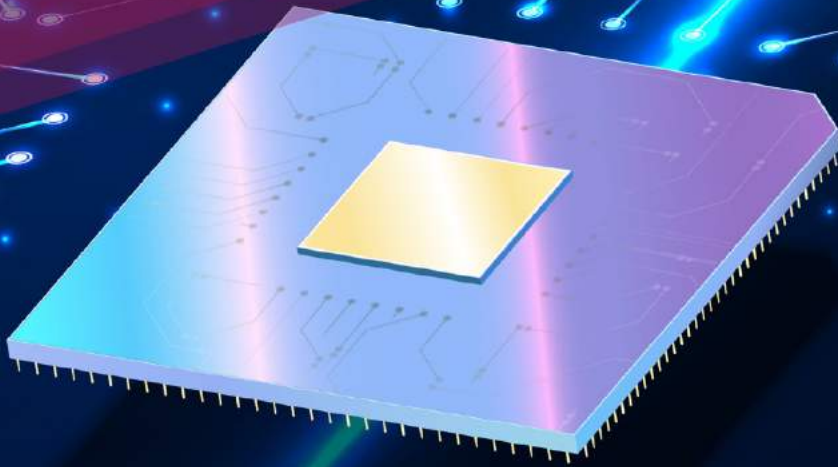


21st Annual Report

MARCH 2020



MOSCHIP TECHNOLOGIES LIMITED

Leading Provider of Semiconductor and
Embedded System Design Services

WWW.MOSCHIP.COM

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. K. Pradeep Chandra	--	Chairman
Mr. Venkata Sudhakar Simhadri	--	Managing Director & CEO
Mr. K. Ramachandra Reddy	--	Non-Executive Director
Mr. D. G. Prasad	--	Independent Director
Mr. Raja Praturi	--	Non-Executive Director
Mr. Damodar Rao Gummadapu	--	Non-Executive Director
Mrs. Madhurika Nalluri Venkat**	--	Independent Director

* Mr. Prasad Gajjala ceased to be a Director w.e.f.15th June, 2020 due to his sad and sudden demise.

** Mrs. Madhurika Nalluri Venkat appointed as Independent Director w.e.f. 13th August, 2019.

COMMITTEES OF THE BOARD

Audit Committee.

Mr. D.G. Prasad	--	Chairman
Mr. K. Pradeep Chandra	--	Member
Mrs. Madhurika Nalluri Venkat	--	Member
Mr. Damodar Rao. G	--	Member

Nomination & Remuneration Committee.

Mr. D.G. Prasad	--	Chairman
Mr. K. Pradeep Chandra	--	Member
Mrs. Madhurika Nalluri Venkat	--	Member

Stakeholders Relationship Committee.

Mr. K. Pradeep Chandra	--	Chairman
Mr. D. G. Prasad	--	Member
Mrs. Madhurika Nalluri Venkat	--	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

KFin Technologies 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

DIRECTORS' REPORT

To

The Members,

Your Directors take immense pleasure in presenting the 21st Annual Report on the business and operations of your Company along with the Audited Standalone & Consolidated Financial Statements for the year ended 31st March 2020. The Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

Your Directors are pleased to inform you that the Amalgamation of First Pass Semiconductors Private Limited (First Pass) and GigaCom Semiconductor Private Limited (GigaCom) with your Company on the appointed date i.e. 1st April, 2018 was approved by the Amaravati bench of National Company Law Tribunal (NCLT) on 03rd December, 2019 and the Hyderabad bench of National Company Law Tribunal (NCLT) on 05th December, 2019. Accordingly, First Pass and GigaCom are amalgamated with MosChip, effective from 1st April, 2018, being the appointed date.

The merger is expected to result in creation of a combined entity and synergy in the business besides achieving economies of scale. Combining the functions and the operations of all the companies is expected to result in better performance with the benefits in the form of better utilization of managerial, technical and the financial resources, thereby enhancing the value of stakeholders. The amalgamation is expected to result in Operational rationalization, Cost reduction, better administration and organizational efficiency.

1. Summary of Financial Results

(Rs. In Lakhs)

	Year ended 31 March 2020		Year ended 31 March 2019	
	Consolidated	Standalone	Consolidated	Standalone
Income from operations	9,932.07	6,335.17	7,475.87	5,869.07
Other Income	178.25	307.39	166.62	285.30
Total Revenue	10,110.32	6,642.56	7,642.49	6154.37
Loss before exceptional item, Interest, Depreciation and Tax	(1,332.47)	(695.28)	(1,288.02)	(1,145.31)
Loss before Interest, Depreciation and Tax	(3,069.44)	(1,734.91)	(1,443.00)	(1171.27)
Less: Finance cost	637.55	524.46	478.60	463.09
Less: Depreciation & Amortization	937.48	473.30	869.84	640.73
Loss before tax	(4,644.47)	(2,732.67)	(2,791.44)	(2,275.09)
Less: Tax expense	(42.97)	1.49	96.16	-
Loss after tax	(4,601.50)	(2,734.16)	(2,887.60)	(2,275.09)
Net Loss for the year	(4,601.50)	(2,734.16)	(2,887.60)	(2,275.09)

2. Performance Review

Your Company, MosChip Technologies Limited (formerly MosChip Semiconductor Technology Limited (MosChip India) is a fabless model semiconductor and Internet of Things/Everything (IoT/E) 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/E Products and Services across various industries.

On consolidated basis, the income from operations grew to Rs. 9932.07 lakhs from Rs. 7,475.87 lakhs registering a growth of 33.18 % year on year. The increased growth during the current year is primarily from Semiconductor business due to acquisitions. The loss before Interest, Depreciation and Tax stood at Rs. (3069.44) lakhs while that of previous year stood at Rs. (1,443.00) lakhs. The Consolidated results however showed a Net Loss for the year at Rs. 4601.50 lakhs as against a Net loss of Rs. 2,887.60 lakhs in the previous year.

On a standalone basis, income from operations for the year stood at Rs. 6335.17 lakhs as against Rs. 5,869.07 lakhs for the preceding year. Standalone Net Loss for the FY 2019-20 was Rs. 2734.16 lakhs as against Net Loss of Rs. 2,275.09 lakhs for the FY 2018-19.

