up for discussion with the permission of the Chairman. The members of the Board or Committees are free to suggest any item to be included in the agenda, in addition to exercising their right to bring up matters for discussion at the meeting with permission of the Chairman.

The Senior Management Personnel are invited to the Board/ Committee Meetings to apprise and update the members on the items being discussed at the meeting. All the relevant information as enumerated in Part A of Schedule II of the Listing Regulations is placed before the Board and the Board in particular reviews and approves corporate strategies, business plan, annual budget, capital expenditure etc. The Board periodically reviews the compliance status of all the applicable laws and is regularly updated on various legal and regulatory developments involving the Company. Action Taken Report in respect of the decisions arising out of the previous meetings is placed at the succeeding meeting of the Board/Committee. The Members of the Board have complete freedom to express their opinion and have unfettered and complete access to information in the Company. All the decisions are taken after detailed deliberations by the Board Members at the meetings.

The draft minutes of each Board/Committee meetings are circulated to all Directors for their comments within 15 days of the meeting. The Company Secretary, after incorporating comments, received if any, from the Directors, records the minutes of each Board/Committee meeting within 30 days from conclusion of the meeting. During the Financial Year 2017-18, the Board met Nine times.

The details of attendance of Directors at the Board Meetings and at the Last Annual General Meeting are as under:

Name of the Director	Number of Board Meetings held during their tenure in the year 2017-18	Number of Board Meetings attended during the year 2017-18	Whether attended last AGM held on 29.09.2017
Mr. K. Ramachandra Reddy	09	09	Yes
Mr. Seetha Ramam Voleti	09	09	Yes
Mr. Damodar Rao Gummadapu*	01	01	Not applicable
Mr. K. V. Ramana**	02	02	No
Mr. Prasad Gajjala	09	08	Yes
Ms. Poornima Shenoy	09	05	Yes
Mr. Camillo Martino	08	01	No
Mr. Raja Praturi***	04	04	No
Mr. Singa Rao Gottipati***	04	03	No

* Mr. Damodar Rao Gummadapu ceased to be a Director with effect from April 06, 2017.

** Mr. K. V. Ramana ceased to be a Director with effect from August 24, 2017.

*** Mr. Raja Praturi and Mr. Singa Rao G appointed as Additional Directors with effect from September 29, 2017.

No. of Board Meetings held and dates on which they were held during 2017-18.

Quarter	No. of Meetings	Dates on which held
April - June	02	06th April, 2017, 22nd May, 2017
July – September	03	24th August 2017, 12th September 2017 and 29th September 2017.
October – December	02	14th November 2017 and 13th December 2017.
January – March	02	24th January, 2018 and 14th February, 2018.
Total	**09**	

Induction and Familiarization program for Board Members

A formal letter of appointment together with the Induction kit is provided to the Independent Directors, at the time of their appointment, setting out their role, functions, duties and responsibilities. The directors are familiarized with your Company's business and operations and interactions are held between the directors and senior management of your Company. Directors are familiarized with the organizational set-up, functioning of various departments, internal control processes and relevant information pertaining to the Company. Apart from the above, periodic presentations are also made at the Board / Committee meetings to familiarize the Directors with the Company's strategy, business performance, business environment, regulatory framework, operations review, risk management and other related matters.

Meeting of Independent Directors

The Independent Directors met informally without the presence of Non-Independent Directors and the management, and discussed, inter-alia, on matters pertaining to evaluation of the performance of the Board as a whole, evaluation of the performance of the Chairman and Executive Directors. They also assessed the quality, quantity and timeliness of flow of information between the management and the Board of Directors, which is necessary for the Board to effectively and reasonably perform their duties etc. The Independent Directors expressed satisfaction on the overall performance of the Directors and the Board as a whole. Inputs and suggestions received from the Directors were considered at the Board Meeting and are being implemented.

Performance Evaluation of Board

A formal evaluation mechanism is in place for evaluating the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. The evaluation was done based on the criteria which includes, among others, providing strategic perspective, Chairmanship of Board and Committees, attendance and preparedness for the meetings, contribution at meetings, effective decision making ability, role of the Committees etc. The Directors expressed their satisfaction with the evaluation process.

Code of Conduct

The Company has a Code of Conduct applicable to all Board Members and Senior Management staff for avoidance of conflict of interest between each of these individuals and the Company. Each Board Member and Senior Management staff has declared their compliance with the Code of Conduct as at 31st March, 2018. There were no materially significant transactions during the Financial Year with Board Members and Senior Management, including their relatives that had or could have had a potential conflict of interest with the Company.

The Code of Conduct is available on the website of the Company.

2. COMMITTEES OF THE BOARD

The Board Committees play a vital role in improving Board effectiveness in areas where more focused and extensive discussions are required. Some of the Board functions are performed through specially constituted Board Committees comprising of Independent Directors. Board Committees ensures focused discussion and expedient resolution of diverse matters. The Board Committees include Audit Committee, Stakeholders' Relationship Committee, and Nomination & Remuneration Committee, all the Committees have formally established terms of references / Charter. The Minutes of the Committee Meetings are noted by the Board. The role and composition of the aforesaid Committees, including the number of meetings held and the related attendance of the members are given below:

1) Audit Committee

The Company has an Audit Committee at the Board level with power and role that are in accordance with the Listing Regulations and the Companies Act, 2013. The Audit Committee oversees the accounting, auditing and overall financial reporting process of the Company. The Audit Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company. The Committee is constituted and governed in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section177 of the Companies Act, 2013.

Powers of Audit Committee

The powers of Audit Committee include the following:

i. To investigate any activity within its terms of reference;
ii. To seek information from any employee;
iii. To obtain outside legal or other professional advice;
iv. To secure attendance of outsiders with relevant expertise, if it considers necessary;
v. To call for a separate meeting with statutory and internal auditors with or without the Management team;
vi. To call for a separate meeting with the MD/CEO and as appropriate, other members of the management team to get an independent feedback and also to give feedback received from the auditors;
vii. Appoint any external firm to conduct special reviews of the Company (financial or legal) subject to the approval of the Board;
viii. Perform other activities related to the Charter as requested by the Board of Directors; and
ix. Carry out additional functions as contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee.

Terms of reference

The terms of reference of the Audit Committee is in conformity with the provisions of Regulation 18 of the SEBI (LODR) Regulations 2015, which inter alia, includes the following:

- Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- Recommending appointment and removal of external auditors and fixing of their fees.
- Reviewing with management the annual financial statements with special emphasis on accounting policies and practices, compliances with accounting standards and other legal requirements concerning financial statements.

- Reviewing the adequacy of the Audit and compliance functioning including their policies, procedures, techniques and other regulatory requirements.
- Reviewing the adequacy of internal control systems and significant audit findings.

Composition, name of members and Chairperson

The composition of the Audit Committee and the attendance of the members at the meetings held during the Financial Year 2017-18 are as under:

The Audit Committee comprises of the following directors

1. Mr. Prasad Gajjala -- Chairman
2. Mr. K. V. Ramana* -- Member
3. Ms. Poornima Shenoy* -- Member
4. Mr. Camillo Martino** -- Member
5. Mr. Seetha Ramam Voleti*** -- Member

* Mr. K. V. Ramana & Ms. Poornima Shenoy ceased to be members of Audit Committee w.e.f. 22nd May, 2017.

** Mr. Camillo Martino is appointed as member w.e.f. 22nd May, 2017 and ceased to be a member of Audit Committee w.e.f. 16th May, 2018.

*** Mr. Seetha Ramam Voleti appointed as Committee member w.e.f. 22nd May, 2017 and ceased to be a member of Audit Committee w.e.f. 27th April, 2018.

****Mr. Damodar Rao Gummadapu & Mr. K. Pradeep Chandra appointed as members of Audit Committee w.e.f 16th May, 2018. Mr. D. G. Prasad appointed as member of Audit Committee w.e.f 28th May, 2018.

Meetings and attendance during the year 2017-18

Name of the Director	Category	No of Meetings held during the Tenure	No of Meetings attended
Mr. Prasad Gajjala	Independent Director	07	06
Mr. K. V. Ramana	Independent Director	02	02
Ms. Poornima Shenoy	Independent Director	02	01
Mr. Camillo Martino	Independent Director	05	00
Mr. Seetha Ramam Voleti	Non-Executive Director	05	05

Seven Meetings were held during the Financial Year 2017-2018 on (i) 06th April, 2017 (ii) 22nd May, 2017, (iii) 24th August, 2017, (iv) 12th September, 2017, (v) 13th December, 2017 (vi) 24th January, 2018 and (vii) 14th February, 2018.

The following were invited to Audit Committee Meetings:

a) The Statutory Auditors.
b) The Internal Auditors, as and when necessary.
c) Mr. Jayaram Susarla, Chief Financial Officer; Mr. Kasinath Tumuluru, VP - Finance.

The Majority of the Audit Committee members are Independent Directors.

The Chairman of the Audit Committee attended the last Annual General Meeting ("AGM") held on September 29, 2017.

2. Nomination &Remuneration Committee

The Nomination and Remuneration Committee has been entrusted with role of formulating criteria for determining the qualifications, positive attributes and independence of the Directors as well as identifying persons who may be appointed at senior management levels and also devising a policy on remuneration of Directors, Key Managerial Personnel and other senior employees. The Committee also monitors and administers the Employee Stock Option Scheme(s).

Terms of reference

- Recommend to the Board the setup and composition of the Board and its committees.
- Recommend to the Board the appointment/re-appointment of Directors and Key Managerial Personnel.
- Oversee familiarization programmes for directors.
- Oversee the Human Resource philosophy, Human Resource and People strategy and Human Resource practices including those for leadership development, rewards and recognition, talent management and succession planning.
- Carry out evaluation of every director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors.
- Recommend to the Board the Remuneration Policy for directors, executive team or Key Managerial Personnel as well as the rest of employees

Composition, Meetings and Attendance

The composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. As on March 31, 2018, Committee comprises of three Independent Directors. The Company Secretary acts as secretary to the Committee.

The composition of the Nomination and Remuneration Committee and the attendance of the members at the meetings held during the Financial Year 2017-18 are as under:

The Nomination &Remuneration Committee comprises of the following directors

1. Mr. G. Prasad -- Chairman
2. Mr. K. V. Ramana* -- Member
3. Ms. Poornima Shenoy -- Member
4. Mr. Camillo Martino** -- Member

* Mr. K. V. Ramana ceased to be member of Nomination & Remuneration Committee w.e.f. 22nd May, 2017.

** Mr. Camillo Martino was appointed as Member of the Committee on 22nd May, 2017 and ceased to be a member of Nomination & Remuneration Committee w.e.f. 16th May, 2018.

*** Mr. Raja Praturi & Mr. K. Pradeep Chandra were appointed as members of Nomination & Remuneration Committee w.e.f. 16th May, 2018.

Meetings and attendance during the year 2017-18

Name of the Director	Category	No of Meetings held during the Tenure	No of Meetings attended
Mr. Prasad Gajjala	Independent Director	03	02
Mr. K. V. Ramana	Independent Director	02	02
Ms. Poornima Shenoy	Independent Director	03	02
Mr. Camillo Martino	Independent Director	01	00

During the Financial Year 2017-18, Three meetings of the Nomination and Remuneration Committee were held on (i) April 06, 2017, (ii) May 22, 2017 and (iii) September 29, 2017.

The Nomination and Remuneration Policy:

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on remuneration of Directors and Senior Management Employees. The Company's remuneration policy is directed towards rewarding performance based on periodic review of the achievements. The remuneration policy has been disclosed in the Annual Report.

Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration Committee. An indicative list of factors that were evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgment.

Remuneration of Directors:

(i) Remuneration to the Executive Directors

The remuneration package of the Executive Directors is determined by the Nomination and Remuneration Committee in accordance with the Remuneration policy of your Company. The recommendations of the Committee are considered and approved by the Board, subject to the approval of the members of the Company. The remuneration package of the Executive Directors and Whole Time Director comprises of a fixed salary component.

(ii) Remuneration to Non-Executive/ Independent Directors

Besides, sitting fee for attending Board and Committee meetings, no special compensation to Non-Executive directors are envisaged during the year 2017-18.

Details of remuneration to all the directors

Sl. No.	Name	Designation	Salary In Rs.	Performance Incentives in Rs.	Commission in Rs.	Total in Rs.	Notice period severance Fee in Rs.*	Stock Option if any	Sitting Fee in Rs.
01	Mr. K. Ramachandra Reddy	Non-Executive Director	83,333	Nil	Nil	83,333	NA	Nil	120,000
02	Mr. Damodar Rao Gummadapu**	Executive Director	Nil	Nil	Nil	Nil	NA	Nil	Nil
03	Mr. Seetha Ramam Voleti	Whole Time Director & CFO	1,695,079	Nil	Nil	1,695,079	NA	Nil	Nil
04	Mr. Prasad Gajjala	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	235,000
05	Ms.Poornima Shenoy	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	1,35,000
06	Mr. Camillo Martino	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	15,000
07	Mr. K. V. Ramana	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	75,000
08	Mr. Raja Praturi	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	75,000
09	Mr. Singa Rao Gottipati**	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	Nil

*The tenure of Executive Director and Whole Time Director is for 5 years from their respective dates of appointment and can be terminated by three months' notice on either side. No severance fees is payable to the Managing Director or Whole Time Director.

**Mr. Damodar Rao Gummadapu and Mr. Singa Rao Gottipati have opted not to receive any sitting fee for attending the Board / Committee Meetings.

3. Stakeholders Relationship Committee

Stakeholders' Relationship Committee ensures quick redressal of the complaints of the stakeholders and oversees the process of share transfer. The Committee also monitors redressal of Shareholders'/Investors' complaints/ grievances viz. non-receipt of annual report, dividend payment, issue of duplicate share certificates, transmission of shares and other related complaints. In addition, the Committee also monitors other issues including status of Dematerialization/ Rematerialisation of shares issued by the Company.

a) Composition, Meetings and Attendance

The composition of Stakeholders' Relationship Committee is in conformity with the provisions of Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

Mr. G. Prasad, Independent Director is heading the Stakeholders Relationship Committee.

During the Financial Year 2017-18, four meetings of the Stakeholders' Relationship Committee were held on (i) May 22, 2017, (ii) September 12, 2017, (iii) December 13, 2017 and (iv) February 14, 2018. The Company Secretary acts as a Secretary to the Committee.

The composition of the Stakeholders' Relationship Committee and the attendance of the members at the meetings held during the Financial Year 2017-18 are as under:

The Stakeholders' Relationship Committee comprises of the following directors

Mr. G. Prasad -- Chairman

Mr. K. V. Ramana* -- Member

Ms. Poornima Shenoy -- Member

Mr. Seetha Ramam Voleti** -- Member

* Mr. K. V. Ramana ceased to be member of Stakeholders Relationship Committee w.e.f. 22nd May, 2017.

**Mr. Seetha Ramam Voleti appointed as member of Stakeholders Relationship Committee w.e.f. 22nd May, 2017 and ceased to be a member w.e.f. 27th April, 2018.

***Mr. Singa Rao G appointed as a member of Stakeholders Relationship Committee w.e.f. 16th May, 2018 and ceased to be a member w.e.f. 23rd July, 2018.

****Mr. Raja Praturi appointed as member of Stakeholders Relationship Committee w.e.f. 13th August, 2018

Meetings and attendance during the year 2017-18

Name of the Director	Category	No of Meetings held during 2017-2018	No of Meetings attended
Mr. Prasad Gajjala	Independent Director	04	03
Mr. K. V. Ramana	Independent Director	01	01
Ms. Poornima Shenoy	Independent Director	04	03
Mr. Seetha Ramam Voleti	Non-Executive Director	03	03

b) Name and Designation of Compliance Officer

Mr. Suresh Bachalakura, Company Secretary, acts as the Compliance Officer of the Company. The Compliance Officer briefs the Committee on the grievances/queries of the investors and the steps taken by the Company for redressing their grievances. He is responsible for complying with the provisions of the Listing Regulations, requirements of securities laws and SEBI Insider Trading Regulations.

c) Investor Grievances Redressal Status

During the financial year 2017-18, the complaints and queries received from the shareholders were general in nature and were mainly pertaining to non-receipt of Dividend, non-receipt of annual reports. All the complaints were resolved to the satisfaction of the investors.

The status of Investors' Complaints as on March 31, 2018, is as follows:

No. of complaints as on April 1, 2017	0
No. of complaints received during the Financial Year 2017-18	08
No. of complaints resolved upto March 31, 2018	08
No. of complaints pending as on March 31, 2018	0

To redress investor grievances, the Company has a dedicated E-mail ID investorrelations@moschip.com to which investors may send complaints.

SUBSIDIARY COMPANIES

The subsidiary companies are managed by their individual Board of Directors. The Company monitors the performance of subsidiary companies on periodic basis. The statement containing details of all significant transactions entered into by subsidiary companies is tabled before the Board periodically. Minutes of the Board Meetings of subsidiary companies are placed before the Board. The Company does not have any material Indian Subsidiary Company. The policy for determining material subsidiary is available on the Company's website. https://moschip.com/investors-relations/policies-documents/Policy_on_Material_Subsidiaries-document.pdf

GENERAL BODY MEETINGS

i) Details of last three AGMs

AGM	Venue	Time & Date	No. of Special resolutions passed
Sixteenth	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road # 02, Banjara Hills, Hyderabad – 500034	30th September 2015 at 10.30 hrs	03
Seventeenth	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road # 02, Banjara Hills, Hyderabad – 500034	30th September 2016 at 10.30 hrs.	01
Eighteenth	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road # 02, Banjara Hills, Hyderabad – 500034	29th September, 2017 at 10.30 hrs	02

ii) Postal ballot

During the financial year 2017-2018, the Company approached the Shareholders through postal ballot. The details of the postal ballot are as follows:

During the FY 2017-2018, the Company passed the following special resolutions through postal ballot:

Special Resolutions	Voting Details				Date of declaration of results
	Votes cast in favor		Votes cast against		
	No. of votes	%	No. of votes	%	
To increase the limits u/s 186(2) of Companies Act, 2013 for extending loans, providing guarantees, making investments or giving securities for loans taken by any person or body corporate upto INR 1000 crores.	77254741	99.999	715	0.0001	02nd May, 2017
To increase the Borrowing Limits u/s 180(1)(c) of the Companies Act, 2013 upto INR 1000 Crores.	77251991	99.998	1465	0.001	02nd May, 2017
To create Charges / Mortgages on, or sell or other wisedispose of the moveable and immoveable properties of the Company, both present and future, in respect of borrowings upto INR 1000 Crores.	77250791	99.997	1665	0.002	02nd May, 2017
To Approve the limits on Transactions with Related Parties under Section 188 of the Companies Act, 2013.	1064907	99.914	915	0.085	02nd May, 2017
To Issue warrants on preferential basis to Mr. S. Someswara Rao, Mr. G. Venu Gopal Reddy and Mr. A. Ramesh, non-promoters of the Company under Section 62 (1)©, read with Section 42 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotment of Securities) Rules, 2014 and in terms of SEBI (ICDR) Regulations.	6753887	99.997	110	0.001	18thOctober, 2017

The Company successfully completed the process of obtaining approval of its shareholders for special resolutions on the items detailed above, vide postal ballot.

B S S & Associates, Company Secretaries have been appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

Procedure for postal ballot

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company has engaged the services of Karvy Computershare Private Limited ("Karvy"). Postal ballot notices and forms are dispatched, along with postage-prepaid business reply envelopes to registered members / beneficiaries. The same notice is sent by email to members who have opted for receiving communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer completes his scrutiny and submits his report to the Chairman, and the consolidated results of the voting are announced by the Chairman / authorized officer. The results are also displayed on the Company website, www.moschip.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent.