The increase in loss when compared to previous year is on account of one time write off of few of the receivables and advances where the probability of collection as per management is very low, the company during the current year has done a detailed review of advances and receivables. The company has implemented new provision policy which will ensure that a systematic provision is made in the books based on the age of the advances and receivables thereby avoiding one time impact to the profit and loss account as we move forward.

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 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

3. Impact of the Covid-19 Pandemic:

- Most of MosChip's employees have been working from home since March 2020 except for a few engineers and admin who are required in the offices on rotational basis.
- Most of our customer driven projects are on track with Moschip as its employees are quickly adopting to "work from home".
- However, there has been a slowdown in MosChip's internal R&D and IP development as the current focus is on customer deliveries through services projects.
- In spite of all the hiccups in the last six months, the tech industry is doing well in most of the areas except Auto industry and we expect all our offices and working conditions to be back to normal by Q1 FY 2022 with cautionary measures in place.

4. Subsidiaries, Joint Ventures and Associate Companies

During the financial year, GigaCom Semiconductor LLC has merged with MosChip Technologies USA. As on 31st March, 2020, the Company has 3 direct subsidiaries, namely;

- 01) MosChip Technologies, USA (formerly known as MosChip Semiconductor Technology, USA).
- 02) Maven Systems Private Limited
- 03) MosChip Institute of Silicon Systems Private Limited.

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 subsidiaries.

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, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiary, are available on the website of the Company.

5. Dividend & Transfers to Reserves

In view of the losses 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.

During the period under review, no amount was required to be transferred to the Investor Education and Protection Fund.

6. Extension of time for holding of AGM

Due to the Covid-19 pandemic situation the Register of Companies (RoC), for the State of Telangana vide its order dated 08th September, 2020 has granted 03 months extension to hold the Annual General Meeting to all Companies.

7. 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 23-04-2019, 17,77,777 Equity Shares were allotted pursuant to conversion of Equal Number of warrants on preferential basis at a price of Rs.45.
- ii. On 25-04-2019, 17,77,778 Equity Shares were allotted pursuant to conversion of Equal Number of warrants on preferential basis at a price of Rs.45.
- iii. On 24.10.2019, 2,87,000 Equity Shares were allotted at a price of Rs. 5.98, on exercise of ESOP scheme.

iv. On 18.12.2019, 68,99,070 Equity Shares were allotted to the shareholders of Transferor Companies pursuant to Scheme of Amalgamation.

Consequent to the above, the subscribed and paid-up equity share capital of your Company as on March 31, 2020 stood at Rs.31,59,82,804/- comprising of 15,79,91,402 Equity Shares of Rs.2/- each.

(b) Increase in Authorised Share Capital

In view of the scheme of arrangement/amalgamation of First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited with MosChip, the authorized share capital of your company now comprises of Rs.56,54,10,000 (Rupees Fifty Six Crore Fifty Four Lakhs Ten Thousand Only) divided into 28,27,05,000 (Twenty Eight Crores Twenty Seven Lakhs and Five Thousand Only) equity shares of Rs.2/- (Two Only).

(c) Buy Back of Securities

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

(d) Sweat Equity

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

(e) Bonus Shares

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

(f) Equity Shares with differential rights

The Company has not issued any Equity Shares with differential rights.

(g) Dematerialization of Shares

99.67% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2020 and balance 0.33 % is in physical form. The Company's Registrars are KFin Technologies Pvt. Ltd., Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad, Telangana- 500 032.

8. 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.

(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 and material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

9. Directors and Key Managerial Personnel

(a) Inductions, Changes & Cessations in Directorships during the year 2019-20.

Mr. Camillo Martino (DIN: 07785530), resigned from the position of Independent Director on 27.05.2019. The Board in its Meeting dated 27.05.2019 placed on record its appreciation for the Services, assistance and guidance provided by Mr. Camillo Martino.

Ms. Poomima Shenoy (DIN: 02270175), resigned from the position of Independent Director on 22.05.2019. The Board in its Meeting dated 27.05.2019 placed on record its appreciation for the Services, assistance and guidance provided by Ms. Poomima Shenoy.

On recommendation of the Nomination and Remuneration Committee, the Board has appointed Mrs. Madhurika Nalluri Venkat (DIN: 07147974) as an Additional Director in Independent Category with effect from 13.08.2019 and her appointment was regularized in 20th AGM held on 30.12.2019.

Subsequent to the end of the financial year March 31, 2020:

On recommendation of the Nomination and Remuneration Committee, the Board has re-designated Mr. Raja Praturi (DIN: 01819707) as an Independent Director with effect from 15.10.2020. Approval of members by way of special resolution is required for the re-appointment of Mr. Raja Praturi as an Independent Director at the ensuing Annual General Meeting scheduled to be held on November 27, 2020.

Mr. Prasad Gajjala (DIN: 00026718) ceased to exist as Director w.e.f. 16th June, 2020 due to his sad and sudden demise.

Directors retire by rotation:

Pursuant to the requirements of the Companies Act, 2013 and Articles of Association of the Company Mr. Damodar Rao Gummadapu (DIN: 07027779), Non-Executive Director retire 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 March 31, 2020 are:

Mr. Venkata Sudhakar Simhadri	- Chief Executive Officer
Mr. Jayaram Susarla	- Chief Financial Officer
Mr. Suresh Bachalakura	- Company Secretary

(c) Independent Directors

It may be recalled that the Members

- (i) At the Eighteenth Annual General Meeting held on 29.09.2017 re-appointed Mr. Prasad Gajjala 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.
- (ii) At the Nineteenth Annual General Meeting held on 29.09.2018 appointed Mr. K. Pradeep Chandra and Mr. D. G. Prasad as Independent Directors for a period of 05 years.
- (iii) At the twentieth Annual General Meeting held on 30th December, 2020 appointed Mrs. Madhurika Nalluri Venkat as Independent Director for a period of 05 years.

As detailed earlier, Mr. Raja Praturi was re-designated as an Independent Director and possess appropriate balance of skills, expertise and knowledge and is qualified for appointment as Independent Director.

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 Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015 and there has been no change in the circumstances which may affect their status as an independent director during the year. In compliance with Rule 6 (1) and (2) of Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, all Independent Directors have confirmed their respective registrations in the Independent Directors Data bank.

(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 at <https://moschip.com/wp-content/uploads/2017/07/Nominatio-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

Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Plan of the Company in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI Regulations”). There was no change in the ESOP scheme of the Company during the year.

During the year under report the company has Six 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 – 2005 (MI)
- (b) MosChip Stock Option Plan – 2005 (WOS)
- (c) MosChip Stock Option Plan – 2008
- (d) MosChip Stock Option Plan – 2008 (ALR)
- (e) MosChip Stock Option Plan – 2008 (Director)
- (f) MosChip Stock Option Plan – 2018

Disclosures with respect to Stock Options, as required under Rule 12 (9) of Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are annexed herewith as **Annexure – D** to this report.

(i) Number of meetings of the Board

05 (Five) meetings of the Board were held during the year 2019-2020. Details of these meetings as well as the meetings of its Committees have been given in the Corporate Governance Report, which forms part of the Annual Report.

10. 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.

11. Internal control systems and their adequacy:

The Company has adequate internal control system consistent with the nature of business and size of its operations, to effectively provide safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. The Company has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

The Company has an external audit firm to perform internal audit function to monitor and assess the adequacy and effectiveness of the Internal Controls and System across all key processes. Deviations, if any, are reviewed quarterly and due compliance is ensured. Summary of Significant Audit Observations along with recommendations and its implementation is reviewed by the Audit Committee and reported to the Board.

12. 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>

13. 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.

14. 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 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 31st March, 2020 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.

Further, in compliance with the RBI requirements the Company has obtained Statutory Auditors Report in relation to downstream investments.

15. Internal Audit:

As per the provisions of Section 138 of the Act and the rules made there under, the Board of Directors had appointed M/s Gokhale & Co, Chartered Accountants, Hyderabad (FRN No: 000942S), as Internal Auditor to conduct the internal audit of the Company for the Financial Year 2019-20.

Further, on the recommendation of audit committee, the Board of Directors of the Company has approved the re-appointment of aforesaid audit firm as internal auditors for the Financial Year 2020-21.

16. 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 2019-2020. The Secretarial Audit Report is annexed herewith as **Annexure – E**. The Secretarial Audit report does not contain any qualifications, reservation or adverse remark.

17. Cost Records and Audit

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

18. 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**.

19. 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. 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 Regulations. 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>

20. 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 provided as **Annexure - H** to this Annual Report.

21. 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.

22. 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 2019-2020.

23. 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 SEBI (LODR) Regulations, 2015. A certificate of compliance from Mr. Somepalli Srikanth, a Practicing Company Secretary and the report on Corporate Governance form part of this Directors' Report as **Annexure – I**.

24. Secretarial Standards

The Company complies with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

25. Risk Management Policy

In pursuant to the provisions of the Section 134 (3)(n) of the Companies Act 2013, the Company has formulated risk management policy to mitigate and manage the risk including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

The policy on Risk Management is available on the website of the Company at <https://moschip.com/investor-relations/policies-documents>.

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

Your Company is committed to provide work environment that ensures every employee is treated with dignity and respect and afforded equitable treatment. The Company is also committed to promoting a work environment that is conducive to the professional growth of its employees and encourages equality of opportunity and will not tolerate any form of sexual harassment and to take all necessary steps to ensure that its employees are not subjected to any form of harassment.

Thus, in order to create a safe and conducive work environment the Company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of women at workplace (prevention, Prohibition, & Redressal) Act, 2013. Further, the Company has complied with provisions relating to constitution of Internal Complaints Committee under Sexual Harassment of women at workplace (Prevention, Prohibition, & Redressal) Act, 2013. The Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, trainees, temporary) are covered under this policy. The Company did not receive any complaint during the period under review.

27. Insider Trading

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulation 2015 and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a code of conduct to Regulate, Monitor and Report Trading by Insiders ('Insider Trading Code') and code of Practices and Procedures for Fair Disclosure of unpublished Price Sensitive Information ('Code of Fair Disclosure').

The Insider Trading Code is intended to prevent misuse of unpublished price sensitive information by insiders and connected persons and ensure that the Directors and specified persons of the Company and their dependents shall not derive any benefit or assist others to derive any benefit from access to and possession of price sensitive information about the Company which is not in the public domain, that is to say, insider information.

The code of Fair Disclosure ensures that the affairs of the Company are managed in a fair, transparent and ethical manner keeping in view the need and interest of all the Stakeholders.

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	Form MGT – 9 (extract of Annual Return)
I	Report on Corporate Governance

Acknowledgment

Your Directors wish to express their grateful appreciation for the valuable support and co-operation received from bankers, business associates, lenders, financial institutions, shareholders, various departments of the Government of India, as well as the State Governments and all our other stakeholders.

The Directors acknowledge and would like to place on record the commitment and dedication on the part of the employees of your Company for their continued efforts in achieving good results.

For and on behalf of the Board of Directors

K. Pradeep Chandra
Chairman

Place : Hyderabad
Date : 15th October, 2020

'Annexure-A' to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

Company Overview:

MosChip is a Hyderabad-based Semiconductor and Embedded Product Design Services and Internet of Things (IoT) Solutions company with 20+ years of track record in this business and having offices Bangalore & USA. Its unique combination of product development expertise and deep knowledge of competencies ranging from Chip Design to Systems Development makes MosChip, a perfect “Chip to Cloud” company. First fabless semiconductor company in India and over the years it had shipped millions of connectivity-based chips to customers all across the world.

Business units and expertise

Under the new management, Moschip has gone thru significant restructuring and the company is currently focused on Semiconductor and Embedded systems design services, IP and products.