Means of Communication

i) Financial results, Annual Report etc.:

The quarterly Un-audited Financial Results and the Annual Audited Financial Results as approved and taken on record by the Board are sent to / filed with the Stock Exchanges (BSE) where the Company's shares are listed and then published in Financial Express in English and Nava Telangana, regional language daily (Telugu). The Results are also posted on the Company's website www.moschip.com. All official releases and other related information are also displayed on this website.

The quarterly Un-audited Financial Results and the Annual Financial Results along with the, Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditor's Report, Cash Flow Statement, Corporate Governance Report, Management Discussion and Analysis and Shareholding Pattern etc. can also be accessed by investors from the Company's website www.moschip.com.

Annual Report containing audited standalone accounts, consolidated financial statements together with Board's Report, Auditors Report and other important information are circulated to members entitled thereto.

ii) Management Discussion and Analysis

The Management Discussion and Analysis, as reviewed by the Audit Committee, is part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION

a.	AGM – Date, Time and Venue	:	29th September 2018, 10.30 am at Registered Office of the Company at Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad – 500 034. Telangana.
b.	Financial Calendar	:	The financial year of the Company starts from the 01st day of April and ends on 31st day of March of next year.

c. The following is the tentative financial calendar of the Company, which is subject to change:

<u>Un-Audited Financial Results for the FY 2018-19</u>

First Quarter Results	:	Between 01st August, 2018 to 14th August, 2018
Second Quarter & Half-yearly Results	:	Between 01st November, 2018 & 14th November, 2018
Third Quarter Results	:	Between 01st February, 2019 & 14th February, 2019

Fourth Quarter & Annual Results (Audited in lieu of un-audited results) : Between 15th May, 2019 & 29th May, 2019

d. Date of Book Closure : 22nd September 2018 to 29th September, 2018 (both days inclusive)

e. Dividend Payment Date : Your Board has not recommended any Dividend

f. Listing on Stock Exchanges : BSE Limited
P J Towers, Dalal Street, Fort, Mumbai – 400 001.

g. Stock Code on BSE Limited : 532407 / MOSCHIP

h. Listing Fee : Listing fees to the Stock Exchange for listing of equity shares have been paid for the FY 2018-19.

I. Market Price data High / Low during each month in the Financial Year 2017-18 and Performance in comparison to broad- based indices such as BSE Sensex.

The information on market price of MosChip stock and its comparison with BSE Sensex is as below:

Table: 11

Month & Year	MOSCHIP			SENSEX		
	High	Low	Close	High	Low	Close
Apr-17	55.50	46.00	50.40	30,184.22	29,241.48	29,918.40
May-17	59.00	46.75	53.65	31,255.28	29,804.12	31,145.80
Jun-17	57.30	49.00	49.65	31,522.87	30,680.66	30,921.61
Jul-17	52.75	45.00	46.55	32,672.66	31,017.11	32,514.94
Aug-17	52.05	39.25	46.60	32,686.48	31,128.02	31,730.49
Sep-17	52.50	42.20	45.35	32,524.11	31,081.83	31,283.72
Oct-17	46.75	41.90	42.25	33,340.17	31,440.48	33,213.13
Nov-17	43.50	36.10	38.90	33,865.95	32,683.59	33,149.35
Dec-17	41.60	35.30	37.70	34,137.97	32,565.16	34,056.83
Jan-18	46.30	36.75	36.90	36,443.98	33,703.37	35,965.02
Feb-18	37.70	31.05	32.00	36,256.83	33,482.81	34,184.04
Mar-18	40.00	28.05	31.30	34,278.63	32,483.84	32,968.68

j. Registrar and Transfer Agents : Karvy Computershare Pvt. Ltd.
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad - 500 032, Telangana.

k. Share Transfer System

The applications for transfers, transmission etc., are received by the Company at Registered Office address at Hyderabad or at Karvy Computershare Pvt. Ltd., Registrar and Transfer Agents, Hyderabad. As the Company's shares are currently traded in dematerialized form the transfers are processed and approved in the electronic form by NSDL / CDSL through their depository participants.

Shares sent for physical transfer are generally registered and returned within a week from the date of receipt; provided the documents are clear in all respects. The authorized persons for share transfers will meet at regular interval to clear the transfer cases as early as possible.

Karvy Computershare Pvt. Ltd. is the Common Share Transfer Agent for both Physical and Demat mode

l. Distribution of Shareholding:

The Distribution of shareholding of the Company as on 31st March 2018 is as below:

DISTRIBUTION SCHEDULE AS ON 31/03/2018

S. No	Category	Cases	% of Cases	Amount in Rupees	% Amount
1	1 - 5000	18,557	91.607	16,168,648	6.1442
2	5001 - 10000	779	3.845	5,915,364	2.2479
3	10001 - 20000	423	2.088	6,470,294	2.4588
4	20001 - 30000	150	0.740	3,737,618	1.4203
5	30001 - 40000	93	0.459	3,365,912	1.2791
6	40001 - 50000	50	0.246	2,268,710	0.8621
7	50001 - 100000	89	0.439	6,443,932	2.4487
8	100001 & Above	116	0.572	218,783,152	83.1389
	Total:	**20,257**	**100.00**	**263,153,630**	**100.00**

m. Dematerialization of shares and liquidity

As per SEBI guidelines on investors' protection, the Company's shares are to be traded only in dematerialized mode. Accordingly, the Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity and facilitate scrip-less trading. As at the end of 31st March 2018, 97.43 % of the outstanding equity shares of the company are in electronic form.

The Company's shares are being traded in the Bombay Stock Exchange Limited (BSE) under **ISIN-INE935B01025**

n. Plant locations

The Company has a Design Centre and component assembly plant the particulars of which are given below:

Plant / Design Center	Location
Hyderabad	Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad – 500 034, Telangana, India
Plant	Plot No. 05C, IDA Uppal, Hyderabad - 500039, Telangana, India

o. Address for Correspondence and contact persons for investor's queries

In order to facilitate quick redressal of the grievances/ queries, the Investors and Shareholders may contact the Company Secretary at the under mentioned registered office address for any assistance:

Suresh Bachalakura
Company Secretary
MosChip Semiconductor Technology Limited
Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza,
Road No.02, Banjara Hills,
Hyderabad, Telangana – 500 034,
Tel: +91-40-6622 9292
Fax: +91-6622 9393,
Email:investorrelations@moschip.com

Besides, investors are also requested to make any correspondence with the Share Transfer Agents, whose particulars are furnished as under:

Karvy Computershare Pvt. Ltd.,
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad, Telangana - 500 032.
Contact Person: V Raghunath, Deputy Manager
Tel: +91-40-4465-5208,
Email: einward.ris@karvy.com

DISCLOSURES

a. Disclosure of Materially Significant Related Party Transactions

All related party transactions that were entered into during the financial year were at 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 Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

As required under Regulation 23 of SEBI (LODR) Regulations, 2015, the Company has a policy on Related Party Transactions. The abridged policy on Related Party Transactions is available on the Company's website at https://moschip.com/investors-relations/policies-documents/PolicyOnRelatedPartyTransactions-document.pdf

Apart from receiving director remuneration, none of the Directors has any pecuniary relationships or transactions vis-à-vis the Company. During the year 2017-18, no transactions of material nature were entered into by the Company with the Management or their relatives that may have a potential conflict of interest with the Company and the concerned officials have given undertakings to that effect as per the provisions of the Listing Regulations.

b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has made delay of 2 days in making listing application for listing of 62,64,300 equity shares issued pursuant to conversion of equal number of warrants and paid a penalty of Rs.40,000/- for Non-Compliance of Regulation 108 (2) of SEBI (ICDR) Regulations, 2015.

c. Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee

Your Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors and Employees pursuant to which a Committee has been constituted for addressing complaints received from Directors and Employees concerning unethical behavior, actual or suspected fraud and violation of Code of Conduct or ethics policy of your Company. The Policy provides adequate safeguards against victimization of Director(s)/ Employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. Your Company hereby affirms that no Director/Employee has been denied access to the Chairman of the Audit Committee. The Vigil Mechanism Policy has been uploaded on the website of the Company at https://moschip.com/investors-relations/policies-documents/WhistleBlowerPolicy-document.pdf.

d. Insider Trading

In order to regulate trading in securities of the Company by the Directors and designated employees, your Company has adopted a Code of Conduct for trading in listed or proposed to be listed securities of your Company. Insider Trading Code prevents misuse of unpublished price sensitive information and it also provides for periodical disclosures and obtaining pre-clearance for trading in securities of your Company by the Directors, Designated Employees and Connected Persons of your Company. The Policy on Code of Conduct for prevention of Insider Trading has been uploaded on the website of the Company at https://moschip.com/investors-relations/policies-documents/Code_of_Conduct_for_Prevention_of_Insider_Trading-document.pdf.

Compliance with the Mandatory Corporate Governance Requirements as prescribed under the Listing Regulations

The Board of Directors periodically reviews the compliance of all applicable laws. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations. The Company has obtained a certificate affirming the compliances from M/s. BSS & Associates, Company Secretaries and the same is appended as an Annexure to this Report.

Details of Compliances with the Non-mandatory Corporate Governance requirements as prescribed under the Listing Regulations

In addition to the mandatory requirements, the Company has also adopted the following non-mandatory requirements as prescribed in Regulation 27 of the Listing Regulations:

a. Shareholders Rights

We display our quarterly and half yearly results on our web site www.moschip.com and also publish our results in widely circulated newspapers. We publish the voting results of shareholder meetings and make it available on our website www.moschip.com, and report the same to Stock Exchanges in terms of Regulation 44 of the Listing Regulations.

b. Modified opinion(s) in audit report

The Auditors have issued an un-qualified opinion on the financial statements of the Company.

c. Reporting of internal auditor

The Audit Committee appointed a Chartered Accountancy firm as Internal auditors of the Company. The Partner-Incharge reports to the Chairman of the Audit Committee of the Board and administratively to the Chief Financial Officer. He has regular and exclusive meetings with the Audit Committee prior to reports of Internal Audit getting discussed with the Management Team.

Non-compliance of any requirement of corporate governance report.

The Company has complied with all the requirements of Corporate Governance Report.

CEO/CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, certificate duly signed by the CEO/ CFO of the Company is appended as an Annexure to this Report.

REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report forms part of the Annual Report. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.

COMPLIANCE CERTIFICATE FROM A PRACTISING COMPANY SECRETARY

The Company has obtained a Certificate from a practicing Company Secretary confirming that it is in compliance with the conditions of Corporate Governance as stipulated in Para C of the Schedule V of the LODR Regulations.

DECLARATION

As provided under the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel of MosChip Semiconductor Technology Limited have confirmed compliance with the Code of Conduct for the year ended March 31, 2018.

Place: Hyderabad	**K. Pradeep Chandra**
Date: 3rd September, 2018	**Chairman**

Certificate on Corporate Governance

To,
The Members,
MosChip Semiconductor Technology Limited,
(CIN: L31909TG1999PLC032184)
Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza,
Road No. 2, Banjara Hills, Hyderabad,
Telangana-500034.

We have examined the compliance of conditions of Corporate Governance by **M/s. MosChip Semiconductor Technology Limited** ("the Company") for the year ended on March 31, 2018 as stipulated in Schedule V of SEBI (LODR) Regulations, 2015 of the said company with the Stock Exchange(s) in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of 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 explanations given to us, we certify that the company has complied in general with the conditions of corporate governance as stipulated in the above mentioned Listing Regulation.

We further state that such compliance is 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 B S S& Associates
Company Secretaries

S. Srikanth
Partner
ACS No.: 22119
C P No.: 7999

Hyderabad
03.09.2018

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CEO & CFO CERTIFICATION

To
The Board of Directors
MosChip Semiconductor Technology Limited
Hyderabad.

We, **Venkata Sudhakar Simhadri**, Chief Executive Officer and **Jayaram Susarla**, Chief Financial Officer of MosChip Semiconductor Technology Limited, hereby certify that:

A. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   2. These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which we are aware of, and the steps we have taken or propose to take to rectify these deficiencies

D. We have indicated to the Auditors and the Audit Committee, wherever applicable:

   i. Significant changes in internal control over financial reporting during the year;
   ii. Significant changes in accounting policies during the year and that the same have 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 any employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad
Date: 3rd September, 2018

Venkata Sudhakar Simhadri
CEO

Jayaram Susarla
CFO

INDEPENDENT AUDITOR'S REPORT

To

The Members of

MosChip Semiconductor Technology Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Moschip Semiconductor Technology Limited (hereinafter referred to as “the Parent Company”) and its two subsidiaries (the Parent Company and its subsidiaries together referred to as “the Group”), comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of changes in Equity, the Consolidated Cash Flow Statement for the year then ended, including summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management’s Responsibility for the Consolidated Financial Statements

The Parent Company’s Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”)that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these 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 perform 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 auditor’s judgment, including 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 auditor considers internal financial control relevant to the Parent Company’s preparation of the consolidated 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 Parent 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Other Matters

The previous year’s comparative financial information of the Company for the year ended March 31, 2017 and the transition date balance sheet as at April 01, 2016 (the Comparative financial information) prepared and restated in compliance of provisions as per Indian Accounting Standards (Ind As) read with the Companies (Indian Accounting Standards) Rules, 2015 are included in these financial statements. The comparative financial information are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us for the year ended March 31, 2017 and the predecessor auditor for the year ended March 31, 2016 & 2017 and expressed an unmodified opinion on those statutory financial statements, and these have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have not been audited by us.

Our opinion on the financial statements is not modified in respect of this matter.

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 and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its and jointly controlled entities as at 31st March, 2018, and the consolidated profit / loss and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit of the financial statements / financial information of Two subsidiaries, whose financial statements/financial information reflect total assets of Rs. 275,302,988/- as at 31st March, 2018and total loss of Rs 6,738,220/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information of aforesaid subsidiary companies have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done, the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required bySection143(3) 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 account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in Annexure A, which is based on the auditors' reports of the Holding company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary companies incorporated in India internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2016, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the possible impact of pending litigations on the consolidated financial position of the Group, and its subsidiaries.

      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      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 its subsidiary companies and associatein corporated in India.

For S.T. Mohite & Co.,
Chartered Accountants
Firm Regn. No. 011410S
M.T. Sreenivasa Rao
Partner
Membership No 015635

Hyderabad
28 May 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

In conjunction with our audit of the consolidated financial statements of the company as on March 31 2018, we have audited the internal financial controls over financial reporting of MosChip Semiconductor Technology Limited ("the Parent ") and its subsidiary company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the parent, its subsidiaries which are incorporated in India 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.T. Mohite & Co.,
Chartered Accountants
Firm Regn. No. 011410S
M.T. Sreenivasa Rao
Partner
Membership No 015635

Hyderabad

28 May 2018

CONSOLIDATED BALANCE SHEET

(All amounts in Indian Rupees, except share data and where otherwise stated)

PARTICULARS	Note No.	As at 31 March 2018 Rs.	As at 31 March 2017 Rs.	As at 1 April 2016 Rs.
ASSETS				
Non-current assets				
Property, Plant & Equipment	4	140,056,518	5,451,984	2,081,820
Capital work-in-progress		17,640,013	118,183,255	-
Goodwill		317,035,434	317,035,433	-
Other Intangible assets	5	26,078,098	424,662	279,297
Intangible assets under development		86,544,239	24,584,546	-
Financial assets				
Trade receivable	10	48,423,963	-	-
Deferred Tax Assets (Net)		1,862,615	2,210,913	-
Other Non-current assets	8	2,795,000	2,795,000	2,795,000
		640,435,880	**470,685,793**	**5,516,117**
Current Assets				
Inventories	9	57,651,089	55,417,724	51,362,294
Financial assets				
Trade receivable	10	333,366,829	155,030,863	12,787,098
Cash and cash equivalents	11	14,185,639	15,008,535	3,144,603
Other bank balances	11	24,150,339	25,489,832	15,513,981
Loan	6	72,774,551	58,070,701	2,336,828
Other financial assets	7	4,655,011	566,779	298,860
Income Tax Assets (Net)		39,501,027	17,263,447	15,224,990
Other current assets	8	72,613,703	72,785,088	7,332,077
		618,898,188	**399,632,969**	**108,000,731**
Total Assets		**1,259,334,068**	**870,318,762**	**113,156,848**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	263,153,630	249,737,030	92,071,034
Other equity	13	157,915,328	190,450,909	(335,520,590)
		421,068,958	**440,187,939**	**(243,449,556)**
Non-current Liabilities				
Provisions	16	11,347,938	13,604,265	7,554,328
		11,347,938	**13,604,265**	**7,554,328**
Current Liabilities				
Financial liabilities				
Borrowings	14	582,446,313	316,303,274	292,695,387
Trade payable	17	160,411,366	79,612,568	29,383,707
Other financial liabilities	18	38,193,400	7,193,603	19,753,155
Other current liabilities	15	40,288,302	11,780,238	6,693,700
Provisions	16	5,577,791	1,636,875	526,128
Total Liabilities		**826,917,172**	**416,526,558**	**349,052,076**
Total Equity & Liabilities		**1,259,334,068**	**870,318,762**	**113,156,848**
See accompanying notes forming part of the financial statements 3 to 40				

In terms of our report attached
For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of
MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

M. T. Srinivasa Rao
Partner
Membership No. 015635

Singa Rao Gottipati
Executive Director
DIN : 07730448

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in Indian Rupees, except share data and where otherwise stated)

PARTICULARS	Note No.	As at 31 March 2018 Rs.	As at 31 March 2017 Rs.
I Revenue from operations	19	601,724,402	376,127,270
II Other Income	20	4,691,791	18,307,190
III Total Revenue (I + II)		**606,416,193**	**394,434,460**
IV Expenses			
Materials Consumed	21	204,893,336	78,144,094
Other Operating Expenses	22	74,157,942	15,097,615
Employee benefits expense	23	271,046,008	191,741,738
Depreciation and Amortisation expense	4 & 5	21,964,126	2,540,175
Finance Costs	24	53,320,051	19,347,908
Other expense	25	107,036,391	89,693,891
Total Expense		**732,417,855**	**396,565,421**
Loss before exceptional items & Tax		**(126,001,662)**	**(2,130,962)**
Add Back:			
Pre Acquisition Loss			**(15,099,880)**
V Profit / (Loss) before tax		**(126,001,662)**	**12,968,918**
Tax expenses			
Current tax		-	-
Deferred tax		348,299	1,210,354
Total tax expense		348,299	1,210,354
Profit / (Loss) after tax		**(126,349,961)**	**11,758,564**
Other comprehensive income			
A) Items that will not be reclassified to profit or loss :			
Remeasurements of the defined Benefit Liabilities - Gain / (Loss)		30,551	(662,885)
Total Other Comprehensive Income		30,551	(662,885)
Total comprehensive income for the year		**(126,319,410)**	**11,095,679**
Earnings per equity share (nominal value of INR 2) in INR			
Basic		(1.00)	0.10
Diluted		(0.95)	0.09
See accompanying notes forming part of the financial statements 3 to 40			

In terms of our report attached

For ST Mohite & Co.,
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ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of

MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

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DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018 Rs.	31 March 2017 Rs.
Operating Activities		
Profit before Tax	**(126,001,662)**	**12,968,918**
Adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation of tangible assets	18,096,322	2,205,184
Amortisation of intangible assets	3,867,804	334,991
Finance income	(1,586,307)	(5,151,571)
Finance costs	53,320,051	19,347,908
Bad Debts - Non cash	4,179,909	592,987
Provision for employee benefits	3,918,605	1,373,670
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(230,939,838)	(142,836,752)
(Increase)/ decrease in Investments	-	(197,135,433)
(Increase)/ decrease in inventories	(2,233,365)	(4,055,430)
(Increase)/ decrease in loans	(14,703,849)	(55,733,873)
(Increase)/ decrease in other assets	(25,977,847)	(70,613,876)
Increase/ (decrease) in trade payables and other financial liabilities	92,394,983	37,669,309
Increase/ (decrease) in provisions	(2,234,016)	5,787,014
Increase/ (decrease) in other non financial liabilities	28,508,064	5,086,538
	(199,360,594)	**(390,823,300)**
Income tax paid	-	-
Net cash flows from operating activities	**(199,360,594)**	**(390,823,300)**
Investing activities		
Purchase of property, plant and equipment (including capital work in progress)	(52,160,706)	(123,758,602)
Purchase of intangibles	(91,480,933)	(25,064,902)
"(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net"	1,339,493	(9,975,851)
Interest received (finance income)	1,412,817	4,584,792
Net cash flows used in investing activities	**(140,889,328)**	**(154,214,564)**
Financing activities		
Proceeds from Issue of Share Capital	106,776,825	552,975,981
Proceeds / (repayment) from long term borrowings, net		
Proceeds / (repayment) from short term borrowings, net	266,143,039	23,607,888
Interest paid	(33,916,440)	(19,347,908)
Net cash flows from/ (used in) financing activities	**339,003,423**	**557,235,960**
Net increase / (decrease) in cash and cash equivalents	**(1,246,499)**	**12,198,096**
Cash and cash equivalents at the beginning of the year (refer note 11)	15,008,535	3,144,603
Movement in Foreign currenty transaclation reserve	423,603	(334,165)
Cash and cash equivalents at the end of the year (refer note 11)	**14,185,639**	**15,008,535**

See accompanying notes forming part of the financial statements 3 to 40

In terms of our report attached
For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

M. T. Srinivasa Rao
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DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Indian Rupees, except share data and where otherwise stated)

a. Equity Share Capital
Equity shares of INR 2 each issued, subscribed and fully paid-up

As of 1 April 2016		Change in Equity share Capital during the year		As at March 31, 2017	
Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**
46,035,517	92,071,034	78,832,998	157,665,996	124,868,515	249,737,030
As of 1 April 2017		**Change in Equity share Capital during the year**		**As at March 31, 2018**	
Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**
124,868,515	249,737,030	6,708,300	13,416,600	131,576,815	263,153,630

b. Other Equity

Particulars	Share Application Money pending Allotment	Equity Share Warrants	Capital reserve	Security Premium	FCTR	Share based payment reserve	Retained Earnings	Total
At April 1, 2016	-	-	144,236,010	-	23,162,438	1,317,110	(504,236,148)	(335,520,590)
Profit for the year 2016-17							11,758,564	11,758,564
Other comprehensive income (Net)							(662,885)	(662,885)
Total comprehensive income for the year	-	-	-	-	-		11,095,679	11,095,679
Transfer on allotment of Equity Shares	35,880	70,501,200					-	70,537,080
Received on exercise of Stock options				1,794,980	(334,166)		-	1,460,814
Received on Issue of fresh share				442,708,533		169,392		442,877,925
At March 31, 2017	**35,880**	**70,501,200**	**144,236,010**	**444,503,513**	**22,828,272**	**1,486,502**	**(493,140,469)**	**190,450,909**
Loss for the year 2017-18							(126,349,961)	(126,349,961)
Other comprehensive income (Net)							30,551	30,551
Total comprehensive income for the year	-	-	-	-			(126,319,410)	(126,319,410)
Transfer on allotment of Equity Shares	654,211	(34,140,435)						(33,486,224)
Received on exercise of Stock options				1,767,120				1,767,120
Received on Issue of fresh share				125,295,442	423,604	(216,114)		125,502,933
At March 31, 2018	**690,091**	**36,360,765**	**144,236,010**	**571,566,076**	**23,251,876**	**1,270,388**	**(619,459,878)**	**157,915,328**

See accompanying notes forming part of the financial statements 3 to 40

In terms of our report attached
For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

M. T. Srinivasa Rao
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Non Executive Director
DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

1 Corporate Information

Moschip Semiconductor Technology Limited ('the Company') was incorporated in 1999 as a private limited company under the Companies Act, 1956 and got listed in BSE in 2001. The Registered office of the Company is situated at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road No. 2, Banjara Hills, Hyderabad, Telangana 500034. As on 31 March 2018, the Company has two wholly owned subsidiary companies in India and USA.

The Company is engaged in to business of development and manufacture of System on Chip (SOC) technologies and Internet on Things (IoT).

The Consolidated Financial Statements for the year ended March 31, 2018 were approved by the Board of Directors and authorise for issue on May 28, 2018.

On 8 February 2018, the Scheme of amalgamation for amalgamating the wholly owned Indian subsidiaries which are Elite Plus Semiconductor Technologies Private Limited, Orange Semiconductors Private Limited and TexoTech Solutions Private Limited with MosChip (Parent Company) was approved by Regional Director, MCA, Hyderabad, with 01 April 2017 as appointed date. The effect of the same is given in the Standalone financial results for year ended 31 March 2018" and hence the previous year figures are not comparable.

2 Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are the Group's first consolidated financial statements prepared in accordance with Ind AS and Ind AS 101 First time adoption of Indian Accounting Standards has been applied. An explanation and effect of transition from Indian GAAP (referred to as "Previous GAAP") to Ind AS has been described in note 36 to these financial statement The Consolidated Financial Statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

Details of the accounting policies are included in Note 3.

2.2 Basis of Consolidation:

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are the Companies first Consolidated financial statements prepared in accordance with Ind AS and Ind AS 101 First time adoption of Indian Accounting Standards has been applied. An explanation and effect of transition from Indian GAAP (referred to as "Previous GAAP") to Ind AS has been described in note 36 to these financial statements.

Following are the Subsidiary companies as on 31 March 2018 & 31 March 2017 and the same are consolidated for the purpose of this Consolidated Financial Statement.

Name of the Company	% Holding as on 31 March 2018
Maven Systems Private Limited	100% Subsidiary
MosChip Semiconductor Technology, USA	100% Subsidiary

Name of the Company	% Holding as on 31 March 2017
Maven Systems Private Limited	100% Subsidiary
MosChip Semiconductor Technology, USA	100% Subsidiary
Elite Plus Semiconductor Technologies Pvt. Ltd.	100% Subsidiary
Orange Semiconductors Private Limited	100% Subsidiary
TexoTech Solutions Private Limited	100% Subsidiary of Orange Semiconductors Pvt. Ltd.

2.3 Basis of preparation of Consolidated Financial Statements:

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of assets.

2.4 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquire and the equity interests issued by the Company in exchange for control of the acquire. Acquisition related costs are generally recognized in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

2.5 Functional currency

The Consolidated Financial Statements are presented in Indian rupees, which is the functional currency of the Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

2.6 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets :

An asset is classified as current when it satisfies any of the following criteria:

a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) It is held primarily for the purpose of being traded;

c) It is expected to be realized within twelve months after the reporting date; ord) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities :

A liability is classified as current when it satisfies any of the following criteria:

a) It is expected to be settled in the Company's normal operating cycle;

b) It is held primarily for the purpose of being traded;

c) It is due to be settled within twelve months after the reporting date; or

d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification. Current assets / liabilities include the current portion of non-current assets/ liabilities respectively. All other assets / liabilities are classified as non-current.

2.7 Critical accounting judgements and key sources of estimation uncertainty Operating cycle

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment in equity instruments of subsidiary companies

During the year, the Company assessed the investment in equity instrument of subsidiary companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

Impairment of Investments

The Group reviews its carrying value of investments in subsidiaries and other entities at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Provisions

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

3 Significant accounting policies

3.1 Revenue recognition

Revenue from operations

Revenue from IoT sales is recognised on based on dispatch of material or providing of services.

Revenue from Semiconductor sales is recognized based on software developed and billed as per the terms of specific contracts. Provision for doubtful debts are recorded in the period in which such losses become probable based on the current estimates.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases. Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.3 Foreign currencies

In preparing the Consolidated Financial Statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for consolidated financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.6 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.7 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the income statement as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment as prescribed in Schedule II to the Companies Act, 2013. If the Management's estimate of the useful life of a property, plant and equipment is different than that envisaged in the aforesaid Schedule, depreciation is provided based on the Management's estimate of the useful life. Pursuant to this policy, depreciation on property, plant and equipment has been provided based on the following useful life of property, plant and equipment as estimated by Management.

Useful lives of depreciable assets *	**Useful Life**
Mask Tools	5
Electrical Installation	10
Leasehold improvements	6
Lab Equipment's	5
Plant and Machinery	5
Furniture and fixtures	10
Office equipment's	5
Computers	3
Vehicles	10
Computer software's	5
Other Intangible assets	3

*for these class of assets, the Management believes, based on technical evaluation carried out by them internally, that the useful life as given above best represent the period over which the Management expects to use these assets. Hence, the useful life for these assets is different from the useful life as in Schedule II of the Act.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation is charged on a proportionate basis for all property, plant and equipment purchased and sold during the year.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

3.8 Goodwill and other intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortisation

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised on straight line basis over a period of three years.

3.9 Inventories

Components and parts:

Components and parts are valued at lower of cost or net realizable value. Cost is determined on First-In-First Out basis.

Finished Goods:

Finished goods are valued at the lower of the cost or net realisable value. Cost is determined on First-In-First Out basis.

Projects in Progress / Work in Progress:

Hardware equipment and other items are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis. Cost includes material cost, freight and other incidental expenses incurred in bringing the inventory to the present location / condition.

3.10 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

3.11 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

3.12 Impairment of non financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing 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 the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the consolidated income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the consolidated statement of profit and loss in the period in which they arise.

3.14 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.15 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.16 Financial instruments

a. Recognition and Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

– amortised cost;

– FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the Company's management;
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
– how managers of the business are compensated–e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable interest rate features;
– prepayment and extension features; and
– terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit.

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;
– the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

– debt securities that are determined to have low credit risk at the reporting date; and
– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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(All amounts in Indian Rupees, except share data and where otherwise stated)

4 Property, plant and equipment

Particulars	Mask Tools	Electrical Installation	Leasehold improvements	Lab Equipment's	Plant and Machinery	Furniture and fixtures	Office equipment's	Computers	Vehicles	Total
Cost										
At April 1, 2016										
(Refer note a)	-	104,854	685,456	43,699	46,471	257,202	57,411	886,454	273	2,081,820
Additions	-	96,000	36,536	398,731	-	796,292	937,589	3,541,376	-	5,806,524
Deletions	-	52,729	-	-	10,319	167,451	677	-	-	231,176
At March 31, 2017	-	148,125	721,992	442,430	36,152	886,043	994,323	4,427,829	273	7,657,168
Additions	147,909,544	-	-	1,640,667	-	602,700	431,473	2,123,584	-	152,707,967
Deletions	-	-	-	-	-	2,595	1,425	-	-	4,020
At March 31, 2018	147,909,544	148,125	721,992	2,083,097	36,152	1,486,148	1,424,371	6,551,413	273	160,361,115
Accumulated depreciation										
At April 1, 2016	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	145,273	379,263	61,972	13,799	138,104	140,816	1,325,684	273	2,205,184
Less: Deletions	-	-	-	-	-	-	-	-	-	-
At March 31, 2017	-	145,273	379,263	61,972	13,799	138,104	140,816	1,325,684	273	2,205,184
Charge for the year	14,831,477	2,852	342,729	244,666	2,945	307,076	257,799	2,106,778	-	18,096,322
Less: Deletions	-		-	-	-	(1,513)	(1,578)	-	-	(3,091)
At March 31, 2018	14,831,477	148,125	721,992	306,638	16,744	446,693	400,193	3,432,462	273	20,304,597
Carrying amount										
At April 1, 2016	-	104,854	685,456	43,699	46,471	257,202	57,411	886,454	273	2,081,820
At March 31, 2017	-	2,852	342,729	380,458	22,353	747,939	853,507	3,102,145	-	5,451,984
At March 31, 2018	133,078,067	-	-	1,776,459	19,408	1,039,455	1,024,178	3,118,951	-	140,056,518

Note : a) For property, plant and equipment existing as on the date of transition to Ind AS, i.e., April 1, 2016, the Company has used Indian GAAP carrying value as deemed costs.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

5 Intangible assets

Particulars	Design & Development	Computer Software's	Total
Cost			
At April 1, 2016 (refer note a)	-	279,297	279,297
Additions	-	480,356	480,356
Less : Deletions	-	-	-
At March 31, 2017	-	759,653	759,653
Additions	29,521,240	-	29,521,240
Less : Deletions			-
At March 31, 2018	29,521,240	759,653	30,280,893
Accumulated amortisation			
At April 1, 2016	-	-	-
Amortisation expense	-	334,991	334,991
At March 31, 2017	-	334,991	334,991
Amortisation expense	3,867,804		3,867,804
At March 31, 2018	3,867,804	334,991	4,202,795
Carrying amount			
At April 1, 2016	-	279,297	279,297
At March 31, 2017	-	424,662	424,662
At March 31, 2018	25,653,436	424,662	26,078,098

Note : a) For property, plant and equipment existing as on the date of transition to Ind AS, i.e., April 1, 2016, the Company has used Indian GAAP carrying value as deemed costs.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
6 Loans (Unsecured, considered good unless otherwise stated)			
Current			
Security deposits	72,774,551	58,070,701	2,336,828
	72,774,551	**58,070,701**	**2,336,828**
7 Other financial assets (Unsecured, considered good unless otherwise stated)			
Current			
Earnest Money Deposits	4,481,521	-	-
Interest accrued on deposits	173,490	566,779	298,860
	4,655,011	**566,779**	**298,860**
8 Other assets			
Non-current assets			
Unsecured, considered good			
Advances other than capital advances			
Moschip Employee Trust	2,795,000	2,795,000	2,795,000
	2,795,000	**2,795,000**	**2,795,000**
Current assets			
Unsecured, considered good			
Advances other than capital advances			
Advances to employees	1,324,204	1,258,909	145,707
Balance with Government Authorities*	4,238,203	7,755,595	4,002,262
Indirect tax recoverable	9,852,602	-	-
Advance to Vendors	50,873,766	58,651,052	1,032,177
Preliminary Expenses Not written off	-	5,800	-
Prepaid expenses	5,481,718	5,113,732	2,151,931
Unbilled revenue	843,210	-	-
	72,613,703	**72,785,088**	**7,332,077**

* Mainly pertains to Service Tax

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
9 Inventories			
(Lower of cost or net realizable value)			
Hardware and Product Component for IoT	57,651,089	14,656,125	6,453,796
Work in Progress	-	40,761,599	44,908,498
	57,651,089	**55,417,724**	**51,362,294**
10 Trade receivables - Non Current			
Unsecured, considered good	48,423,963	-	-
	48,423,963	**-**	**-**
Less: Allowance	-	-	-
Total Trade receivables	**48,423,963**	**-**	**-**
Trade receivables - Current			
Unsecured, considered good	333,366,829	155,030,863	12,787,098
	333,366,829	**155,030,863**	**12,787,098**
Less: Allowance	-	-	-
Total Trade receivables	**333,366,829**	**155,030,863**	**12,787,098**
11 Cash and bank balances			
Cash and cash equivalents			
Balances with banks:			
- in Current account	10,436,239	14,008,535	3,144,603
- in Deposit account	1,151,400	1,000,000	-
Funds in Transit	2,598,000	-	-
Total Cash and cash equivalents	**14,185,639**	**15,008,535**	**3,144,603**
Other bank balances			
Term deposits with Banks with original maturities of less than 1 year*	24,150,339	25,489,832	15,513,981
Total Other bank balances	**24,150,339**	**25,489,832**	**15,513,981**
* Balances held as Margin Money/Security towards obtaining Bank Guarantees			

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
12 Share Capital			
Authorised Share Capital 275,000,000 (March 31, 2017: 275,000,000; April 1, 2016: 275,000,000) equity shares of Rs.2 each	550,310,000	550,000,000	550,000,000
Issued, subscribed and fully paid-up 131,576,815 (March 31, 2017: 124,868,515; April 1, 2016: 46,035,517) equity shares of Rs.2/- each fully paid-up	263,153,630	249,737,030	92,071,034
	263,153,630	249,737,030	92,071,034

(a) Reconciliation of shares outstanding at the beginning and end of the year

Particulars	31 March 2018		31 March 2017	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	124,868,515	249,737,030	124,868,515	249,737,030
Issued during the year	6,708,300	13,416,600	-	-
Outstanding at the end of the year	131,576,815	263,153,630	124,868,515	249,737,030

(b) Terms / rights attached to the equity shares

Equity shares of the Company have a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

(c) Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2018		31 March 2017	
	No. of equity shares held	% holding	No. of equity shares held	% holding
Oshine Global Pte Ltd	75,457,499	57.35%	64,068,201	56.08%
K Ramachandra Reddy	-		6,443,037	5.64%

	31 March 2018	31 March 2017
13 Other equity		
a) Share premium		
Opening balance	444,503,513	-
Add: Premium on fresh issue	127,062,562	444,503,513
Closing balance	**571,566,076**	**444,503,513**
b) Retained Earning and Other Reserves		
Opening balance	(254,052,605)	(335,520,590)
Other movements during the year	(33,062,619)	70,372,306
Profit/(loss) for the year	(126,349,961)	11,758,564
Other comprehensive income	(185,563)	(662,885)
Closing balance	**(413,650,747)**	**(254,052,605)**
Total other equity	**157,915,328**	**190,450,909**

Share premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
14 Borrowings			
Current- Borrowings			
Measured at amortised cost			
Secured Borrowings			
- From banks (Note A)	129,060,942	114,731,043	14,297,119
Un Secured Borrowings			
- From others	453,385,371	201,572,231	278,398,268
Total current borrowings	**582,446,313**	**316,303,274**	**292,695,387**
Note A Company has obtained Over Draft facility from HDFC Bank Ltd. for an amount of Rs.15.00 crores. The same is sanctioned against third party time deposit collateral.			
15 Other liabilities			
Current			
Statutory liabilities	39,345,925	11,780,238	6,693,700
Prepaid Income	942,377	-	-
	40,288,302	**11,780,238**	**6,693,700**
16 Provisions			
Non-Current			
Provision for employee benefits			
- Gratuity (refer note 30)	7,741,202	10,202,539	2,255,633
- Compensated absences	3,606,736	3,401,726	5,298,695
	11,347,938	**13,604,265**	**7,554,328**
Current			
Provision for employee benefits			
- Gratuity (refer note 30)	3,883,661	1,151,946	-
- Compensated absences	1,694,130	484,929	526,128
	5,577,791	**1,636,875**	**526,128**
17 Trade payables			
Trade payables			
- Total outstanding dues of creditors	160,411,366	79,612,568	29,383,707
	160,411,366	**79,612,568**	**29,383,707**
18 Other financial liabilities			
Interest accrued and due on borrowings	19,403,611	-	-
Capital creditors	2,296,027	-	-
Employee payables	4,252,620	1,665,538	15,007,626
Provision for expenses	12,241,142	5,528,065	4,745,529
	38,193,400	**7,193,603**	**19,753,155**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017
19 Revenue from operations		
IoT Business unit	230,831,315	-
Semiconductor services / Products	370,893,087	376,127,270
	601,724,402	**376,127,270**
20 Other income		
Interest income	1,586,307	5,151,571
Interest on Income-tax refund	415,741	2,401,945
Foreign exchange gain, net	1,642,614	-
Profit on sale of property, plant and equipment, net	58,200	-
Reversal of Liability no longer required	-	10,753,673
Miscellaneous income	988,929	-
	4,691,791	**18,307,190**
21 Material consumed		
Opening stock	9,906,343	-
Add: Purchases during the year	248,179,781	78,144,094
Less: Closing stock	53,192,787	-
	204,893,336	**78,144,094**
22 Other Operating Expenses		
Outsourcing Services	42,025,655	13,380,660
Software Expenses	7,059,227	1,646,824
Installation & Data Charges	14,893,009	-
Jobwork Charges	7,236,317	-
Other expenses	2,943,734	70,131
	74,157,942	**15,097,615**
23 Employee benefits expense		
Salaries, wages and bonus	249,833,820	180,567,300
Contribution to provident and other funds	9,343,087	3,843,537
Share Based Payment Expenses	1,046,189	1,451,595
Staff welfare expenses	10,822,912	5,879,305
	271,046,008	**191,741,738**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017
24 Finance costs		
Interest on working capital loan	12,954,967	-
Interest on other loans	39,532,572	18,621,292
Bank Charges	832,512	726,616
	53,320,051	**19,347,908**
25 Other expenses		
Software Expenses	263,478	145,654
Power and fuel	5,509,293	3,174,217
Directors' Remuneration	2,433,412	5,725,838
Repairs and maintenance	919,462	1,503,753
Auditors Remuneration	1,425,491	1,492,028
Postage, Telegram and Telephone Expenses	2,823,043	2,347,542
Operating Leases	29,713,763	15,200,702
Rent on Equipment's	4,879,885	2,638,426
Business promotion and advertisement expenses	4,284,264	2,187,324
Security expenses	2,120,125	438,484
Travelling and conveyance	18,724,632	16,652,523
Rates and taxes	2,205,980	1,304,378
Professional charges	15,520,609	18,564,748
Printing and stationary	425,740	331,799
Communication expenses	1,216,100	542,904
Insurance	196,926	63,870
Foreign Exchange Fluctuation	561,376	6,311,724
General Expenses	9,632,904	10,474,990
Bad debts written off	4,179,909	592,987
	107,036,391	**89,693,891**