Semiconductors			Embedded		
Semiconductors IP	Semiconductors Design Services	Turn-key ASIC / ASSPS	Product / System Design	Embedded Software	IOT Products
<ul style="list-style-type: none"> Digital IP Verification IP SerDes IP ADC / DAC IP PLL IP 	<ul style="list-style-type: none"> RTL design & verification Services Analog layout services Physical design services 	<ul style="list-style-type: none"> Spec to Volume Production Working relationship with leading fabs Successful track record with Govt and consumer applications 	<ul style="list-style-type: none"> High Speed Product & System Design Complex Platform Designs with FPGA, SoC & ASIC's DFM / DFA, & EMS Platform Bring-up & Validation 	<ul style="list-style-type: none"> OS Porting & Board Support Package Device Drivers – Bare metal, OS Software IP Development & Integration Software Testing Software maintenance/support 	<ul style="list-style-type: none"> CCMS – Group/ Individual lighting control Asset Monitoring Telematics

Performance Review:

- 1) On consolidated basis, the income from operations grew to Rs.9,932.07 lakhs from Rs. 7,475.87lakhs registering a growth of 32.85. % year on year. The increased growth during the current year is primarily from Semiconductor business. The loss before Interest, Depreciation and Tax stood at Rs. (3,069.44) lakhs while that of previous year stood at Rs. (1,443.00) lakhs. The Consolidated results however showed a Net Loss for the year at Rs. 4,601.50 lakhs as against a Net loss of Rs.2,887.60 lakhs in the previous year.
- 2) On a standalone basis, income from operations for the year stood at Rs. 6335.17 lakhs as against Rs. 5,869.07 lakhs for the preceding year. Standalone Net Loss for the FY 2019-20 was Rs. 2,734.16 lakhs as against Net Loss of Rs. 2,275.09 lakhs for the FY 2018-19.

The increase in loss when compared to previous year is on account of one time write off of few of the receivables and advances where the probability of collection as per management is very low, the company during the current has done a detailed review of advances and receivables. The company has implemented new provision policy which will ensure that a systematic provision is made in the books based on the age of the advances and receivables there by avoiding one time impact to the profit and loss account as we move forward.

Some of the key developments are:

- Consolidation of Pune and Visakhapatnam design centers to Hyderabad for higher synergy
- Outsourcing of non critical manufacturing operations and processes
- Increased focus on Semiconductor design services in the areas of Physical design and Turn-key asic solutions
- Increased focus on Embedded software services and GEO Hems solutions.

Impact of COVID-19

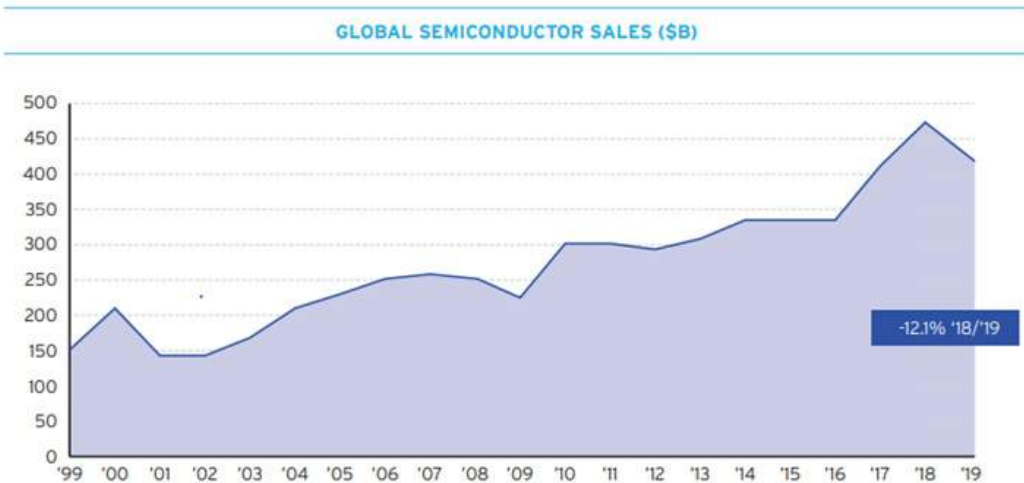
- Most of MosChip’s employees have been working from home since March 2020 except for a few engineers and admin who are required in the offices on rotational basis
- Most of our customer driven projects are on track with Moschip as its employees are quickly adopting to “work from home”.
- However, there has been a slowdown in MosChip’s internal R&D and IP development as the current focus is on customer deliveries through services projects.
- In spite of all the hiccups in the last six months, the tech industry is doing well in most of the areas except Auto industry and we expect all our offices and working conditions to be back to normal by Q1 FY 2022 with cautionary measures in place.

Semi-conductor Industry:

Semiconductors are the key components in every electronic system that includes smartphones, personal computers, Laptops, Communication and networking systems, Medical equipment and Automobiles. Emerging technologies and applications in the areas of 5G communications and Artificial intelligence are further fueling the 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 decades.

Following record sales in 2018, the global market decreased in 2019, and the outlook for 2020 has been negatively affected by the COVID-19 pandemic.

Following record sales of \$468.8 billion in 2018, global sales in 2019 decreased by 12 percent to \$412.3 billion, due largely to cyclical in the memory market. The World Semiconductor Trade Statistics (WSTS) Semiconductor Market Forecast released in June 2020 projected worldwide semiconductor industry sales will increase slightly to \$426 billion in 2020, a downward revision from its Fall 2019 forecast for 2020, due mainly to the negative impact of the COVID-19 pandemic on the global economy and supply chains at the start of 2020. In 2021, WSTS forecasts global sales will rebound to \$452 billion.



Bringing AI to the device

We predict that in 2020, more than 750 million edge AI chips—chips or parts of chips that perform or accelerate machine learning tasks on-device, rather than in a remote data center—will be sold. This number, representing a cool US\$2.6 billion in revenue, is more than twice the 300 million edge AI chips Deloitte predicted would sell in 2017—a three-year compound annual growth rate (CAGR) of 36 percent. Further, we predict that the edge AI chip market will continue to grow much more quickly than the overall chip market. By 2024, we expect sales of edge AI chips to exceed 1.5 billion, possibly by a great deal. This represents annual unit sales growth of at least 20 percent, more than double the longer-term forecast of 9 percent CAGR for the overall semiconductor industry.

These edge AI chips will likely find their way into an increasing number of consumer devices, such as high-end smartphones, tablets, smart speakers, and wearables. They will also be used in multiple enterprise markets: robots, cameras, sensors, and other IoT (internet of things) devices in general. Both markets are important. The consumer edge AI chip market is much larger than the enterprise market, but it is likely to grow more slowly, with a CAGR of 18 percent expected between 2020 and 2024. The enterprise edge AI chip market, while much newer—the first commercially available enterprise edge AI chip only launched in 2017—is growing much faster, with a predicted CAGR of 50 percent over the same time frame.

By 2024, we expect sales of edge AI chips to exceed 1.5 billion, possibly by a great deal. This represents annual unit sales growth of at least 20 percent, more than double the longer term forecast of 9 percent CAGR for the overall semiconductor industry.