(All amounts in Indian Rupees, except share data and where otherwise stated)

26 Contingent liabilities and commitments

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
i) Contingent liabilities:			
- Corporate guarantees given on behalf of related parties	24,150,207	21,252,832	12,896,415
ii) Commitments:			
- Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	6,211,901	-	-

27 Related party disclosures

a) The following table provides the name of the related party and the nature of its relationship with the Company:

Name of the parties	Relation as on 31 March 2018
Oshin Global Pte Limited (formerly known as Techwave Pte Limited)	Holding Company
Mr. K Ramachandra Reddy *	Non Executive Director.
Mr. Singa Rao Gottipati **	Non Executive Director
Jaagruthi Info Technologies Pvt Ltd	Common Directors
I Quest Enterprises Private Limited	Common Directors
Techwave Consulting Inc, USA	Common Director
Mr.Gunupati Venkata Pranav Reddy	Relative of Promoter of Holding company
Ms. Asha Bharadwaj	Relative of Promoter of Holding company
Key Management Personal	
Mr. Damodar Rao Gummadapu***	CEO
Mr. Seetha Ramam Voleti****	Non Executive Director
Mr. Suresh Bachalakura	Company Secretary
* Resigned as Whole time Director and CEO on 06 April 2017 and appointed as Non Executive Director	
** Appointed on 29 September 2017	
*** Resigned as Non Executive Director on 6 April 2017 and appointed as CEO from this date	
**** Resigned as Whole time Director and CFO on 24 January 2018 and designated as Non Executive Director	

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(All amounts in Indian Rupees, except share data and where otherwise stated)

b) Details of all transactions with related parties during the year:

Particulars	31 March 18	31 March 17
Loans received from		
I Quest Enterprises Private Limited	222,500,000	-
Jaagruthi Info Technologies Pvt Ltd	100,000,000	10,000,000
Techwave Infotech P Ltd	55,000,000	12,000,000
Loans - Repayment		
Jaagruthi Info Technologies Pvt Ltd	-	10,000,000
Techwave Infotech P Ltd	-	12,000,000
Interest / Collateral Commission expenses		
I Quest Enterprises Private Limited	9,196,851	-
Jaagruthi Info Technologies Pvt Ltd	12,472,602	134,794
Techwave Infotech P Ltd	1,390,767	144,000
Ms. Asha Bharadwaj	10,154,188	-
Transactions with Directors		
Remuneration to Whole time Director and CEO till 06 April 2017	1,083,333	3,916,669
Interest Payable on loan given by Whole time Director and CEO	7,551,566	12,328,489
Mr. Gunupati Venkata Pranav Reddy (Remuneration)	2,998,200	-
Transactions with Key Management Personal		
Remuneration to Key Management Personal	2,612,709	1,935,169
Stock Options Granted/outstanding to Key Management Personal	20,000	30,000

Remuneration disclosed above does not include insurance and other employee benefits (Gratuity and compensated absences). Gratuity and compensated absences is accrued in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

c) Details of balances receivable from and payable to related parties are as follows:

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
i) Techwave Infotech Pvt Ltd (Payable - trade advance)	58,981,293	733,597	
Techwave Consulting Inc, USA (Payable - trade advance)	16,286,368		
Techwave Infotech Pvt Ltd (Receivable)		40,000,000	
ii) Jaagruthi Infotech P Ltd (Loan & Interest Payable)	105,706,246	121,315	
I Quest Enterprises P Ltd (Loan & Interest Payable)	168,277,166	-	
Techwave Infotech Pvt Ltd (Loan & Interest Payable)	-	129,600	
Ms. Asha Bharadwaj (Collateral Commission)	4,038,906	-	
iii) K Ramachandra Reddy, Director (Loan & Interest Payable)	161,449,481	155,669,739	187,327,149

d) Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017 - Nil; April 1, 2016 - Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

28 Segment information

"Ind AS 108 establishes standards for the way that companies report information about their operating segments and related disclosures, as applicable about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, the management evaluates the Companies performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented as per business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies. Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Certain expenses such as depreciation, stock compensation cost and finance cost, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the operating income of the Group. Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the decision maker, in deciding how to allocate resources and assessing performance. The Companies' decision maker is the Chief Executive Officer. The Company has identified business segments as reportable segments. Accordingly, Semiconductor and IoT has been disclosed as business segments. The Company operates and its revenues are majorly derived from only one Geography and hence information relating to geography segment is not applicable.

Segregation of assets (except for specific assets), liabilities (except for specific segment liabilities), depreciation and other non-cash expenses into various business segments has not been done as the assets are used interchangeably between segments and the Company is of the view that it is not practical to reasonably allocate liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful"

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

A

Business Segment	31 March 18	31 March 17
Revenue		
Semiconductor services / Products	370,893,087	376,127,270
IoT Business unit	230,831,315	-
Total	**601,724,402**	**376,127,270**
Direct cost	-	-
Semiconductor services / Products	312,821,729	374,677,338
IoT Business unit	165,736,115	-
Segment operational income		
Semiconductor services / Products	58,071,357	1,449,932
IoT Business unit	65,095,201	-
Total Operational income	**123,166,558**	**1,449,932**
Other Income	(4,691,791)	(18,307,190)
Less - Un allocated expenses	178,575,833	-
Finance charges	53,320,051	19,347,908
Depreciation and Amortisation	21,964,126	2,540,175
Loss after before tax	**(126,001,662)**	**(2,130,962)**
Pre Acquisition Loss	-	(15,099,880)
Tax expenses	348,299	1,210,354
(Loss) / Profit after tax	**(126,349,961)**	**11,758,564**
Statement of Segment assets and Segment liabilities		
Segment assets		
Semiconductor services / Products	563,621,860	870,318,762
IoT Business unit	514,602,708	-
Un allocable segment assets	181,109,499	-
Total	**1,259,334,068**	**870,318,762**
Segment Liabilities		
Semiconductor services / Products	20,889,997	430,130,823
IoT Business unit	64,625,813	-
Un allocable segment Liabilities	752,749,300	-
Total	**838,265,109**	**430,130,823**
Capital employed	**421,068,958**	**440,187,939**

During the year 2017 -18, The Company has identified Semiconductor and IOT as business segments for purpose of reporting. Business segments are identified based on the quantitative-thresholds and also based on management internal review process. Last year the Company had only one Business Segment.

(All amounts in Indian Rupees, except share data and where otherwise stated)

29 Auditors' remuneration

Particulars	31 March 18	31 March 17	31 March 16
Statutory audit fee	1,325,737	1,341,528	502,106
Other services	99,754	150,500	36,000
Total	**1,425,491**	**1,492,028**	**538,106**

30 Gratuity

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹ 1,000,000.00

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

Particulars	31 March 18	31 March 17	31 March 16
Opening balance	**11,234,714**	**8,437,444**	**8,207,059**
Service cost	2,751,170	1,323,158	1,255,808
Interest cost	757,082	588,640	611,862
Past Service Cost	10,404	-	-
Benefits paid	-	(1,187,449)	(1,062,060)
Actuarial gain	(846,973)	2,072,921	(575,225)
Closing balance	**13,906,397**	**11,234,714**	**8,437,444**
Present value of projected benefit obligation at the end of the year	13,906,397	11,234,714	8,437,444
Fair value of plan assets at the end of the year	2,281,534	1,272,860	208,008
Net liability recognised in the balance sheet	11,624,863	9,961,854	8,229,436
Non Current provision	7,741,202	8,809,908	5,864,748
Current provision	3,883,661	1,151,946	2,364,688

Expenses recognised in statement of profit and loss	31 March 18	31 March 17
Service cost	2,751,170	1,322,618
Interest cost	597,350	526,332
Gratuity cost		
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	523,005	-
Actuarial gain / (loss) due to financial assumption changes	(157,591)	(506,767)
Actuarial gain / (loss) due to experience adjustments	(183,805)	(158,662)
Return on plan assets greater (less) than discount rate	(151,058)	2,544
Total expenses routed through OCI	**30,551**	**(662,885)**

Assumptions	31 March 18	31 March 17
Discount rate	7.60	7.35
Future salary increases	7% pa	7% pa
Employee turnover	13% pa	5% pa

(All amounts in Indian Rupees, except share data and where otherwise stated)

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

	31 March 18	31 March 17
Effect of + 1% change in rate of discounting	(6.96)%	(11.15)%
Effect of - 1% change in rate of discounting	7.90%	13.59%
Effect of + 1% change in rate of salary increase	6.22%	9.00%
Effect of - 1% change in rate of salary increase	(5.68)%	(8.43)%

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

31 Dues to Micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2017 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier.

Particulars	31 March 18	31 March 17	31 March 16
a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.	33,016,680	-	-
b) the amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act	-	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-	-

(All amounts in Indian Rupees, except share data and where otherwise stated)

32 Leases

Where the Company is a lessee:

The Company has taken office premises under operating leases. The leases typically run for a term ranging from one to five years, with an option to renew the lease after the term completion.

i) Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	31 March 18	31 March 17	1 April 16
Not later than 1 year	-	-	-
Later than 1 year and not later than 5 years	15,921,360	47,837,135	
Later than 5 years	-	-	

ii) Amounts recognised in statement of profit and loss:

Particulars	31 March 18	31 March 17	1 April 16
Cancellable Operating lease expense	22,763,963	10,913,964	5,710,933
Non - cancellable Operating lease expense	6,949,800	4,286,738	-
Total	**29,713,763**	**15,200,702**	**5,710,933**

33 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following table sets out the computation of basic and diluted earnings per share:

Particulars	31 March 18	31 March 17
(Loss) / Profit for the year	(126,349,961)	11,758,564
Less: Preference dividend for the year		-
Less: Tax on preference dividend		-
Loss attributable to equity share holders	**(126,349,961)**	**11,758,564**
Shares		
Weighted average number of equity shares outstanding during the year – basic and diluted	132,578,289	129,475,684
Earnings per share of par value ₹ 2 – Basic (₹)	**(1.00)**	**0.10**
Earnings per share of par value ₹ 2 – Diluted (₹)	**(0.95)**	**0.09**

(All amounts in Indian Rupees, except share data and where otherwise stated)

34 Deferred Tax

Computation of Deferred Tax	31 March 18	31 March 17
Opening Balance	**2,210,913**	**784,428**
On Depreciation	70,280	(57,914)
Disallowance on account of non payment of TDS	-	36,019
43B Disallowance	15,329	1,448,380
Employee Benefits	(253,468)	-
Differential Tax Rate	(180,440)	-
Total Timing Difference	(348,299)	1,426,485
Net Deferred Tax Asset / (Liability)	**1,862,615**	**2,210,913**

The following is the analysis of Deferred Tax Assets presented in the Balance Sheet:

Particulars	As at 31 March 18	As at 31 March 17
Deferred Tax Asset	1,862,615	2,210,913
Deferred Tax Liabilities	-	-
Deferred Tax Assets (Net)	1,862,615	2,210,913

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

Particulars	For the year ended 31 March 2018			
	Opening Balance	Recognized in Profit & Loss	Recognized in OCI	Closing Balance
Employee Benefits	725,875	(253,468)	-	472,407
Depreciation	(8,776)	70,280	-	61,504
Provisions	1,493,815	15,329	-	1,509,144
Other items	-	(180,440)	-	(180,440)
Net Deferred Tax	**2,210,915**	**(348,299)**	**-**	**1,862,615**

Particulars	For the year ended 31 March 2017			
	Opening Balance	Recognized in Profit & Loss	Recognized in OCI	Closing Balance
Employee Benefits	724,979	896	-	725,875
Depreciation	49,138	(57,914)	-	(8,776)
Provisions	10,311	1,483,504	-	1,493,815
Other items	-	-	-	-
Net Deferred Tax	**784,428**	**1,426,487**	**-**	**2,210,915**

(All amounts in Indian Rupees, except share data and where otherwise stated)

35 Employee Stock Option Plans

The establishment of the MosChip Semiconductor Technology Limited Moschip Stock Option Plan 2008 was approved by shareholders at the 2008 annual general meeting. The Employee Option Plan is designed to provide incentives to employees to deliver long-term returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The Company has established nine schemes i.e., Employee Stock Option Plan, MosChip Stock Option Plan 2001, MosChip Stock Option Plan 2002, MosChip Stock Option Plan 2004, MosChip Stock Option Plan 2005 (MI), MosChip Stock Option Plan 2005 (WOS), MosChip Stock Option Plan 2008, MosChip Stock Option Plan 2008(ALR) and MosChip Stock Option Plan 2008(Director) with 600,000 equity shares, 300,000 equity shares, 700,000 equity shares, 1,000,000 equity shares, 500,000 equity shares, 500,000 equity shares, 3,000,000 equity shares, 1,000,000 equity shares and 1,000,000 equity shares respectively. Of these the Employee Stock Options Plan was established when the Company was unlisted and consequently, the Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999 are not applicable to the options granted under this Plan.

Out of above plans Company has granted options in Moschip Stock Option Plan 2008.

Once vested, the options remain exercisable for a period of three years. When exercisable, each option is convertible into one equity share. The exercise price of the options is based on the previous day closing rate on which options are granted which the company's shares are traded on the stock exchange during the previous day.

Set out below is a summary of options granted under the plan:

FOR YEAR ENDED 31 MARCH 2018	
Particulars	**MosChip Stock Option Plan 2008**
Options Outstanding at the beginning of the Year	1,403,000
Granted during the year	-
Forfeited during the year	220,000
Exercised during the year	444,000
Vested and Exercisable	41,000
Outstanding at the end of the year	698,000

The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2017 was INR 2.84. (31 March 2016 - INR 2.84).

Share options outstanding at the end of the year have the following expiry date and exercise prices

	31 Mar 18	**31 Mar 17**
Grant Date	12-Aug-15	12-Aug-15
Expiry Date	11-Aug-22	11-Aug-22
Excise Price	INR 5.98	INR 5.98
Share Options	698,000	1,403,000

(All amounts in Indian Rupees, except share data and where otherwise stated)

The fair value at grant date of options granted during the year ended 31 March 2018 was INR 3.09 per option for three year and 3.46 is for four year schemes (31 March 2017 – INR 2.64). The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 March 2018 included:		
	31 Mar 18	**31 Mar 17**
Grant Date	12-Aug-15	12-Aug-15
Expiry Date	11-Aug-22	11-Aug-22
Excise Price	INR 5.98	INR 5.98
Share Price at Grant date	INR 5.98	INR 5.98
Expected price volatility of the company's shares	71.60%	74.90%
Expected dividend yield	-	-
Risk free interest rate	6.60%	6.51%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

36 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt and the interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

(All amounts in Indian Rupees, except share data and where otherwise stated)

	Increase/decrease in interest rate	Effect on profit before tax
March 31, 2018		
INR	+1%	3,890,609
INR	-1%	3,890,609
March 31, 2017		
INR	+1%	1,147,310
INR	-1%	1,147,310

The Company's debt portfolio consists of short term fixed rate borrowings.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the management.

Ind AS requires expected credit losses to be measured through a loss allowance based on historical collection pattern. During the year the Company started new line of business called IoT, which has contributed around 38% of the revenue for year 2017-18. Credit loss relating to this business couldn't be measured based on historical collection pattern.

There is no major credit loss related to Semiconductor business.

However, the Company has provided for credit loss wherever required on review of exposure on case to case basis.

Concentration Risk

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks with high credit ratings assigned by credit rating agencies.

Trade receivable - During the year the Company has started new line of business IoT which consists of Smart Lighting and GEO HEMS streams. Smart Lighting business is a Government of India Initiative as a part of developing smart cities and energy saving by replacing normal street lights with LED lights. During the year the Company was awarded contracts relating to the supply of Central Command Monitoring Systems (CCMS) from KEONICS. This customer has contributed more than 10% of the revenue and receivables as on 31 March 2018.

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(All amounts in Indian Rupees, except share data and where otherwise stated)

c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 3 months	1 to 5 years	>5 years	Total
Year ended March 31, 2018						
Borrowings	389,060,942	-	193,385,371	-	-	582,446,313
Trade payables	86,524,998	-	73,886,368	-	-	160,411,366
Other Financial Liabilities	25,952,258	12,241,142				38,193,400
Year ended March 31, 2017						
Borrowings	114,731,043	-	201,572,231	-	-	316,303,274
Trade payables	79,612,568	-	-	-	-	79,612,568
Other Financial Liabilities	1,665,538	5,528,065				7,193,603
As at April 1, 2016						
Borrowings	292,695,387	-	-	-	-	292,695,387
Trade payables	29,383,707	-	-	-	-	29,383,707
Other Financial Liabilities	15,007,626	4,745,529	-	-	-	19,753,155

37 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2018, March 31, 2017 and April 1, 2016 was as follows:

Particulars	31 March 18	31 March 17	1 April 16
Total equity attributable to the equity shareholders of the Company	421,068,958	440,187,939	(243,449,556)
As a percentage of total capital	42%	58%	(494%)
Long term borrowings including current maturities	-	-	-
Short term borrowings	582,446,313	316,303,274	292,695,387
Total borrowings	582,446,313	316,303,274	292,695,387
As a percentage of total capital	58%	42%	594%
Total capital (equity and borrowings)	1,003,515,271	756,491,213	49,245,831

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

38. **Disclosure of additional information as required by Paraghraph 2 of the General Instructions for Preparation of Consolidated financial Statements to Schedule III to the Companies Act,2013** **Annexure I**

Name of the entity	Net Assets, i.e., total assets minus total liabilities				Share in profit or loss				Share in other comprehensive Income				Share in Total comprehensive Income			
	F.Y. 2017-2018		F.Y. 2016-2017		F.Y. 2017-2018		F.Y. 2016-2017		F.Y. 2017-2018		F.Y. 2016-2017		F.Y. 2017-2018		F.Y. 2016-2017	
	As % of consolidated Net Assets	Amount In Rs.	As % of consolidated Net Assets	Amount In Rs.	As % of consolidated Net Assets	Amount In Rs.	As % of consolidated Net Assets	Amount In Rs.	As % of consolidated Net Assets	Amount In Rs.	As % of consolidated Net Assets	Amount In Rs.	As % of consolidated Net Assets	Amount In Rs.	As % of consolidated Net Assets	Amount In Rs.
Parent Company																
MosChip Semiconductor Technology Limited	127.37%	437,122,813	118.80%	450,090,175	94.68%	(119,944,434)	(82.05%)	(10,294,623)	1189%	363,233	100%	(662,885)	94.42%	(119,581,201)	92.20%	(10,957,508)
Subsidiaries																
Indian																
Maven Systems Private Limited	(27.69%)	(95,040,460)	(11.01%)	(41,705,150)	28.18%	(35,703,320)	(73.23%)	(9,187,830)	(1089%)	(332,682)			28.45%	(36,036,002)	(77.31%)	(9,187,830)
Orange Semiconductors Private Limited			(2.14%)	(8,103,289)			(2.86%)	(359,091)						-	(3.02%)	(359,091)
Eliteplus Semiconductor Technologies Pvt Ltd			1.74%	6,596,860			(12.28%)	(1,540,665)						-	(12.96%)	(1,540,665)
Foreign																
MosChip Semiconductor Technology, USA	0.33%	1,118,443	(7.40%)	(28,022,756)	(22.86%)	28,965,111	270.41%	33,929,482					(22.87%)	28,965,111	285.50%	33,929,482
Total	**100.00%**	**343,200,795**	**100.00%**	**378,855,840**	**100.00%**	**(126,682,643)**	**100.00%**	**12,547,273**	**100.00%**	**30,551**	**100.00%**	**(662,885)**	**100.00%**	**(126,652,092)**	**100.00%**	**11,884,388**

Notes:

1 These numbers includes numbers of their subsidiaries and associates, as applicable.

2 Eliteplus Semiconductor Technologies Pvt Ltd and Orange Semiconductors Private Limited has been merged with Moschip Semiconductor Technologies Limited w.e.f 1st April 2017

39 Explanation on transition to Ind AS

As stated in Note 2.1, these are the first consolidated financial statements prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company had prepared its consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provision of the Act ('Previous GAAP'). For the purpose of transition from Previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101-first time adoption of Indian Accounting Standards ("Ind AS-101"), with effect from April 1, 2016 ('transition date').