Company centric Highlights and Key developments in IoT Segment

MosChip, with its objective to be a preferred product development partner and single point solution provider, refined its focus Semiconductor design services, Semiconductor IP for connectivity, Turn-key ASIC solutions, Embedded system and software design services.

MosChip has undertaken concrete efforts to strengthen its technology expertise and broaden its solutions and product engineering services offerings.

Moschip continues to invest in semiconductor IP for connectivity solutions that includes 16G to 64G for PCIE applications, Ethernet connectivity and high speed data converters. Moschip has been refocusing on turn-key ASIC solutions, leveraging its IP portfolio, design capabilities and established relationships with semiconductor fabs and manufacturing houses.

Regarding the smart lighting solutions, Moschip has been a leader in providing group lighting solutions with millions of streetlights deployed using MosChip's solutions. MosChip's individual lighting solution has gone thru field testing and ready to be deployed. It supports individual lighting control with ON / OFF / Dimming, fault detection and edge analytics. It ensures higher visibility, flexibility and better energy savings for high wattage lights.

MosChip's indigenous asset monitoring platform – GeoHEMS for real time monitoring and control of moving and non-moving assets is being adopted by multiple global OEMs. It is a solution for performance, condition, anomaly detection, preventive / predictive maintenance and analysis. With larger adoptions in IoT segment security vulnerabilities are expected to grow and the solution is future proof with highest level of security of TLS 1.2 implementations. MosChip has won contracts from overseas Global OEMs and system integrators for design, production and supply of the solution and its variants.

With its expertise on leading edge IoT technologies, MosChip has undertaken product engineering services and successfully delivered solutions for safety wearables, connected safety sensors, automotive - telematics, Smart metering and Cloud based technologies.

For and on behalf of the Board of Directors

K. Pradeep Chandra
Chairman

Place: Hyderabad
Date: 15th October, 2020

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 Technologies, USA	Maven Systems Pvt Ltd	MosChip Institute of Silicon Systems Pvt Ltd*	GigaCom Semiconductor, LLC**
01	Reporting period	31 March 2020	31 March 2020	31 March 2020	31 March 2020
02	Exchange Rate	74.74	NA	NA	NA
03	Equity Share Capital	139,761,749	100,000	100,000	-
04	Reserves & Surplus	(185,104,998)	(242,252,139)	6,159,460	-
05	Total Assets	113,400,447	133,713,413	8,758,955	-
06	Total Liabilities	156,804,449	375,865,552	2,499,495	-
07	Turnover (Total Revenue)	352,214,629	133,161,999	18,658,702	128,688,951
08	Profit / (Loss) Before Taxation	(26,983,979)	(97,352,177)	1,520,481	(14,704,368)
09	Tax Expenses	(1,462,982)	-	333,730	(3,316,506)
10	Profit / (Loss) After Taxation	(25,520,997)	(97,352,177)	1,186,751	(11,387,862)
11	Proposed Dividend	-	-	-	-
12	% of Shareholding	100%	100%	100%	100%

* GigaCom Semiconductor, LLC has merged with MosChip Technologies, USA w.e.f. 06th October, 2019.

Names of Subsidiaries which are yet to commence operations: Nil.

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

Part "B": Associates and Joint Ventures

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

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

Names of Associates, which are yet to commence operations: NIL

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

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 15th October, 2020

K. Pradeep Chandra
Chairman

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 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-20 are as under:

S.No	Name	Designation	Ration of Remuneration of each Director to Median Remuneration of Employees	Percentage increase in Remuneration during FY 2019 - 2020
1	Mr. Venkata Sudhakar Simhadri	Managing Director & CEO	27.96	NA
2.	Mr. K. Ramachandra Reddy	Non-Executive Director	NA	NA
3.	Mr. Prasad Gajjala	Independent Director	NA	NA
4.	Mr. D. G. Prasad	Independent Director	NA	NA
5.	Mr. Raja Praturi	Non-Executive Director	NA	NA
6.	Mrs. Madhurika Nalluri Venkat ¹	Independent Director	NA	NA
7.	Mr. Damodar Rao Gummadapu	Non-Executive Director	NA	NA
8.	Ms. Poomima Shenoy ²	Independent Director	NA	NA
9.	Mr. Camillo Martino ³	Independent Director	NA	NA
10.	Mr. Jayaram Susarla	Chief Financial Officer	8.74	NA
11.	Mr. Suresh Bachalakura	Company Secretary	3.11	4%

a) The remuneration of Directors does not include Sitting Fee, Gratuity and retirement benefits.

b) Independent Directors are paid only sitting fee which is not included in Remuneration.

c) CFO & CEO appointed in between 2018-19, hence % increase in remuneration cannot be comparable.

1. Madhurika Nalluri Venkat is appointed as Independent Director w.e.f. 13th August, 2019.

2. Ms. Poomima Shenoy had resigned as Independent Director w.e.f. 27th May, 2019.

3. Mr. Camillo Martino had resigned as Independent Director w.e.f. 27th May, 2019.

(II) The percentage increase in the Median Remuneration of the Employees of the Company for the Financial Year 2019-20 & The number of permanent employees on the rolls of the Company:

The Median Remuneration of the Employees was Rs 515,000 and Rs 540,000 in the Financial Year 2019-20 & 2018-19 respectively. Employee head count increased to 538 from 508 as on 31 March 2020 & 31 March 2019 respectively. This increase in number of employees has caused for decrease in Median Remuneration.

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

Standalone income from operations for the year ended 31st March, 2020 is Rs. 6335.17 Lakhs as against Rs.5869.07 lakhs as on 31st March, 2019. Increase in income from operations by 7.94 % amounting to Rs.466.1 lakhs. The increased growth during the current year is primarily from Semiconductor business due to acquisitions.

On an average, employees received an annual increment of 13%, the increment to each individual employee is based on the Employee's potential, experience and also their performance and contribution to the Company's progress over a period of time. The remuneration / increments are paid as per the Remuneration Policy of the Company.

DIRECTORS' REPORT

(IV) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2019-20 with the percentage increase in the managerial remuneration:

The average increase in the remuneration of employees excluding KMPs during FY 2019-20 was 16% and the average increase in the remuneration of Key Managerial Personnel was 16%. (the CEO & CFO salary is not for full year in 2018-19 when compared with 2019-20).

(V) 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.

(VI) 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

Place: Hyderabad
Date: 15th October, 2020

K. Pradeep Chandra
Chairman

Annexure 'D' to the Directors report

Details of Stock options pursuant to SEBI Regulations

- a) The Company has six schemes under Employee Stock Option Plans in operation during the year. They are, (i) MosChip Stock Option Plan 2005 (MI), (ii) MosChip Stock Option Plan 2005 (WOS), (iii) MosChip Stock Option Plan 2008, (iv) MosChip Stock Option Plan 2008(ALR), (v) MosChip Stock Option Plan 2008(Director) and (vi) MosChip Stock Option Plan, 2018 with 500,000 equity shares, 500,000 equity shares, 3,000,000 equity shares, 1,000,000 equity shares, 1,000,000 equity shares and 10,000,000 equity shares respectively.
- 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) Out of above plans the Company has granted options during the year ended 31 March 2020 in Moschip Stock Option Plan 2005 (MI) and Moschip Stock Option Plan 2005 (WOS), Moschip Stock Option Plan 2008, Moschip Stock Option Plan 2008 (ALR), Moschip Stock Option Plan 2008 (Director).

For Year Ended 31 March 2020					
Particulars	MosChip Stock Option Plan 2008	Moschip Stock Option Plan 2005 (MI)	Moschip Stock Option Plan 2005 (WOS)	Moschip Stock Option Plan 2008 (ALR)	Moschip Stock Option Plan 2008 (Director)
Options outstanding at the beginning of the year	17,49,000	4,00,000	3,08,000	8,86,000	10,00,000
Granted during the year	-	-	-	-	-
Forfeited during the year	3,65,500	1,50,000	1,09,000	3,95,000	-
Exercised during the year	2,87,000	-	-	-	-
Vested and not exercisable	3,12,000	62,500	49,750	1,22,750	2,50,000
Options outstanding at the end of the year	7,84,500	1,87,500	1,49,250	3,68,250	7,50,000

- f) The weighted average share price at the date of exercise of options exercised during the year ended 31st March 2020 was INR 13.34 (31 March 2019 – INR 22.49).
- g) Share options outstanding at the end of the year have the following expiry date and exercise prices.

	31-Mar-20		31-Mar-19	
Grant date	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry date	25-Oct-25	11-Aug-22	25-Oct-25	11-Aug-22
Excise price	₹18.00	₹ 5.98	₹18.00	₹ 5.98
Share options	29,81,500	55,000	40,01,000	3,42,000

- h) The fair value at grant date of options granted during the year ended 31 March 2020 was INR 9.62 per option for two years, INR 11.96 per option for three years and INR 13.34 for four year schemes (31 March 2019 was INR 7.01 per option for one year, INR 9.62 per option for two years, INR 11.96 per option for three years and INR 13.34 for four year schemes). The fair value at grant date is determined using the Black Scholes Model which

DIRECTORS' REPORT

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.

l)

The model inputs for options granted during the year ended 31 March 2020 included:	31-Mar-20		31-Mar-19	
	Grant Date	26-Oct-18	12-Aug-15	26-Oct-18
Expiry Date	25-Oct-25	11-Aug-22	25-Oct-25	11-Aug-22
Excise Price	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share Price at Grant date	₹ 22.00	₹ 5.98	₹ 22.00	₹ 5.98
Expected price volatility of the company's shares	72.67%	70.17%	44.23%	71.60%
Expected dividend yield	-	-	-	-
Risk free interest rate	8.09%	6.60%	8.14%	6.60%

* 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.

j) Employee wise details of options granted to

(a) Senior Managerial Personnel and KMP: **Nil**

(b) Employees who received grant in any one year of options amounting to 5% or more of options granted during the year; **Nil**

(c) 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

Place: Hyderabad
Date: 15th October, 2020

K. Pradeep Chandra
Chairman

Annexure 'E' to the Directors' Report

**Form No. MR-3
Secretarial Audit Report**

For the Financial Year ended on March 31, 2020

[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 Technologies Limited,
(CIN: L31909TG1999PLC032184)
(formerly known as MosChip Semiconductor Technology Limited)
Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza,
Road No. 2, Banjara Hills, Hyderabad, Telangana - 500034.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MosChip Technologies 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, 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, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities Exchange Board of India (Share Based Employee Benefit) 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 (Buy-back of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely:
 - (a) The Information Technology Act, 2000 and the rules made thereunder
 - (b) The 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;
- (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, Standards, etc. mentioned above.

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 compliances by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this audit since the same is not within the scope of our audit.

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

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, 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:

- i. The Company has allotted 35,55,555 Equity Shares pursuant to conversion of Warrants.
- ii. The Company has allotted 2,87,000 Equity Shares pursuant to exercise of the Option granted to the employees.
- iii. The Company has received approvals of Hon'ble National Company Law Tribunal, Hyderabad Bench-I vide its order dated 04.12.2019 and Hon'ble National Company Law Tribunal, Amaravati Bench vide its order dated 02.12.2019 for the Scheme of Amalgamation involving merger of First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited with the Company.
- iv. Pursuant to the said Scheme of Amalgamation, the Company has allotted 68,99,070 Equity Shares of the Company to the shareholders of First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited.

**for B S S & Associates
Company Secretaries**

**S. Srikanth
Partner**

M. No.: 22119

C.P. No.: 7999

UDIN: A022119B000858636

Place : Hyderabad

Date : 05.10.2020

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

DIRECTORS' REPORT

Annexure A

To,
The Members,
MosChip Technologies 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, that 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 not an assurance as to the future viability of the Company or 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

M. No.: 22119

C.P. No.: 7999

UDIN: A022119B000858636

Place : Hyderabad
Date : 05.10.2020

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. Optimal cooling of work areas and data centers
- b. Switching off computers when not in use
- c. Utilization of lights and stand-alone air conditioners only when required
- d. Minimal usage of AC s and lights during weekend.
- e. Using LED lights at all workstations.

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

At present, Company has not utilized any alternate source of energy and emphasize on the Conservation of energy and be frugal in utilizing the 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 out puts 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, IP and product business, accordingly, the Company has put efforts on Advance lighting automation solution, Indigenous asset monitoring platform, Serdes and other IP products.

Future plan of action

The Company has built up a vast repertoire of expertise and domain knowledge. We are planning to leverage this in partnering with large companies for joint development activities and grow the services, IP and product business.