The accounting policies set out in Note 3 have been applied in preparing these consolidated financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening consolidated Ind AS balance sheet on the date of transition i.e. April 1, 2016In preparing its consolidated Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported previously in consolidated financial statement prepared in accordance with the Previous GAAP. This note explains how the transition from Previous GAAP to Ind AS has affected the Company's financial position and financial performance.

Optional exemptions and mandatory exceptions

In preparing these consolidated financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

Business Combination: Ind AS 101, provides the option to apply Ind AS 103, Business Combinations ("Ind AS 103") prospectively from the transition date or from a specific date prior to the transition date.

The Company has elected to apply Ind AS 103 from transition date. Business combinations occurring prior to the transition date have not been restated.

Fixed Assets: Freehold land and buildings (properties) were carried in the balance sheet prepared in accordance with the previous GAAP on the basis of carrying cost (cost model) on 31 March 2016. The company has elected to regard those carrying costs of property as deemed cost at the date of transition. Accordingly, the Company has not revalued the property at 1 April 2016.

Investments in subsidiaries: The Company has elected to continue with the carrying value of its investments in subsidiary companies as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Estimates: As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the consolidated financial statements that were not required under the Previous GAAP are listed below:

– Impairment of financial assets based on the expected credit loss model.

– Determination of the discounted value for financial instruments carried at amortised cost.

– Fair valuation of financial instruments carried at FVTPL.

Classification and measurement of financial assets: Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(All amounts in Indian Rupees, except share data and where otherwise stated)

The following reconciliation provide the effect of transition to Ind AS from Previous GAAP in accordance with Ind AS 101:

(I) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	As at March 31, 2017	As at April 1, 2016
Equity as reported under previous GAAP	440,187,939	(243,449,556)
Equity reported under Ind AS	**440,187,939**	**(243,449,556)**

40 Explanation on transition to Ind AS

(ii) Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2017

Particulars	Year ended March 31, 2017
Net Profit under previous GAAP	12,547,273
Employee share based premium	(1,451,595)
Actuarial gain/loss on post employee benefit obligations	662,885
Net Profit under Ind AS	11,758,564
Other comprehensive income	
Actuarial gains/(losses) on post- employment benefit obligations	(662,885)
Total comprehensive income under Ind AS	**11,095,679**

As per our report of event dated attached

For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of

MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

M. T. Srinivasa Rao
Partner
Membership No. 015635

Singa Rao Gottipati
Executive Director
DIN : 07730448

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To
The Members of
MosChip Semiconductor Technology Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Moschip Semiconductor Technology Limited(the Company),which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, Standalone statement of changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act,2013 (the Act) with respect to the preparation of these standalone financial statements that give a true and fairview of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

In making those risk assessments, the auditor considers internal financial control relevant to the Company's 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 Directors, as well as evaluating the overall presentation of the financial statements.

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

Other Matters

The previous year's comparative financial information of the Company for the year ended March 31, 2017 and the transition date balance sheet as at April 01, 2016 ('the Comparative financial information') prepared and restated in compliance of provisions as per Indian Accounting Standards (Ind As) read with the Companies (Indian Accounting Standards) Rules,2015,are included in these financial statements. The comparative financial information are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor for the year ended March 31, 2016 and 2017 and expressed an unmodified opinion on those statutory financial statements, and these have been restated to comply with Ind AS for presenting them as comparative financial information Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have not been audited by us.

Our opinion on the financial statements is not modified in respect of this matter.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
   e) On the basis of the written representations received from the directors as on 31st March, 2018takenon record by the Board of Directors, none of the directors is disqualified as on 31st March,2018 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule11 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) There are no pending litigations which would impact the financial position of the company;
      (ii) The Company has no foreseeable losses on long-term contracts and has no derivative contracts outstanding as at 31st March,2018;
      (iii) The company has no duesrequired to be transferred to the Investor Education and Protection Fund;
2. As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

For S.T. Mohite & Co.,
Chartered Accountants
Firm Regn. No. 011410S
M.T. Sreenivasa Rao
Partner
Membership No 015635

Hyderabad
28 May 2018

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

We have audited the internal financial controls over financial reporting of Moschip Semiconductor Technology Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India..

For S.T. Mohite & Co.,
Chartered Accountants
Firm Regn. No. 011410S
M.T. Sreenivasa Rao
Partner
Membership No 015635

Hyderabad

28 May 2018

Annexure B to the Independent Auditors' Report

(Referred to in Paragraph 1 of the section on "Report on other legal and regulatory requirements" of our Report of even date)

Sl No.	Ref to CARO	Report by Independent Auditors
1	3(I)	**Fixed Assets**
	3(i)(a)	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
	3(i)(b)	As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
	3(i)(c)	The company is not holding any immovable properties and hence para 3(i)(c) of the Order is not applicable.
2	3(ii)	**Inventories**
		As explained to us, the inventories has been physically verified during the year by the management at regular intervals .In our opinion, the frequency of such verification is reasonable.
3	3(iii)	**Loans to parties covered by Sec.189 of the Companies Act,2013 ("The Act)**
	3(iii)(a) 3(iii)(b) 3(iii)(c)	According to the information and explanation given to us, the company has, during the year, not granted any loans, secured or unsecured to companies, firms, limited liability partnership firms or other parties covered in the register required to be maintained U/s 189 of the Act. Accordingly paragraph 3(iii) of the Order is not applicable to the company.
4	3(iv)	**Loans, guarantees, securities to and investments in other companies**
		In our opinion and according to the information and explanation given to us, the company has no transactions for compliance u/s 185 and complied with the provisions of Sec. 186 of the Act with respective investments and guarantees.
5	3(v)	**Acceptance of deposits**
		In our opinion and according to the information and explanation given to us, The company has not accepted any deposits covered by provisions of Sec.73 to 76 of the Act and hence paragraph 3(v) of the Order is not applicable to the company.
6	3(vi)	**Maintenance of cost records**
		In our opinion and according to the information and explanation given to us, the Central Government has not specified maintenance of cost records u/s 148(1) of the Act.
7	3(vii)	**Statutory Dues**
	3(vii)(a)	According to the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employee state insurance, Sales tax, Service tax, Customs duty, Excise duty, Value added tax, cess and other statutory dues where ever applicable. According to the information and explanation given
	3(vii)(b)	According to the information and explanation given to us there are no material dues of statutory dues of Income tax, sales tax, Service tax, Customs duty, Excise duty, Value added tax, cess and other dues have not been deposited..
8	3(viii)	**Defaults in repayments to Financial Institutions/Banks/Debenture holders**
		The company has borrowed Term loans and working capital loans from banks and has not issued any debentures. According to the information and explanation given to us and based on our verification, the company has not defaulted in the payment/repayments of loans or borrowings to the banks.

9	3(ix)	**Initial public offer/further offer**
		In our opinion and according to the information and explanation given to us, the company has not made any initial public offer or further public offer of securities (including debt instruments) and the term loans have been applied by the company during the year for the purposes for which they are raised.
10	3(x)	**Frauds by or on the company**
		Based upon the audit procedures performed and to the best of our knowledge and according to the information and explanation given to us by the management, we report that no fraud by the company and no material fraud on the company by its officers or employees has been noticed are reported during the course of our audit.
11	3(xi)	**Managerial Remuneration**
		The company has paid/provided managerial remuneration to its whole time director during the year and in our opinion and according to the information and explanation given to us such managerial remuneration is according with the provisions of section 197 of the Act read with schedule V to the Act.
12	3(xii)	**Nidhi company**
		In our opinion and according to the information and explanation given to us, the company is not a Nidhi company and hence paragraph 3(xii) of the order is not applicable to the company.
13	3(xiii)	**Transactions with Related parties**
		As explained to us and as per records of the company, in our opinion the transactions with related parties are in compliance with provisions of section 177 and section 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
14	3(xiv)	**Preferential allotment u/s 62 or private placement u/s 42 of the Act**
		According to the records of the company it has made preferential allotment of 129,36,000 Warrants fully convertible into equal number of equity shares and effected partial conversion of 62,64,300 Warrants into equal number equity shares was effected during the year. The company has not issued shares on private placement or fully or partly convertible debentures during the year under report. Accordingly paragraph 3(xiv) of the Order is not applicable to the company for making private placement of shares or issuing debentures.
15	3(xv)	**Non-cash transactions with director's u/s 192 of the Act**
		According to the records of the company, the company has not entered during the year in to any non cash transactions with directors or directors of its subsidiaries or associate companies or persons connected with him and hence provisions of Sec 192 of the Act and paragraph 3(xv) of the Order is not applicable to the company.
16	3(xvi)	**Registration u/s 45-1A of RBI Act,1934**
		The company is not required to be registered under section 45-1A of the Reserve bank of India Act, 1934 and hence paragraph 3(xvi) of the order is not applicable to the company.

For S.T. Mohite & Co.,

Chartered Accountants

Firm Regn. No. 011410S

M.T. Sreenivasa Rao

Partner

Membership No 015635

Hyderabad

28 May 2018

STANDALONE BALANCE SHEET

(All amounts in Indian Rupees, except share data and where otherwise stated)

PARTICULARS	Note No.	As at 31 March 2018 Rs.	As at 31 March 2017 Rs.	As at 1 April 2016 Rs.
ASSETS				
Non-current assets				
Property, Plant & Equipment	4	138,401,664	3,206,519	2,005,808
Capital work-in-progress		17,640,013	-	-
Goodwill		210,086,123	-	-
Other Intangible assets	5	26,162,377	398,043	279,297
Intangible assets under development		11,378,340	21,882,582	-
Financial assets				
Investment	6	57,756,989	270,756,989	956,989
Trade receivable	11	48,423,963	-	-
Deferred Tax Assets (Net)		902,723	-	-
Other Non-current assets	9	2,795,000	2,795,000	2,795,000
		513,547,192	**299,039,133**	**6,037,094**
Current Assets				
Inventories	10	44,358,128	40,761,599	44,908,498
Financial assets				
Trade receivables	11	348,523,356	180,065,476	44,395,960
Cash & cash equivalents	12	5,502,789	2,847,978	2,789,363
Other bank balances	12	24,150,339	21,252,832	15,513,981
Loans	7	210,277,651	142,235,778	1,521,500
Other financial assets	8	4,055,011	566,779	298,860
Income Tax Assets (Net)		29,188,618	5,632,794	15,224,989
Other current assets	9	23,122,072	48,699,258	7,332,077
		689,177,964	**442,062,494**	**131,985,228**
Total Assets		**1,202,725,156**	**741,101,627**	**138,022,322**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	263,153,630	249,737,030	92,071,034
Other equity	14	174,332,414	200,353,144	(303,110,624)
Total equity		**437,486,044**	**450,090,174**	**(211,039,590)**
Non-current Liabilities				
Provisions	17	9,440,633	7,460,184	5,724,998
		9,440,633	**7,460,184**	**5,724,998**
Current Liabilities				
Financial liabilities				
Borrowings	15	549,510,423	270,651,697	282,328,487
Trade payable	18	132,704,282	2,249,450	37,254,857
Other financial liabilities	19	34,493,778	3,978,751	16,271,439
Other current liabilities	16	37,279,093	6,186,442	5,305,703
Provisions	17	1,810,903	484,929	2,176,428
Total Liabilities		**755,798,479**	**283,551,269**	**343,336,914**
Total Equity & Liabilities		**1,202,725,156**	**741,101,627**	**138,022,322**

See accompanying notes forming part of the financial statements 3 to 39

In terms of our report attached

For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of

MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

M. T. Srinivasa Rao
Partner
Membership No. 015635

Singa Rao Gottipati
Executive Director
DIN : 07730448

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

(All amounts in Indian Rupees, except share data and where otherwise stated)

PARTICULARS	Note No.	As at 31 March 2018 Rs.	As at 31 March 2017 Rs.
Revenue from operations	20	455,586,333	166,884,062
Other Income	21	13,429,919	19,029,557
Total Revenue		**469,016,252**	**185,913,619**
Expenses			
Materials Consumed	22	130,990,525	36,185,118
Other Operating Expenses	23	51,069,822	2,128,500
Employee benefit expenses	24	254,618,841	92,139,673
Depreciation and Amortisation expense	4 & 5	20,983,273	1,598,492
Finance Costs	25	52,955,408	17,614,668
Other expenses	26	77,616,353	47,330,501
Total Expenses		**588,234,222**	**196,996,951**
Loss before tax		**(119,217,970)**	**(11,083,332)**
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Loss after tax		**(119,217,970)**	**(11,083,332)**
Other comprehensive income			
A) Items that will not be reclassified to profit or loss :			
Remeasurements of the defined Benefit Liabilities - Gain / (Loss)		363,233	(662,885)
Total Other Comprehensive Income		**363,233**	**(662,885)**
Total comprehensive income for the year		**(118,854,737)**	**(11,746,217)**
Earnings per equity share (nominal value of INR 2) in INR			
Basic		(0.95)	(0.10)
Diluted		(0.89)	(0.09)
See accompanying notes forming part of the financial statements 3 to 39			

In terms of our report attached

For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of

MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

M. T. Srinivasa Rao
Partner
Membership No. 015635

Singa Rao Gottipati
Executive Director
DIN : 07730448

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

STANDALONE STATEMENT OF CASH FLOW

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018 Rs.	31 March 2017 Rs.
Operating Activities		
Loss Before Tax	**(119,217,970)**	**(11,083,332)**
Adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation of tangible assets	17,226,367	1,295,836
Amortisation of intangible assets	3,756,906	302,656
Finance income	(10,879,105)	(8,275,884)
Finance costs	52,955,408	17,614,668
Provision for employee benefits	5,755,147	3,015,155
Bad Debts	3,115,068	433,486
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(219,996,911)	(136,103,002)
(Increase)/ decrease in Investments	-	(149,900,000)
(Increase)/ decrease in inventories	(3,596,529)	4,146,899
(Increase)/ decrease in loans	(68,041,873)	(140,714,278)
(Increase)/ decrease in other assets	(2,196,103)	(31,476,125)
Increase/ (decrease) in trade payables and other financial liabilities	141,566,248	(47,298,095)
Increase/ (decrease) in provisions	(2,448,724)	(2,971,468)
Increase/ (decrease) in other non financial liabilities	31,092,651	880,739
	(171,272,653)	**(500,795,630)**
Income tax paid	-	-
Net cash flows from operating activities	**(171,272,653)**	**(500,795,630)**
Investing activities		
Purchase of property, plant and equipment (including capital work in progress)	(170,061,525)	(2,496,547)
Purchase of intangibles	(19,016,998)	(22,303,984)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(2,897,507)	(5,738,851)
Interest received (finance income)	10,705,615	7,709,105
Net cash flows used in investing activities	**(181,270,415)**	**(22,830,277)**
Financing activities		
Proceeds from Issue of Share Capital	106,776,825	552,975,981
Proceeds / (repayment) from short term borrowings, net	278,858,726	(11,676,790)
Interest paid	(30,437,673)	(17,614,668)
Net cash flows from/ (used in) financing activities	**355,197,878**	**523,684,523**
Net increase / (decrease) in cash and cash equivalents	**2,654,811**	58,615
Cash and cash equivalents at the beginning of the year (refer note 12)	2,847,978	2,789,363
Cash and cash equivalents at the end of the year (refer note 12)	**5,502,789**	**2,847,978**

See accompanying notes forming part of the financial statements 3 to 39

In terms of our report attached

For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of

MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

M. T. Srinivasa Rao
Partner
Membership No. 015635

Singa Rao Gottipati
Executive Director
DIN : 07730448

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Indian Rupees, except share data and where otherwise stated)

a. Equity Share Capital
Equity shares of INR 2 each issued, subscribed and fully paid-up

As of 1 April 2016		Change in Equity share Capital during the year		As at March 31, 2017	
Shares	Amount	Shares	Amount	Shares	Amount
46,035,517	92,071,034	78,832,998	157,665,996	124,868,515	249,737,030
Balance as of 1 April 2017		**Change in Equity share Capital during the year**		**Balance as at March 31, 2018**	
Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**
124,868,515	249,737,030	6,708,300	13,416,600	131,576,815	263,153,630

b. Other Equity

Particulars	Share Application Money pending Allotment	Equity Share Warrants	Capital reserve	Security Premium	Share based payment reserve	Retained Earnings	Total
At April 1, 2016	-	-	5,431,250	-	1,317,110	(309,858,984)	(303,110,624)
Loss for the year 2016-17						(11,083,332)	(11,083,332)
Other comprehensive income (Net)						(662,885)	(662,885)
Total comprehensive income for the year	-	-	-	-		(11,746,217)	(11,746,217)
Transfer on allotment of Equity Shares	35,880	70,501,200				-	70,537,080
Receipts on exercise of Stock options						-	-
Receipts on Issue of fresh share				444,503,513	169,392		444,672,905
At March 31, 2017	**35,880**	**70,501,200**	**5,431,250**	**444,503,513**	**1,486,502**	**(321,605,201)**	**200,353,144**
Loss for the year 2017-18						(119,217,970)	(119,217,970)
Other comprehensive income (Net)						(363,233)	(363,233)
Total comprehensive income for the year	-	-	-	-		(119,581,203)	(119,581,203)
Transfer of retained earnings of wholly owned subsidiary to holding company on account of Merger effective from 1 April 2017				-		200,248	200,248
Transfer on allotment of Equity Shares	654,211	(34,140,435)					(33,486,224)
Receipts on exercise of Stock options							-
Receipts on Issue of fresh share				127,062,562	(216,114)		126,846,449
At March 31, 2018	**690,091**	**36,360,765**	**5,431,250**	**571,566,076**	**1,270,388**	**(440,986,156)**	**174,332,414**

See accompanying notes forming part of the financial statements 3 to 39

In terms of our report attached
For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

M. T. Srinivasa Rao
Partner
Membership No. 015635

Singa Rao Gottipati
Executive Director
DIN : 07730448

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

1 General Information

MosChip Semiconductor Technology Limited ('the Company') was incorporated in 1999 as a private limited company under the Companies Act, 1956 and got listed in BSE in 2001. The Registered office of the Company is located at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road No. 2, Banjara Hills, Hyderabad, Telangana 500034.

The Company is engaged in to business of development and design of System on Chip (SOC) technologies (Semiconductor) and Internet on Things (IOT).

On 8 February 2018, the Scheme of amalgamation for amalgamating the wholly owned Indian subsidiaries which are Elite Plus Semiconductor Technologies Private Limited, Orange Semiconductors Private Limited and TexoTech Solutions Private Limited with MosChip (Parent Company) was approved by Regional Director, MCA, Hyderabad, with 01 April 2017 as appointed date. The effect of the same is given in the Standalone financial results for year ended 31 March 2018" and hence the previous year figures are not comparable to the current year.

2 Basis of preparation of financial statements

2.1 Statement of Compliance

The financial statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules 2006, notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position is given in notes to accounts of the financial statements.

2.2 Preparation of financial statement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 Share-based Payment, leasing transactions that are within the scope of Ind AS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.3 Functional currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company and its Indian subsidiaries. Functional currency of foreign subsidiaries is the currency of their countries of domicile. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

2.4 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

2.5 Critical accounting judgements and key sources of estimation uncertainty Operating cycle

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment in equity instruments of subsidiary companies

During the year, the Company assessed the investment in equity instrument of subsidiary companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

Impairment of Investments

The Group reviews its carrying value of investments in subsidiaries and other entities at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Provisions

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

3 Significant accounting policies

3.1 Revenue recognition

Revenue from operations

Revenue from IoT sales is recognised based on dispatch of material or providing of services.

Revenue from Semiconductor sales is recognized based on software developed and billed as per the terms of specific contracts. Provision for doubtful debts are recorded in the period in which such losses become probable based on the current estimates.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.3 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the year in which they arise.

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.6 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.7 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within “other (income)/expense, net” in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the income statement as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment as prescribed in Schedule II to the Companies Act, 2013. If the Management’s estimate of the useful life of a property, plant and equipment is different than that envisaged in the aforesaid Schedule, depreciation is provided based on the Management’s estimate of the useful life. Pursuant to this policy, depreciation on property, plant and equipment has been provided based on the following useful life of property, plant and equipment as estimated by Management.

Useful lives of depreciable assets	Useful Life
Mask Tools	5
Electrical Installation	10
Leasehold improvements	6
Lab Equipments	5
Plant and Machinary	5
Furniture and fixtures	10
Office equipments	5
Computers	3
Vehicles	10
Computer softwares	5
Other Intangible assets	3

*for these class of assets, the Management believes, based on technical evaluation carried out by them internally, that the useful life as given above best represent the period over which the Management expects to use these assets. Hence, the useful life for these assets is different from the useful life as in Schedule II of the Act.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation is charged on a proportionate basis for all property, plant and equipment purchased and sold during the year.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

3.8 Goodwill and other intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortisation

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised on straight line basis over a period of three years.

3.9 Inventories

Components and parts:

Components and parts are valued at lower of cost or net realizable value. Cost is determined on First-In-First Out basis.

Finished Goods:

Finished goods are valued at the lower of the cost or net realisable value. Cost is determined on First-In-First Out basis.

Projects in Progress / Work in Progress:

Hardware equipment and other items are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis. Cost includes material cost, freight and other incidental expenses incurred in bringing the inventory to the present location / condition.

3.10 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

3.11 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

3.12 Impairment of non financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing 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 the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

3.14 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.15 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.16 Financial instruments

a. Recognition and Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

– amortised cost;

– FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

3.16 Financial instruments (Continued...)

– how the performance of the portfolio is evaluated and reported to the Company's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable interest rate features;

– prepayment and extension features; and

– terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit.

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;

– the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

– debt securities that are determined to have low credit risk at the reporting date; and

– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

e. Impairment (continued)...

When determini ng whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due."

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

4 Property, plant and equipment

Particulars	Mask Tools	Electrical Installation	Leasehold improvements	Lab Equipment's	Plant and Machinery	Furniture and fixtures	Office equipment's	Computers	Vehicles	Total
Cost										
At April 1, 2016 (Refer note a)	-	104,855	685,456	43,699	46,471	210,773	27,828	886,454	273	2,005,808
Additions	-	96,000	-	398,731	-	61,182	683,723	1,269,079	-	2,508,715
Less: Deletions		52,729	-	-	10,319	5,724	-	(56,604)	-	12,168
At March 31, 2017	-	148,126	685,456	442,430	36,152	266,231	711,551	2,212,137	273	4,502,355
Additions	147,909,544			1,640,667		588,652	551,912	1,730,737	-	152,421,512
Less: Deletions						-		-	-	-
At March 31, 2018	147,909,544	148,126	685,456	2,083,097	36,152	854,882	1,263,463	3,942,874	273	156,923,867
Accumulated depreciation										
At April 1, 2016	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	145,273	342,728	61,972	13,799	101,537	59,973	570,281	273	1,295,836
Less: Deletions	-	-	-	-	-	-	-	-	-	-
At March 31, 2017	-	145,273	342,728	61,972	13,799	101,537	59,973	570,281	273	1,295,836
Charge for the year	14,831,477	2,853	342,728	244,666	2,945	217,686	238,258	1,345,754	-	17,226,367
Less: Deletions									-	-
At March 31, 2018	14,831,477	148,126	685,456	306,638	16,744	319,223	298,231	1,916,035	273	18,522,203
Carrying amount										
At April 1, 2016	-	104,855	685,456	43,699	46,471	210,773	27,828	886,454	273	2,005,808
At March 31, 2017	-	2,853	342,728	380,458	22,353	164,694	651,578	1,641,856	-	3,206,519
At March 31, 2018	133,078,067	-	-	1,776,459	19,408	535,659	965,232	2,026,839	-	138,401,664

Note : a) For property, plant and equipment existing as on the date of transition to Ind AS, i.e., April 1, 2016, the Company has used Indian GAAP carrying value as deemed costs.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

5 Intangible assets

Particulars	Design & Development	Computer Software's	Total
Cost			
At April 1, 2016 (refer note a)	-	279,297	279,297
Additions	-	421,402	421,402
Deletions			-
At March 31, 2017	-	700,699	700,699
Additions	29,521,240	-	29,521,240
Deletions	-	-	-
At March 31, 2018	29,521,240	700,699	30,221,939
Accumulated amortisation			
At April 1, 2016	-	-	-
Amortisation expenses	-	302,656	302,656
At March 31, 2017	-	302,656	302,656
Amortisation expenses	3,756,906	-	3,756,906
At March 31, 2018	3,756,906	302,656	4,059,562
Carrying amount			-
At April 1, 2016	-	279,297	279,297
At March 31, 2017	-	398,043	398,043
At March 31, 2018	25,764,334	398,043	26,162,377

Note : a) For intangible assets existing as on the date of transition to Ind AS, i.e., April 1, 2016, the Company has used Indian GAAP carrying value as deemed costs.

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
6 Investments			
Non-current investments			
Investments carried at cost			
Unquoted equity shares			
Investments in subsidiaries			
8,325,770 (March 31, 2017: 8,325,770; April 1, 2016: 8,325,770) equity shares of ₹10 each in Moschip Semiconductor Technology, USA	956,989	956,989	956,989
100,000 (March 31, 2017: 100,000; April 1, 2016: 100,000) equity shares of ₹ 2 each in Maven Systems Private Limited	56,800,000	56,800,000	-
Nil (March 31, 2017: 108,000; April 1, 2016: Nil) equity shares of ₹ 2 each in Eliteplus Semiconductors Pvt. Ltd (Refer Note A)	-	81,100,000	-
Nil (March 31, 2017: 100,000; April 1, 2016: Nil) equity shares of ₹ 2 each in Orange Semiconductors Pvt. Ltd (Refer Note A)	-	131,900,000	-
Total investments carried at cost (Note A)	**57,756,989**	**270,756,989**	**956,989**

On 8 February 2018, the Scheme of amalgamation for amalgamating the wholly owned Indian subsidiaries which are Elite Plus Semiconductor Technologies Private Limited and Orange Semiconductors Private Limited with MosChip (Parent Company) was approved by Regional Director, MCA, Hyderabad, with 01 April 2017 as appointed date. The effect of the same is given in the Standalone financial results for year ended 31 March 2018” and hence the invesments in Eliteplus Semiconductor Pvt Ltd. and Orange Semiconducors Pvt Ltd. are shown Nil. (Refer Note 1).

7 Loans (Unsecured, considered good unless otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
Current			
Security deposits	68,371,816	56,094,700	1,521,500
Loans to related parties	141,905,835	86,141,078	-
	210,277,651	**142,235,778**	**1,521,500**

8 Other financial assets (Unsecured, considered good unless otherwise stated)

Current			
Earnest Money Deposits	3,881,521	-	-
Interest accrued on deposits	173,490	566,779	298,860
	4,055,011	**566,779**	**298,860**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
9 Other assets			
Non-current assets			
Unsecured, considered good			
Moschip Emploee Trust	2,795,000	2,795,000	2,795,000
	2,795,000	**2,795,000**	**2,795,000**
Current assets			
Unsecured, considered good			
Advances other than capital advances			
Advances to employees	568,786	-	145,707
Balance with Government Authorities*	4,238,203	3,877,368	4,002,262
Indirect tax recoverable	6,445,291	-	-
Advance to Vendors	6,307,788	40,387,824	1,032,177
Prepaid expenses	4,718,794	4,434,066	2,151,931
Unbilled revenue	843,210	-	-
	23,122,072	**48,699,258**	**7,332,077**

* Mainly pertains to Service Tax

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

		31 March 2018	31 March 2017	1 April 2016
10	**Inventories**			
	(Lower of cost or net realizable value)			
	Hardware and Product Component for IoT	44,358,128	-	-
	Work in Progress	-	40,761,599	44,908,498
		44,358,128	**40,761,599**	**44,908,498**
11	**Trade receivables - Non Current**			
	Unsecured,considered good	48,423,963	-	-
		48,423,963	**-**	**-**
	Less: Allowance			
	Total Trade receivables	**48,423,963**	**-**	**-**
	Trade receivables - Current			
	Unsecured,considered good	348,523,356	180,065,476	44,395,960
		348,523,356	**180,065,476**	**44,395,960**
	Less: Allowance			
	Total Trade receivables	**348,523,356**	**180,065,476**	**44,395,960**
12	**Cash and bank balances**			
	Cash and cash equivalents			
	Balances with banks:			
	- in Current account	2,404,789	1,847,978	2,789,363
	- in Deposit account	500,000	1,000,000	-
	Funds in Transit	2,598,000	-	-
	Total Cash and cash equivalents	**5,502,789**	**2,847,978**	**2,789,363**
	Other bank balances			
	Term deposits with Banks with original maturities of less than 1 year*	24,150,339	21,252,832	15,513,981
	Total Other bank balances	**24,150,339**	**21,252,832**	**15,513,981**

* Balances held as Margin Money/Security towards obtaining Bank Guarantees

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
13 Share Capital			
Authorised Share Capital			
275,000,000 (March 31, 2017: 275,000,000; April 1, 2016: 275,000,000) equity shares of Rs.2 each	550,310,000	550,000,000	550,000,000
Issued, subscribed and fully paid-up			
131,576,815 (March 31, 2017: 124,868,515; April 1, 2016: 46,035,517) equity shares of Rs.2/- each fully paid-up	263,153,630	249,737,030	92,071,034
	263,153,630	249,737,030	92,071,034

(a) Reconciliation of shares outstanding at the beginning and end of the year

	31 March 2018		31 March 2017	
Particulars	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	124,868,515	249,737,030	124,868,515	249,737,030
Issued during the year	6,708,300	13,416,600	-	-
Outstanding at the end of the year	131,576,815	263,153,630	124,868,515	249,737,030

(b) Terms / rights attached to the equity shares

Equity shares of the Company have a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

(c) Details of shareholders holding more than 5% shares in the Company

	31 March 2018		31 March 2017	
Particulars	No. of equity shares held	% holding	No. of equity shares held	% holding
Oshine Global Pte Ltd (formerly known as Techware Pte Ltd)	75,457,499	57.35%	64,068,201	56.08%
K Ramachandra Reddy	-		6,443,037	5.64%

	31 March 2018	31 March 2017
14 Other equity		
a) Share premium		
Opening balance	444,503,513	-
Add: Premium on fresh issue	127,062,562	444,503,513
Closing balance	**571,566,076**	**444,503,513**
b) Retained Earning and Other Reserves		
Opening balance	(244,150,369)	(303,110,624)
Other movements during the year	(33,502,089)	70,706,472
Loss for the year	(119,217,970)	(11,083,332)
Other comprehensive income	(363,233)	(662,885)
Closing balance	**(397,233,661)**	**(244,150,369)**
Total other equity (a+b)	**174,332,414**	**200,353,144**

Share premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
15 Current- Borrowings			
Measured at amortised cost			
Secured Borrowings (Refer note a)			
- From banks	129,060,942	114,731,043	14,297,119
Un Secured Borrowings			
- From others	420,449,481	155,920,654	268,031,368
Total current borrowings	**549,510,423**	**270,651,697**	**282,328,487**
Note A Company has obtained Over Draft facility from HDFC Bank Ltd. for an amount of Rs.15.00 crores. The same is sanctioned against third party time deposit collateral.			
16 Other liabilities			
Current			
Statutory liabilities	37,279,093	6,186,442	5,305,703
	37,279,093	**6,186,442**	**5,305,703**
17 Provisions			
Non-Current			
Provision for employee benefits			
- Gratuity (refer note 32)	6,177,019	5,489,854	4,174,523
- Compensated absences	3,263,614	1,970,330	1,550,475
	9,440,633	**7,460,184**	**5,724,998**
Current			
Provision for employee benefits			
- Gratuity (refer note 32)	116,773	-	1,650,300
- Compensated absences	1,694,130	484,929	526,128
	1,810,903	**484,929**	**2,176,428**
18 Trade payables			
Trade payables			
- Total outstanding dues of creditors	75,104,282	2,249,450	25,416,443
- Advance Received from Related Parties	57,600,000	-	11,838,414
	132,704,282	**2,249,450**	**37,254,857**
19 Other financial liabilities			
Interest accrued and due on borrowings	19,403,611	-	-
Capital creditors	2,296,027	2,296,027	-
Employee payables	1,929,190	86,494	11,924,430
Provision for expenses	10,864,950	1,596,230	4,347,009
	34,493,778	**3,978,751**	**16,271,439**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

		31 March 2018	31 March 2017
20	**Revenue from operations**		
	IoT Business unit	214,435,627	-
	Semiconductor Services / Products	241,150,706	166,884,062
		455,586,333	**166,884,062**
21	**Other income**		
	Interest income	10,523,896	8,275,884
	Interest on Income-tax refund	355,209	-
	Foreign exchange gain, net	1,642,614	-
	Profit on sale of property, plant and equipment, net	58,200	-
	Reversal of Liability no longer required	-	10,753,673
	Miscellaneous income	850,000	-
		13,429,919	**19,029,557**
22	**Material consumed**		
	Opening stock	-	-
	Add: Purchases during the year	175,348,653	36,185,118
	Less: Closing stock of inventory	44,358,128	-
		130,990,525	**36,185,118**
23	**Other Operating Expenses**		
	Outsourcing Services	19,471,133	677,860
	Software Expenses	5,699,837	1,450,640
	Installation & Data Charges	14,893,009	-
	Job work Charges	7,236,317	-
	Other expenses	3,769,526	-
		51,069,822	**2,128,500**
24	**Employee benefits expense**		
	Salaries, wages and bonus	237,452,964	82,836,723
	Contribution to provident and other funds	7,636,067	3,827,870
	Staff welfare expenses	8,483,621	4,023,485
	Share Based Payment Expenses	1,046,189	1,451,595
		254,618,841	**92,139,673**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 March 2018	31 March 2017
25 Finance costs		
Interest on working capital loan	12,954,967	820,917
Interest on other loans	39,457,572	16,069,432
Bank Charges	542,869	725,039
	52,955,408	**17,614,668**
26 Other expenses		
Software expenses	282,295	145,654
Power and fuel expenses	3,177,429	2,269,262
Directors' Remuneration	2,433,412	5,725,838
Repairs and maintenance	657,589	755,903
Auditors Remuneration	360,200	400,500
Postage,Telegram and Telephone Expenses	1,291,951	536,083
Rent	20,875,835	6,408,224
Rent on Equipments	5,064,793	2,363,122
Business promotion and advertisement expenses	3,961,691	1,913,398
Security expenses	1,212,606	438,484
Travelling and conveyance	11,396,393	6,192,477
Rates and taxes	1,148,951	505,726
Professional charges	13,391,618	8,204,338
Printing and stationary	300,071	117,116
Communication expenses	1,167,245	411,045
Insurance	123,028	76,998
Foreign Exchange loss	200,443	6,075,422
Office Maintenance	2,672,287	1,070,989
General Expenses	4,783,448	3,286,436
Bad debts written off	3,115,068	433,486
	77,616,353	**47,330,501**

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(All amounts in Indian Rupees, except share data and where otherwise stated)

27 Contingent liabilities and commitments

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
i) Contingent liabilities:			
Outstanding Bank Guarantees as on	24,150,207	21,252,832	12,896,415
ii) Commitments:			
- Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	6,211,901	Nil	Nil

28 Related party disclosures

a) List of related parties and relationships

Name of the Related party	Relation as on 31 March 2018
MosChip Semiconductor Technology, USA	Wholly Owned Subsidiary
Maven Systems Private Limited	Wholly Owned Subsidiaries
Oshin Global Pte Limited (formerly known as Techwave Pte Ltd)	Holding Company
Mr. K Ramachandra Reddy *	Non Executive Director
Mr. Singa Rao Gottipati **	Non Executive Director
Jaagruthi Info Technologies Pvt Ltd	Common Directors
I Quest Enterprises Private Limited	Common Directors
Techwave Consulting Inc, USA	Common Shareholders
Mr. Gunupati Venkata Pranav Reddy	Relative of Promoter of Holding company
Ms. Asha Bharadwaj	Relative of Promoter of Holding company
Key Management Personal	
Mr. Damodar Rao Gummadapu***	CEO
Mr. Seetha Ramam Voleti****	Non Executive Director
Mr. Suresh Bachalakura	Company Secretary
* Resigned as Whole time Director and CEO on 06 April 2017 and appointed as Non Executive Director	
** Appointed on 29 September 2017	
**** Resigned as Non Executive Director on 6 April 2017 and appointed as CEO from this date	
**** Resigned as Whole time Director and CFO on 24 January 2018 and designated as Non Executive Director	

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(All amounts in Indian Rupees, except share data and where otherwise stated)

28 Related party disclosures (Continued...)

b) Details of all transactions with related parties during the year:

Particulars of transactions with Related Parties during the year	31 March 18	31 March 17
MosChip Semiconductor Technology, USA - Revenue from Operation	40,740,491	52,645,068
MosChip Semiconductor Technology, USA (Reimbursement of Expenses)	1,395,880	(3,256,762)
Maven Systems Private Limited - (Reimbursement of Expenses)	(1,540,678)	(1,281,958)
Maven Systems Private Limited - (Purchases)	8,334,682	-
Loans received from		
I Quest Enterprises Limited	222,500,000	-
Jaagruthi Info Technologies Pvt Ltd	100,000,000	10,000,000
Techwave Infotech P Ltd	55,000,000	12,000,000
Loans - Repayment		
Jaagruthi Info Tech	-	10,000,000
Techwave Infotech P Ltd	-	12,000,000
Loans given to		
Maven Systems Private Limited Loans Provided	88,270,000	66,350,000
Interest income		
Loan given to Maven Systems Private Limited	8,942,851	2,115,188
Interest / Collateral Commision expenses		
I Quest Enterprises Limited	9,196,851	-
Jaagruthi Info Technologies Pvt Ltd	12,472,602	134,794
Techwave Infotech P Ltd	1,390,767	144,000
Ms. Asha Bharadwaj	10,154,188	-
Transactions with Directors		
Remuneration to Whole time Director and CEO till 06 April 2017	1,083,333	3,916,669
Interest Payable on loan given by Whole time Director and CEO	7,551,566	12,328,489
Mr. Gunupati Venkata Pranav Reddy (Remuneration)	2,998,200	-
Transactions with Key Management Personal		
Remuneration to Key Management Personal	2,612,709	1,935,169
Stock Options Granted/outstanding to Key Management Personal	20,000	30,000