Expenditure on R&D

The Company has been constantly incurring efforts on R&D and accordingly costs are capitalized if it meets the criteria as per applicable accounting standards.

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 has been working with multiple customers across geographies, revenues are primarily on account of providing services related to semiconductor and IoT businesses.

- (b) Foreign exchange earnings and outgo

(Value in Rs.)

	Year ended March 31, 2020	Year ended March 31, 2019
Foreign Exchange earnings	212,091,593	96,407,025
Foreign Exchange outgo	12,944,501	10,249,510

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 15th October, 2020.

K. Pradeep Chandra
Chairman

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 Technologies 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 2019-20.

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 2019-20.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 15th October, 2020.

K. Pradeep Chandra
Chairman

Annexure 'H' to the Directors Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS

(I)	CIN	L31909TG1999PLC032184
(II)	Registration Date	27-07-1999
(III)	Name of the Company	MOSCHIP TECHNOLOGIES LIMITED (formerly MosChip Semiconductor Technology Limited)
(IV)	Category/Sub-Category of the Company	Company Limited by shares and Indian Non-Government Company
(V)	Address of the Registered office and contact details	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad, Telangana – 500 034. Tel: 040 6622 9292, Fax: 040-6622 9393 Email: Investorrelations@moschip.com
(VI)	Whether listed company	Yes
(VII)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Pvt. Ltd. Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, Telangana.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main Products / services	NIC Code of the Product / Service	% to total turnover of the company
1.	Software development and designing	62,011	97.8 %
2.	Manufacture of electrical equipment	27,104	2.22 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name And Address Of The Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held	Applicable Section
1.	Oshin Global Pte Limited	NotApplicable	Holding	51.73 %	Sec 2(87)
2.	MosChip Semiconductor Technology, USA ¹	NotApplicable	Subsidiary	100	Sec 2(87)
3.	Maven Systems Pvt Ltd	U72900PN2009PTC134858	Subsidiary	100	Sec 2(87)
4.	MosChip Institute of Silicon Systems Private Limited	U72900TG2011PTC072006	Subsidiary	100	Sec 2(87)

1. During the year the name of MosChip Semiconductor Technology, USA has been changed to MosChip Technologies, USA.

2. During the year GigaCom Semiconductor, LLC has been merged with MosChip Technologies, USA.

DIRECTORS' REPORT

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Share Holding

Category of	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	4,901,197	0	4,901,197	3.33	8,456,752	0	8,456,752	5.35	2.02
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	4,901,197	0	4,901,197	3.33	8,456,752	0	8,456,752	5.35	2.02
2) Foreign									
g) NRIs-Individuals	2,895,801	0	2,895,801	1.97	2,862,130	0	2,862,130	1.81	(0.16)
h) Other-Individuals	0	0	0	0	0	0	0	0	-
i) Bodies Corp.	81,727,739	0	81,727,739	55.5	81,727,739	0	81,727,739	51.73	(3.77)
j) Banks / FI	0	0	0	0	0	0	0	0	-
k) Any Other....	0	0	0	0	0	0	0	0	-
Sub-total(A)(2):-	84,623,540	0	84,623,540	57.47	84,589,869	0	84,589,869	53.54	(3.93)
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	89,524,737	0	89,524,737	60.80	93,046,621	0	93,046,621	58.89	(1.90)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	-
b) Banks / FI	150	0	150	0.00	5,524	0	5,524	0.00	-
c) Central Govt	0	0	0	0	0	0	0	0	-
d) State Govt(s)	0	0	0	0	0	0	0	0	-
e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
f) Insurance Companies	0	0	0	0	0	0	0	0	-
g) FIs	0	0	0	0	0	0	0	0	-
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	-
l) Others(specify)									
a) Foreign Corporate Bodies	2,784,149	2,329,092	5,113,241	3.47	4,917,389	229,092	5,146,481	3.26	(0.22)
b) Foreign Nationals	820,604	416,128	1,236,732	0.84	8,072,791	241,934	8,314,725	5.26	4.42
Sub-total (B)(1)	3,604,903	2,745,220	3,604,903	4.31	12,995,704	471,026	13,466,730	8.52	4.21

DIRECTORS' REPORT

2. Non Institutions									
a) Bodies Corp.									
(i) Indian	5,104,513	300	5,104,813	3.47	4,335,743	300	4,336,043	2.74	(0.72)
b) Individuals									
(I) Individual shareholders holding nominal share capital up to Rs. 2 lakh	24,844,984	85443	24,930,427	16.93	24,808,468	54,043	24,862,511	15.74	(1.19)
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	20,149,382	0	20,149,382	13.68	20,967,486	0	20,967,486	13.27	(0.41)
c) Others(Specify)									
i) Non Resident Indians	938,394	0	938,394	0.64	1,088,784	0	1,088,784	0.69	0.05
ii) Clearing Members	13,431	0	13,431	0.01	25,757	0	25,757	0.02	(0.01)
Sub-total(B)(2)	50,995,973	85,743	51,095,147	34.73	51,226,238	54,343	51,280,581	32.46	(2.27)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	54,600,876	2,830,963	57,445,270	39.04	64,221,942	525,369	64,747,311	40.98	1.94
C. Non-promoter - Non-public shareholding. Employee benefit trust	238,470	0	238,470	0.16	197,470	0	197,470	0.16	(0.04)
Grand Total (A+B+C)	144,418,814	2,830,963	147,249,777	100	157,466,033	525,369	157,991,402	100	0

*During the Financial year the Paid up capital of the Company increased from 147,249,777 to 157,991,402 hence % change during the year cannot be calculated.