Remuneration disclosed above does not include insurance and other employee benefits(Gratuity and compensated absences). Gratuity and compensated absences is accrued in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

(All amounts in Indian Rupees, except share data and where otherwise stated)

28 Related party disclosures (Continued...)

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c) Details of balances receivable from and payable to related parties are as follows:

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
i) MosChip Semiconductor Technology, USA (Receivable)	147,594,138	188,109,864	74,549,373
MosChip Semiconductor Technology, USA (Payable)	20,898,222	452,890	11,838,414
i) Maven Systems Private Limited (Receivable)	153,384,496	69,521,825	-
iii) Techwave Infotech Pvt Ltd (Payable - trade advance)	58,981,293	733,597	
Techwave Infotech Pvt Ltd (Receivable)		40,000,000	
iv) Jaagruthi Infotech P Ltd (Loan &Interest Payable)	105,706,246	121,315	-
v) I Quest Enterprises P Ltd (Loan &Interest Payable)	168,277,166	-	-
vi) Techwave Infotech Pvt Ltd (Loan &Interest Payable)	-	129,600	-
vii) K Ramachandra Reddy, Director (Loan & Interest Payable)	161,449,481	155,669,739	187,327,149
viii) Orange Semiconductors Pvt. Ltd - Receivable *	-	9,981,198	-
x) Eliteplus Semiconductor Technologies Pvt Ltd - Receivable *	-	2,664,066	-
x) Ms.Asha Bharadwaj (Collateral Commission payable)	4,038,906	-	-

* "On 8 February 2018, the Scheme of amalgamation for amalgamating the wholly owned Indian subsidiaries which are Elite Plus Semiconductor Technologies Private Limited, Orange Semiconductors Private Limited with MosChip (Parent Company) was approved by Regional Director, MCA, Hyderabad, with 01 April 2017 as appointed date. The effect of the same is given in the Standalone financial results for year ended 31 March 2018" and hence there is no outstanding balance from these companies as on 31 March 2018.

d) Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017 - Nil; April 1, 2016 - Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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(All amounts in Indian Rupees, except share data and where otherwise stated)

29 Segment information

Ind AS 108 establishes standards for the way that companies report information about their operating segments and related disclosures, as applicable about products and services, geographic areas, and major customers. Based on the “management approach” as defined in Ind AS 108, the management evaluates the Companies performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented as per business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies. Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Certain expenses such as depreciation, stock compensation cost and finance cost, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those expenses, and accordingly these expenses are separately disclosed as “unallocated” and adjusted against the operating income of the Company. Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the decision maker, in deciding how to allocate resources and assessing performance. The Companies' decision maker is the Chief Executive Officer. The Company has identified business segments as reportable segments. Accordingly, Semiconductor division Business and IoT Business has been disclosed as business segments. The Company operates and its revenues are majorly derived from only one Geography and hence information relating to geography segment is not applicable / disclosed.

Segregation of assets (except for specific assets), liabilities (except for specific segment liabilities), depreciation and other non-cash expenses into various business segments has not been done as the assets are used interchangeably between segments and the Company is of the view that it is not practical to reasonably allocate liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

Business Segment	31-March-18	31-March-17
Revenue		
IoT	214,435,627	-
Semi Conductor	241,150,706	166,884,062
Total	**455,586,333**	**166,884,062**
Direct cost		
IoT	150,147,011	-
Semi Conductor	235,203,459	177,783,791
Segment Results		
IoT	64,288,617	-
Semi Conductor	5,947,247	(10,899,729)
Total Operational income	**70,235,864**	**(10,899,729)**
Other Income	(13,429,919)	(19,029,557)
Less - Un allocated expenses	128,945,071	-
Finance charges	52,955,408	17,614,668
Depreciation and Amortisation	20,983,273	1,598,492
Loss before tax	**(119,217,970)**	**(11,083,332)**
Tax expenses	-	-
Loss after tax	**(119,217,970)**	**(11,083,332)**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

Statement of Segment assets and Segment liabilities	**31 March 18**	**31 March 17**
Segment assets		
IoT	628,337,781	-
Semi Conductor	498,561,373	741,101,627
Un allocable segment assets	75,826,002	-
Total	**1,202,725,156**	**741,101,627**
Segment Liabilities		
IoT	65,083,730	-
Semi Conductor	10,337,487	291,011,453
Un allocable segment Liabilities	689,817,895	-
Total	**765,239,112**	**291,011,453**
Capital employed	**437,486,044**	**450,090,174**

During the year 2017 -18, The Company has identified Semiconductor and IOT as business segments for purpose of reporting. Business segments are identified based on the quantitative-thresholds and also based on management internal review process. Last year the Company had only one Business Segment.

30 Auditors' remuneration

Particulars	**31 March 18**	**31 March 17**	**1 April 16**
Statutory audit fee	262,500	250,000	175,000
Other services	97,700	150,500	36,000
Out of pocket expenses	-	-	-
Total	**360,200**	**400,500**	**211,000**

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

31 Gratuity

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹ 1,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

Particulars	31 March 18	31 March 17	1 April 16
Opening balance	6,762,714	6,032,831	6,212,628
Service cost	1,873,917	843,609	761,949
Interest cost	452,986	408,294	465,026
Past Service Cost	-	-	-
Benefits paid	-	(1,187,449)	(838,220)
Actuarial gain	(514,291)	665,429	(568,552)
Closing balance	**8,575,326**	**6,762,714**	**6,032,831**
Present value of projected benefit obligation			
at the end of the year	8,575,326	6,762,714	6,032,831
Fair value of plan assets at the end of the year	2,281,534	1,272,860	208,008
Net liability recognised in the balance sheet	6,293,792	5,489,854	5,824,823
Long term provision	6,177,019	5,489,854	4,174,523
Short term provision	116,773	-	1,650,300

Expenses recognised in statement of profit and loss	31 March 18	31 March 17
Service cost	18,73,917	843,069
Interest cost	293,254	345,986
Gratuity cost		
Re-measurement Gain / (Losses) in OCI		
Actuarial Gain / (Loss) due to demographic assumption changes -	413,036	-
Actuarial Gain / (Loss) due to financial assumption changes	163,159	(506,767)
Actuarial Gain / (Loss) due to experience adjustments	(61,904)	(158,662)
Return on plan assets Greater / (Less) than discount rate	(151,058)	2,544
Total Gain / (Loss) routed through OCI	**363,233**	**(662,885)**

Assumptions	31 March 18	31 March 17
Discount rate	7.60	7.35
Future salary increases	7% pa	7% pa
Employee turnover	13% pa	5% pa

(All amounts in Indian Rupees, except share data and where otherwise stated)

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

	31 March 18	31 March 17
Effect of + 1% change in rate of discounting	-6.96%	-11.15%
Effect of - 1% change in rate of discounting	7.90%	13.59%
Effect of + 1% change in rate of salary increase	6.22%	9.00%
Effect of - 1% change in rate of salary increase	-5.68%	-8.43%

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

32 Dues to Micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier.

Particulars	31 March 18	31 March 17	1 April 16
a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.	33,016,680		
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act	-	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-	-

(All amounts in Indian Rupees, except share data and where otherwise stated)

33 Leases

Where the Company is a lessee:

The Company has taken various office premises under operating leases. The leases typically run for a term ranging from one to five years, with an option to renew the lease after the term completion. The escalation clause in these arrangement ranges from 5% to 15%.

i) Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	31 March 18	31 March 17
Not later than 1 year	3,250,000	-
Later than 1 year and not later than 5 years	-	24,934,385
Later than 5 years	-	-

ii) Amounts recognised in statement of profit and loss:

Particulars	31 March 18	31 March 17
Cancellable lease expense	20,875,835	5,112,900
Non - cancellable lease expense	-	1,295,324
Total	**20,875,835**	**6,408,224**

34 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

The following table sets out the computation of basic and diluted earnings per share:

Particulars	31 March 18	31 March 17
(Loss) / Profit for the year	(119,217,970)	(11,083,332)
Less: Preference dividend for the year		-
Loss attributable to equity share holders	**(119,217,970)**	**(11,083,332)**
Shares		
Weighted average number of equity shares outstanding during the year – basic and diluted	133,276,289	115,136,684
Earnings per share of par value ₹ 2 – Basic (₹)	**(0.95)**	**(0.10)**
Earnings per share of par value ₹ 2 – Diluted (₹)	**(0.89)**	**(0.09)**

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(All amounts in Indian Rupees, except share data and where otherwise stated)

35 Deferred Tax

Computation of Deferred Tax	31 March 18	31 March 17
On Depreciation	(42,020)	-
Disallowance on account of non payment of TDS	36,020	-
43B Disallowance	908,724	-
DTA/(DTL) as on 31.03.2018	**902,724**	**-**

The following is the analysis of Deferred Tax Assets presented in the Balance Sheet:

Particulars	As At 31 March 18	As At 31 March 17	As At 1 April 16
Deferred Tax Asset	902,724	-	-
Deferred Tax Liabilities	-	-	-
Deferred Tax Assets (Net)	**902,724**	**-**	**-**

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

Particulars	For the year ended 31 March 2018			
	Opening Balance	Recognized in Profit & Loss	Recognized in OCI	Closing Balance
Employee Benefits	-	-	-	-
Property, Plant and Equipment	-	-	-	-
Provisions	-	-	-	-
Other Items*	902,724	-	-	902,724
Net Deferred Tax Asset	**902,724**	**-**	**-**	**902,724**

* Other Items include Opening Balance Deferred Tax Assets of merger companies

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(All amounts in Indian Rupees, except share data and where otherwise stated)

36 Employee Stock Option Plans

The establishment of the MosChip Semiconductor Technology Limited Moschip Stock Option Plan 2008 was approved by shareholders at the 2008 annual general meeting. The Employee Option Plan is designed to provide incentives to employees to deliver long-term returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The Company has established nine schemes i.e., Employee Stock Option Plan, MosChip Stock Option Plan 2001, MosChip Stock Option Plan 2002, MosChip Stock Option Plan 2004, MosChip Stock Option Plan 2005 (MI), MosChip Stock Option Plan 2005 (WOS), MosChip Stock Option Plan 2008, MosChip Stock Option Plan 2008(ALR) and MosChip Stock Option Plan 2008(Director) with 600,000 equity shares, 300,000 equity shares, 700,000 equity shares, 1,000,000 equity shares, 500,000 equity shares, 500,000 equity shares, 3,000,000 equity shares, 1,000,000 equity shares and 1,000,000 equity shares respectively. Of these the Employee Stock Options Plan was established when the Company was unlisted and consequently, the Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999 are not applicable to the options granted under this Plan.

Out of above plans Company has granted options in Moschip Stock Option Plan 2008.

Once vested, the options remain exercisable for a period of three years. When exercisable, each option is convertible into one equity share. The exercise price of the options is based on the previous day closing rate on which options are granted which the company's shares are traded on the stock exchange during the previous day.

Set out below is a summary of options granted under the plan:

FOR YEAR ENDED 31 MARCH 2018	
Particulars	**MosChip Stock Option Plan 2008**
Options Outstanding at the beginning of the Year	1,403,000
Granted during the year	-
Forfeited during the year	220,000
Exercised during the year	444,000
Vested and Exercisable	41,000
Outstanding at the end of the year	698,000

The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2017 was INR 2.84 (31 March 2016 – INR 2.84).

Stock options outstanding at the end of the year have the following expiry date and exercise prices

	31 March 18	31 March 17
Grant Date	12-Aug-15	12-Aug-15
Expiry Date	11-Aug-22	11-Aug-22
Excise Price	INR 5.98	INR 5.98
Stock Options	698,000	1,403,000

The fair value at grant date of options granted during the year ended 31 March 2018 was INR 3.09 per option for three year and INR 3.46 is for four year schemes (31 March 2017 – INR 2.64). The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(All amounts in Indian Rupees, except share data and where otherwise stated)

The model inputs for options granted during the year ended 31 March 2018 included

	31 March 18	**31 March 17**
Grant Date	12-Aug-15	12-Aug-15
Expiry Date	11-Aug-22	11-Aug-22
Excise Price	INR 5.98	INR 5.98
Share Price at Grant date	INR 5.98	INR 5.98
Expected price volatility of the company's shares	71.60%	74.90%
Expected dividend yield	-	-
Risk free interest rate	6.60%	6.51%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

37 Financial Risk Management Framework

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

(All amounts in Indian Rupees, except share data and where otherwise stated)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in interest rate	Effect on profit before tax
March 31, 2018		
INR	+1%	3,890,609
INR	-1%	3,890,609
March 31, 2017		
INR	+1%	2,706,517
INR	-1%	2,706,517

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the management.

Ind AS requires expected credit losses to be measured through a loss allowance based on historical collection pattern. During the year the Company started new line of business called Internet of Things (IoT), which has contributed around 49% of the revenue for year 2017-18 credit loss relating to this business couldn't be measured based on historical collection pattern. There is no major credit loss related to Semiconductor business.

However, the Company has provided for credit loss whereever required on review of exposure on case to case basis.

c) Concentration risk

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks with high credit ratings assigned by credit rating agencies.

Trade receivable - During the year the Company has started new line of busienss IoT. Under IoT there are smart lighting and GEO HEMS streams. Smart lighting business is an Government of India Initiative. As a part of developing smart cities and energy saving by replacing normal street lights with LED lights. During the year the Company has won tenders relating to the supply of Central command monitering systems (CCMS) from KEONICS. This customer has contributed for more than 10% of the revenue and receivables as on 31 March 2018.

(All amounts in Indian Rupees, except share data and where otherwise stated)

d) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company continuously moniters forecast and actual cash flows. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 3 months	1 to 5 years	>5 years	Total
Year ended March 31, 2018						
Borrowings	549,510,423	-	-	-	-	549,510,423
Trade payables	132,704,282	-	-	-	-	132,704,282
Other Financial Liabilities		34,493,778				34,493,778
Year ended March 31, 2017						
Borrowings	270,651,697	-	-	-	-	270,651,697
Trade payables	2,249,450	-	-	-	-	2,249,450
Other Financial Liabilities		3,978,751				3,978,751
As at April 1, 2016						
Borrowings	282,328,487	-	-	-	-	282,328,487
Trade payables	37,254,857	-	-	-	-	37,254,857
Other Financial Liabilities	-	16,271,439	-	-	-	16,271,439

38 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2018, March 31, 2017 and April 1, 2016 was as follows:

Particulars	**31 March 18**	**31 March 17**	**01 April 16**
Total equity attributable to the equity shareholders of the Company	437,486,044	450,090,174	(211,039,590)
As a percentage of total capital	44%	62%	-296%
Long term borrowings including current maturities	-	-	-
Short term borrowings	549,510,423	270,651,697	282,328,487
Total borrowings	549,510,423	270,651,697	282,328,487
As a percentage of total capital	56%	38%	396%
Total capital (equity and borrowings)	986,996,467	720,741,871	71,288,897

39 Explanation on transition to Ind AS

As stated in Note 2.1, these are the first standalone financial statements prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provision of the Act ('Previous GAAP'). For the purpose of transition from Previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101-first time adoption of Indian Accounting Standards ("Ind AS-101"), with effect from April 1, 2016 ('transition date').

The accounting policies set out in Note 3 have been applied in preparing these standalone financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening standalone Ind AS balance sheet on the date of transition i.e. April 1, 2016.

In preparing its standalone Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported previously in standalone financial statement prepared in accordance with the Previous GAAP. This note explains how the transition from Previous GAAP to Ind AS has affected the Company's financial position and financial performance.

Optional exemptions and mandatory exceptions

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

Business Combination: Ind AS 101, provides the option to apply Ind AS 103, Business Combinations ("Ind AS 103") prospectively from the transition date or from a specific date prior to the transition date.

The Company has elected to apply Ind AS 103 from transition date. Business combinations occurring prior to the transition date have not been restated.

Fixed Assets: Freehold land and buildings (properties) were carried in the balance sheet prepared in accordance with the previous GAAP on the basis of carrying cost (cost model) on 31 March 2016. The company has elected to regard those carrying costs of property as deemed cost at the date of transition. Accordingly, the Company has not revalued the property at 1 April 2016.Investments in subsidiaries: The Company has elected to continue with the carrying value of its investments in subsidiary companies as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Estimates: As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the Previous GAAP are listed below:

– Impairment of financial assets based on the expected credit loss model.

– Determination of the discounted value for financial instruments carried at amortised cost.

– Fair valuation of financial instruments carried at FVTPL.

Classification and measurement of financial assets: Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

The following reconciliation provide the effect of transition to Ind AS from Previous GAAP in accordance with Ind AS 101:

(i) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	**As at March 31, 2017**	**As at April 1, 2016**
Equity as reported under previous GAAP	200,353,114	(303,110,624)
Equity reported under Ind AS	200,353,114	(303,110,624)

(ii) Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2017

Particulars	**Year ended March 31, 2017**
Net Profit under previous GAAP	(10,294,622)
Employee share based payment	(1,451,595)
Actuarial gain/loss on post employee benefit obligations	662,885
Net Profit under Ind AS	**(11,083,332)**
Other comprehensive income	
Actuarial gains/(losses) on post- employment benefit obligations	(662,885)
Total comprehensive income under Ind AS	**(11,746,217)**

As per our report of event dated attached

For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board of Directors of

MosChip Semiconductor Technology Limited
CIN : L31909TG1999PLC032184

M. T. Srinivasa Rao
Partner
Membership No. 015635

Singa Rao Gottipati
Executive Director
DIN : 07730448

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place Hyderabad
Date 28 May 2018

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary

NOTICE OF 19th ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of MosChip Semiconductor Technology Limited will be held on Saturday, the 29th September,2018 at 10.30 a.m. at the registered office of the Company situated at Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.2, Banjara Hills, Hyderabad, Telangana - 500 034, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the report of the Board of Directors, the Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended 31st March, 2018 and the Auditors report thereon and in this regard to pass the following resolution as an Ordinary Resolution.

   "RESOLVED THAT the Audited Financial Statements of the Company for the year ended March 31, 2018 together with the reports of the Auditors and Directors thereon and the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2018 together with the repot of the auditors thereon be and are hereby received, considered, approved and adopted."

2. To appoint a Director in place of Mr. K. Ramachandra Reddy (DIN: 00042172), who retires by rotation and being eligible offers himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.

   "RESOLVED THAT Mr. K. Ramachandra Reddy (DIN: 00042172), who retires by rotation in accordance with Section 152 of the Companies Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation."

SPECIAL BUSINESS:

3. Appointment of Mr. K. Pradeep Chandra (DIN: 05345536) as an Independent Director of the Company

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

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force)read with Schedule IV to the Act, as amended from time to time and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. K. Pradeep Chandra (DIN: 05345536), who was appointed as an Additional Director in Independent Category of the Company by the Board of Directors at its meeting held on 27th April, 2018,whose term of office expires at this Annual General Meeting ('AGM'), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 05 (Five) consecutive years for a term upto the conclusion of 24th Annual General Meeting of the Company in the calendar year 2023."

4. Appointment of Mr. D. G. Prasad (DIN: 00160408) as an Independent Director of the Company

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

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) read with Schedule IV to the Act, as amended from time to time and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. D. G. Prasad (DIN: 00160408),who was appointed as an Additional Director in Independent Category of the Company by the Board of Directors at its meeting held on 28th May, 2018, whose term of office expires at next Annual General Meeting ('AGM'), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 05 (Five) consecutive years for a term upto the conclusion of 24th Annual General Meeting of the Company in the calendar year 2023."

5. Appointment of Mr. Raja Praturi (DIN: 01819707) as a Non-Executive and Non-Independent Director of the Company.

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

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Raja Praturi (DIN: 01819707), who was appointed as an Additional Director by the Board on 29th September, 2017 (designated as Non-Executive director by the Board on 13 August 2018) and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying his intention to propose Mr. Raja Praturi as a candidate for the office of Director of the Company, be and is hereby appointed as Non-Executive Director of the Company."

6. Appointment of Mr. Damodar Rao Gummadapu (DIN: 07027779) as a Non-Executive and Non-Independent Director of the Company

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

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Damodar Rao Gummadapu (DIN: 07027779), who was appointed as an Additional Director by the Board on 27th April, 2018 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying his intention to propose Mr. Damodar Rao Gummadapu as a candidate for the office of Director of the Company, be and is hereby appointed as Non-Executive Director of the Company."

By Order of the Board of Directors

CS Suresh Bachalakura
Company Secretary
(A39381)

Place: Hyderabad
Date: 3rd September2018

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses under Item Nos. 3, 4, 5 & 6 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India of the person seeking appointment / re-appointment as Director under Item Nos. 2, 3, 4, 5 & 6 of the Notice, are also annexed.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of him and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the commencement of the meeting.

   A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than 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 member.

3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

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 with the Company, 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. 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 meeting .

6. The Register of Members and Share Transfer Books of the company will remain closed from Saturday, September 22, 2018 to Saturday, September 29, 2018 (both days inclusive).

7. To avoid inconvenience to members and to facilitate smooth conduct of the meeting, entry to the place of meeting will be only for members / proxies and is regulated by the attendance slip appended to the proxy form. Members are requested to affix their signature on it and hand it over at the entrance.

8. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

9. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP ID No's for easier identification of attendance at the meeting.

10. A member desirous of getting any information on the accounts or operations of the company is requested to forward his/her queries to the company at least seven working days prior to the meeting so that the required information can be made available at the meeting.

11. Members are requested to notify immediately any change in their address to the company or to the Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed onto their respective Depository Participants without any delay.

    The Securities and Exchange Board of India 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 Karvy Computershare Pvt. Ltd.

12. In all correspondence with the company, members are requested to quote their folio numbers and in case their shares are held in dematerialized form they must quote their Client ID Number and their DP ID Number.

13. Members are requested to carry their copies of Annual Report as these will not be supplied at the meeting.

14. Trading in the equity shares of the company is in the compulsory demat form. Those members who have not demated their shares are requested to open the demat accounts with the depositories and get the shares demated at the earliest.

15. Electronic copy of the Notice of the 19th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 19th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

16. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and the Regulation 44 of the SEBI (LODR) Regulations, 2015 the Company is pleased to provide members' facility to exercise their right to vote at the 19th Annual General Meeting ("AGM") by electronic means and the businesses may be transacted through e-voting services provided by Karvy Computershare Private Limited ("Karvy").

17. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link http://evoting.karvy.com. Shareholders can cast their vote online from 9.00 a.m. (IST) on Wednesday, 26th September, 2018 to 5.00 p.m (IST) on Friday, 28th September, 2018. During the period, shareholders of the company holding shares either in dematerialized or physical form as on the cut-off date of Saturday, 22nd September, 2018, may cast their vote electronically.

18. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.

19. The Company has appointed M/s. B S S & Associates, Company Secretaries as Scrutinizer for conducting the remote e-voting and Insta Poll process for the Annual General Meeting in a fair and transparent manner.

20. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Saturday, 22nd September, 2018, only shall be entitled to avail the facility of remote e-voting / Ballot.

21. The facility for voting, through ballot or polling paper is available at the meeting and members attending the meeting who have not already cast vote by remote e-voting shall be able to exercise their rights at the meeting.

22. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

23. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Saturday, 22nd September, 2018, may obtain the User ID and password in the manner as mentioned below:

    a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <Space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

b. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c. Member may call Karvy's toll free number 1-800-3454-001

d. Member may send an e-mail request to evoting.msctl@karvy.com.

If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

1. The remote e-voting facility will be available during the following period:

   Commencement of remote e-voting: From 9.00 a.m. (IST) on Wednesday, 26th September, 2018End of remote e-voting: Up to 5.00 p.m. (IST) on Friday, 28th September, 2018.

   The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

2. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.moschip.com immediately. The Company shall simultaneously forward the results to the Bombay Stock Exchange. The results declared along with the consolidated scrutinizer's report shall also be placed on the website of Karvy https://evoting.karvy.com.

3. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. Saturday, 29th September, 2018.

4. Instructions and other information relating to remote e-voting:

1. (I) In case a member receives an e-mail from Karvy [for members whose e-mail addresses are registered with the Company / Depository Participant(s)]:

   (a) Launch internet browser by typing the URL: https://evoting.karvy.com

   (b) Enter the login credentials (i.e. User ID and password) which will be sent separately. The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID.

   However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.comor contact toll free number 1-800-3454-001 for your existing password.

   (c) After entering these details appropriately, click on "LOGIN".

   (d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

   (e) You need to login again with the new credentials.

   (f) On successful login, the system will prompt you to select the E-Voting Event Number for MosChip Semiconductor Technology Limited.

   (g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cutoff date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

(h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.

(i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

(j) You may then cast your vote by selecting an appropriate option and click on "Submit".

(k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).

(l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: bssass99@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

(ii) In case a member receives physical copy of the Notice by Post [for members whose e-mail addresses are not registered with the Company / Depository Participant(s)]:

a) User ID and initial password - These will be sent separately.

b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.

2. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

3. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website https://evoting.karvy.com.

24. The route map showing directions to reach the venue of the Annual General Meeting is annexed.

Explanatory Statement

[Pursuant to Section 102(1) of the Act, the following Explanatory Statement sets out material facts relating to the business under Item No. 3, 4, 5 & 6 of the accompanying Notice dated: 3rd September, 2018 convening the 19th Annual General Meeting of the Company scheduled for 29th September, 2018.]

Item No. 3, 4, 5 & 6:

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at the meetings held on (i) 29th September, 2017 appointed Mr. Raja Praturi as an Additional Director in the category of Independent (category changed to Non-executive director in the meeting held on 13th August 2018), (ii) 27th April, 2018 appointed Mr. K. Pradeep Chandra as an Additional Director in the category of Independent, (iii) 27th April, 2018 appointed Mr. Damodar Rao Gummadapu as an Additional Director in Non-Executive category and (iv) 28th May, 2018 appointed Mr. D. G. Prasad as an Additional Director in the category of Independent.

In terms of the provisions of Section 161 of the Act, Mr. K. Pradeep Chandra, Mr. D. G. Prasad, Mr. Raja Praturi, and Mr. Damodar Rao Gummadapu hold the office till the date of ensuing Annual General Meeting and are eligible for appointment.

Notices under the provisions of Section 160 of the Act have been received from members signifying their intention to propose the candidature of, Mr. K. Pradeep Chandra, Mr. D. G. Prasad, Mr. Raja Praturi and Mr. Damodar Rao Gummadapu as Directors of the Company.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the registered office of the Company during business hours on any working day and is also available on the website of the Company www.moschip.com.

Mr. K. Pradeep Chandra, Mr. D. G. Prasad, Mr. Raja Praturi, and Mr. Damodar Rao Gummadapu are not related to any other Director and Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. K. Pradeep Chandra, Mr. D. G. Prasad, Mr. Raja Praturi, and Mr. Damodar Rao Gummadapu, are in any way, concerned or interested in the said resolutions.

The Directors therefore, recommend the resolutions as set out in item No. 3, 4, 5 & 6 of this Notice for approval of the shareholders.

A brief profile of the Independent & Non-Executive Directors to be appointed is given below:

Mr. K. Pradeep Chandra, IAS (R), was a former Chief Secretary of the State of Telangana. He is an alumni of IIT Madras, and IIM Kolkata. He holds master's Degree in Management & Finance from Atkinson Graduate School of Management, Willamette University, USA, and PhD in Public Administration, Ethics and Citizen Participation in Governance, University of Southern California, USA.

1. Mr. K. Pradeep Chandra selected to the Indian Administrative Service (IAS) in 1982, has over 34 years' experience in Government, in various positions and functional areas including as Chief Rationing Officer, Collector and District Magistrate, Vizag and Guntur Districts, Director of Technical Education, Special Chief Secretary of Finance, Industries & Commerce and Revenue Departments and Chief Secretary, Government of Telangana.
2. Mr. K. Pradeep Chandra is the Author of the Telangana State Industrial Policy and wrote the internationally acclaimed TS-iPASS single window system, resulting in Telangana State being ranked No. 1 in the Government of India "Ease of Doing Business" Ranking.

Mr. D.G. Prasad is a qualified Chartered Accountant and had been a Career Banker for over 33 years. He started his Banking career with Canara Bank and moved over to Export-Import Bank of India (Exim Bank) in its formative stage. As a Chief General Manager, he has considerable expertise in trade finance, international finance, merchant banking, corporate strategies, mergers and acquisitions, loan syndications, international negotiations and co-financing with Multilateral Funded Agencies. He served as a member on Industry and Trade Bodies and as a Consultant with African Development Bank. He has been a guest faculty at Business Schools on International Finance and International Marketing. Mr D. G. Prasad is at a present a Corporate Advisor and a practicing Chartered Accountant.

Mr. Raja Praturi is a qualified Chartered Accountant with over 35 years of experience in corporate and international taxation, business restructuring, M&A services, corporate strategies, group taxation, due diligence audits & corporate advisory services. He is currently a partner in PRSV & Co. LLP, Hyderabad, a firm of Chartered Accountants.

Mr. Damodar Rao Gummadapu has more than 25 years of global experience across various Fortune 500 companies including big 5 consulting companies including KPMG, Bearing Point, Deloitte, Johnson & Johnson and Pfizer.

Mr. Damodar Rao Gummadapu is the co-founder of Techwave Consulting, USA & Hyderabad. He is a proven leader and instrumental for Techwave's rapid growth. He has experience in envisioning the role of technology solutions for business growth, optimization and expansion.

Mr. Damodar Rao Gummadapu is a Commerce Graduate and a qualified Chartered Accountant and Cost & Management Accountant.

By Order of the Board of Directors

CS Suresh Bachalakura
Company Secretary
(A39381)

Place: Hyderabad
Date: 3rd September2018

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Details of Directors seeking Appointment/ Re-appointment in the ensuing Annual General Meeting pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015.

Particulars	Mr. K. Ramachandra Reddy	Mr. D. G. Prasad	Mr. K. Pradeep Chandra	Mr. Raja Praturi	Mr. Damodar Rao Gummadapu
Date of Birth & Age	4th January, 1949 & 69 years	30th June, 1948 & 70 years	15th December, 1956 & 62 years	02nd April, 1957 & 61 years	08th June, 1970 & 48 years
Date of First Appointment	27/07/1999	28/05/2018	27/04/2018	29/09/2017	27/04/2018
Qualifications	Electrical Engineering From IIT, Madras. M.S.E.E. degree from University of Wisconsin	Qualified Chartered Accountant from ICAI	Master's Degree in Management & Finance and PhD in Public Administration, Ethics and Citizen Participation in Governance.	Qualified Chartered Accountant from ICAI	Commerce Graduate, Qualified Chartered Accountant from ICAI and Cost Accountant.
Expertise in specific functional areas	Experience in Design, Manufacturing and Marketing of Various Integrated Chips (ICs), Semiconductor and Systems	Trade finance, international finance, merchant banking, corporate strategies, mergers and acquisitions,	Management, Finance, Public Administration, Governance	Corporate & international taxation, & corporate advisory services	Entrepreneur & SAP Consultant & Information Technology solutions
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	0	03	01	0	0
Chairman/Member of the Committees of other Companies on which he/she is a Member	0	03	01	0	0
Number of equity shares held in the Company	39,43,037	Nil	Nil	Nil	2,04,000
No of Board Meetings attended during the last year	9	0	0	4	0
Relationship with other directors & KMP	Nil	Nil	Nil	Nil	Nil

MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

Regd. Office: Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad, Telangana – 500 034, CIN: L31909TG1999PLC032184

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies vide its circular no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 after considering certain provisions of the Information Technology Act, 2000, permitted the companies to send the notices / annual reports etc. through email to its members. To support this green initiative of the MCA whole heartedly, members who have not yet registered their email address, are requested to register their e-mail address with the Depository through their concerned Depository Participant and members who hold shares in physical mode are requested to intimate their e-mail address at which they would like to receive the above documents electronically, either to the company or to its Registrar and Share Transfer Agent. Shareholders are requested to fill the consent form below and send it to the Registrar and Share Transfer Agent, Karvy Computershare Pvt. Ltd or to the company

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

(Pursuant to circulars no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011)

To,
Karvy Computershare Pvt. Ltd.
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad - 500 032,
Telangana, India

Dear Sir,

I/We shareholder (s) of MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication in electronic mode (through email). I/We request you to kindly register my / our below mentioned email id in the Company's records for sending such communication through email.

Folio No……………………….........................…/DP ID No.*……………..............................………………and Client ID No.*………………………………..

*Applicable for members holding shares in electronic form.

Name of the Sole / First Shareholder : ____

Name of the Joint Shareholders (if any) : ____

____

No. of Shares held : ____

E-mail id for receipt of documents in

Electronic mode : ____

Date:

Place: Signature: ______________________________

(Sole / First Shareholder)

Note:

1. Shareholders are requested to inform the Company's Registrar and Share Transfer Karvy Computershare Pvt. Ltd, as and when there is change in their registered email-id.
2. for shares held in demat form, shareholders are also requested to inform /update their email-ids to their respective Depository Participants

MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

Regd. Office: Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad, Telangana – 500 034.CIN: L31909TG1999PLC032184

FORM NO. MGT - 11

PROXY FORM

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

Name of the Member(s) : ____

Registered Address : ____

____

E-mail ID : ____

Folio No. / Client ID: DP ID : ____

I/We being the Member(s) of ______________________ equity shares of Rs. 2 each of **MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED**, hereby appoint:

1. Name: ______________________ E-mail Id: ______________________

Address: ____

______________________ Signature: ______________________

Or failing him/her

2. Name: ______________________ E-mail Id: ______________________

Address: ____

______________________ Signature: ______________________

Or failing him/her

3. Name: ______________________ E-mail Id: ______________________

Address: ____

______________________ Signature: ______________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual General Meeting of the Company, to be held on Saturday, September 29, 2018 at 10.30 a.m. at Regd. Office: Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad, Telangana – 500 034 and at any adjournment(s) thereof, in respect of the resolutions, as indicated below:

I/We wish my above proxy (ies) to vote in the manner as indicated in the box below:

Resolution No.	Description	(For)*	(Against)*	(Abstain)*
1.	To adopt Standalone and Consolidated Financial Statements of the Company including Report of Board of Directors and Auditors for the financial year ended 31st March, 2018.			
2.	To appoint a Director in place of Mr. K. Ramachandra Reddy (DIN: 00042172), who retires by rotation and being eligible offers himself for re-appointment			
3.	Appointment of Mr. K. Pradeep Chandra (DIN: 05345536) as an Independent Director of the Company			
4.	Appointment of Mr. D. G. Prasad (DIN: 00160408) as an Independent Director of the Company			
5.	Appointment of Mr. Raja Praturi (DIN: 01819707) as a Non-Executive and Non-Independent Director of the Company.			
6.	Appointment of Mr. Damodar Rao Gummadapu (DIN: 07027779) as a Non-Executive and Non-Independent Director of the Company.			

Signed this ___________ day of ________________.2018

____

Signature of Shareholder/s

________________________ ___________________________ _________________________

Signature of first proxy holder Signature of second proxy holder Signature of third proxy holder

*Please put a (√) in the appropriate column against the resolution as indicated in the Box. Alternatively, you may mention the number of shares in the appropriate column in respect of which you would like your proxy to vote. If you leave all the columns blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

Notes:

1. 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.
2. A proxy need not be a Member of the Company.
3. In case the Member appointing proxy is a body corporate, the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorised by it and an authenticated copy of such authorisation should be attached to the proxy form.
4. A person can act as proxy on behalf of such number of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than 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 proxy for any other person or Member.
5. Appointing a proxy does not prevent a Member from attending the meeting in person if he/she so wishes.
6. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

Regd. Office: Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad, Telangana – 500 034. CIN: L31909TG1999PLC032184

(To be handed over at entrance of the Meeting Venue)

ATTENDANCE SLIP

Regd. Folio No. / DPID – Client ID No. : ______________________________

SHAREHOLDER'S NAME : ______________________________

(In Block Capitals)

In case of Proxy

NAME OF PROXY : ______________________________

(In Block Capitals)

No. of Shares held : ______________________________

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company held on Saturday, 29th September, 2018 at 10.30 A.M. at Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad, Telangana – 500 034.

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Signature of Shareholder/s / Proxy

Notes:

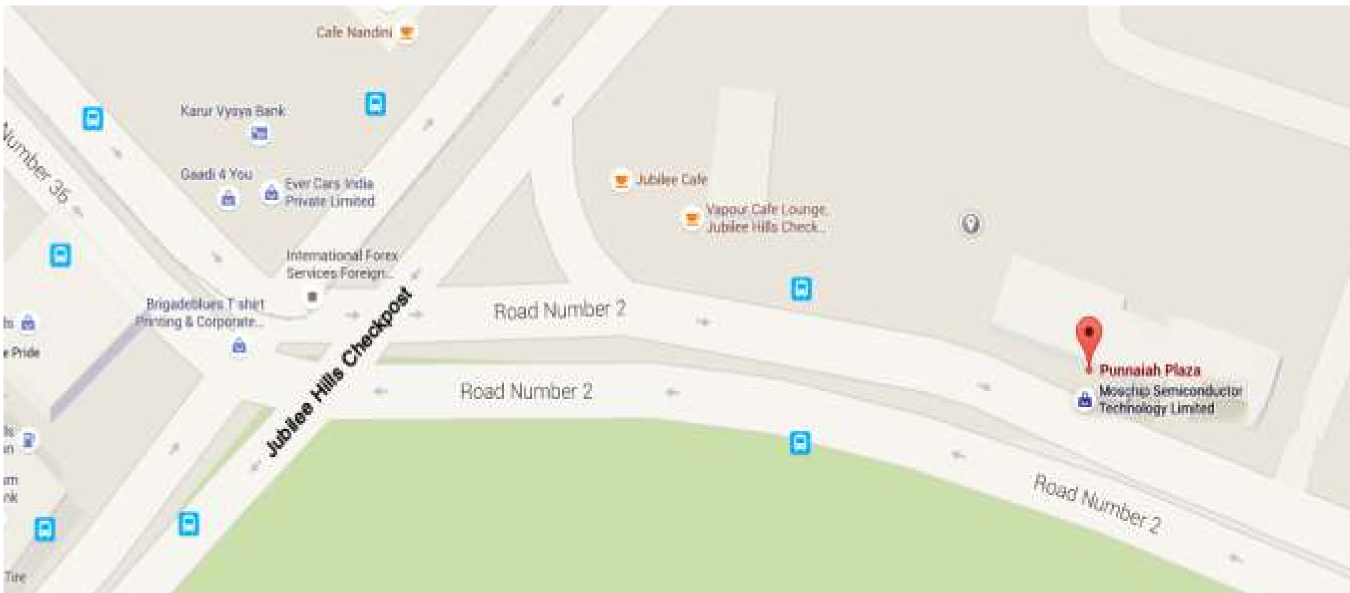
a) Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting.

b) Member/Proxy who wishes to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.

c) Member/Proxy should bring his/her copy of the annual report for reference at the meeting.

d) Please bring this Attendance Slip when coming to the Meeting.

Route Map for the venue of AGM



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www.moschip.com

MOSCHIP

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