DIRECTORS' REPORT

B) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of shares	% of total Shares of the company	% of shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of shares Pledged / encumbered to total shares	
1	OSHIN GLOBAL PTE LTD	81,531,739	55.37	0	81,531,739	51.61	0	(3.76)
2	K RAMACHANDRAREDDY	3,943,037	2.68	0	7,498,592	4.75	0	(2.07)
3.	DAMODAR RAO G	204,000	0.14	0	204,000	0.13	0	(0.01)
4.	EIJI HOLDINGS PTE LTD	196,000	0.13	0	196,000	0.12	0	(0.01)
5	ART KHACHATURIAN	1,739,497	1.18	0	1,739,497	1.10	0	(0.08)
6	JOSEPH WAI	708,632	0.48	0	708,632	0.45	0	(0.03)
7	EDDIE SIN PO CHIU	1,000	0.00	0	1,000	0.00	0	0.00
8	C. DAYAKAR REDDY	219,761	0.15	0	219,761	0.14	0	(0.01)
9	SUREKHA REDDY	530,001	0.36	0	530,001	0.34	0	(0.02)
10	K PRATIBHA REDDY	398	0.00	0	398	0.00	0	0.00
11	GARY KENNEDY	262,978	0.18	0	262,978	0.17	0	(0.01)
12	VINAY D KUMAR	105,623	0.07	0	105,623	0.07	0	0.00
13	STEVE SHU FUN KAM	44,400	0.03	0	44,400	0.03	0	0.00
14	SEAN PAUL CARNEY	33,671	0.02	0	0	0.00	0	0.00
15	CHANDRAM RAMA REDDY	4,000	0.00	0	4,000	0.00	0	0.00
	TOTAL	89,524,737	60.80	0	93,046,621	58.89	0	(1.90)

*During the Financial year the Paid up capital of the Company increased from 147,249,777 to 157,991,402 hence % change during the year cannot be calculated.

DIRECTORS' REPORT

C) Share Holding of Directors & Key Managerial Personnel:

Sr. No	Shareholding of Directors & KMP	Shareholding at the end of the year		increase / (decrease) in shareholding during the year			Cumulative shareholding during the year	
		No. of shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	Reason	No. of Shares	% of Total Shares of the company
	Directors:							
1.	Mr. K. Ramachandra Reddy	39,43,037	2.68	35,55,555	2.25	Preferential Issue	74,98,592	4.75
2.	Mr. Venkata Sudhakar Simhadri	45,16,634	3.07	28,04,777	1.78	Scheme of Amalgamation	68,52,376	4.34
				(4,69,035)	(0.30)	Sale		
3.	Mr. K. Pradeep Chandra	0	0.00	0	0	-	0	0.00
4.	Mr. Prasad Gajjala	2,750	0.00	0	0	-	2,750	0.00
5.	Mr. D. G. Prasad	0	0.00	0	0	-	0	0.00
6.	Mr. Camillo Martino	0	0.00	0	0	-	0	0.00
7.	Mr. Raja Praturi	0	0.00	0	0	-	0	0.00
8.	Mrs. Poornima Shenoy	0	0.00	0	0	-	0	0.00
9.	Mr. Damodar Rao G	2,04,000	0.14	2,04,000	0.14	Preferential Issue	2,04,000	0.13
	Key Managerial Personnel							
10.	Mr. Venkata Sudhakar Simhadri (Chief Executive Officer)	45,16,634	3.07	28,04,777	1.78	Scheme of Amalgamation	68,52,376	4.34
				(4,69,035)	(0.30)	Sale		
11.	Mr. Jayaram Susarla (Chief Financial Officer)	0	0.00	0	0	-	0	0.00
12.	Mr. Suresh Bachalakura (Company Secretary)	30,345	0.02	10,000	0.00	ESOP	40,345	0.02

*During the Financial year the Paid up capital of the Company increased from 147,249,777 to 157,991,402 hence % increase / decrease during the year cannot be calculated.

DIRECTORS' REPORT

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

Sr. No	Name of the Promoter	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the company	No. of Shares	% of Total Shares of the company
1.	Oshin Global Pte Limited	8,15,31,739	55.37	8,15,31,739	51.61
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			8,15,31,739	51.61
2.	K RAMACHANDRA REDDY	39,43,037	2.68	39,43,037	2.49
	Increase/(Decrease) during the year			35,55,555	2.25
	At the End of the Year			74,98,592	4.75
3.	ART KHACHATURIAN	17,39,497	1.18	17,39,497	1.10
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			17,39,497	1.10
4.	JOSEPH WAI	7,08,632	0.48	7,08,632	0.45
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			7,08,632	0.45
5.	EDDIE SIN PO CHIU	1,000	0.00	1,000	0.00
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			1,000	0.00
6.	C. DAYAKAR REDDY	2,19,761	0.15	2,19,761	0.14
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			2,19,761	0.14
7.	SUREKHA REDDY	5,30,001	0.36	5,30,001	0.34
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			5,30,001	0.34
8.	K PRATIBHA REDDY	398	0.00	398	0.00
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			398	0.00
9.	GARY KENNEDY	2,62,978	0.18	2,62,978	0.17
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			2,62,978	0.17
10.	Damodar Rao G	2,04,000	0.14	2,04,000	0.13
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			2,04,000	0.13
11.	EIJI HOLDINGS PTE LTD	1,96,000	0.13	1,96,000	0.12
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			1,96,000	0.12

DIRECTORS' REPORT

Sr. No	Name of the Promoter	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the company	No. of Shares	% of Total Shares of the company
12.	VINAY DANTAPALLY KUMAR	1,05,623	0.07	1,05,623	0.07
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			1,05,623	0.07
13.	STEVE SHU FUN KAM	44,400	0.03	44,400	0.03
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			44,400	0.03
14.	SEAN PAUL CARNEY	33,671	0.02	0	0.00
	Increase/(Decrease) during the year			(33,671)	(0.02)
	At the End of the Year			0	0.00
15.	CHANDRAM RAMA REDDY	4,000	0.00	4,000	0.00
	Increase/(Decrease) during the year			Nil	Nil
	At the End of the Year			4,000	0.00

**During the Financial year the Paid up capital of the Company increased from 147,249,777 to 157,991,402 hence % change during the year cannot be calculated.

DIRECTORS' REPORT

E) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

S. No	Name of the Share Holder	Shareholding at the beginning of the year		Cumulative shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total Shares of the company ^s	Brought During the Year	Sold during the Year	No. of shares	% of Total Shares of the company ^s
1.	SOLWELL ADVISORY SERVICES LLP	28,30,077	1.92	-	-	28,30,077	1.79
2.	SRINIVASA RAO KAKUMANU [#]	-	-	25,52,370	-	25,52,370	1.62
3.	ESS TECHNOLOGY INC	23,29,092	1.58	-	-	23,29,092	1.47
4.	MOURITECH LLC [#]	-	-	22,22,222	-	22,22,222	1.41
5.	CHAMUNDESWARA NATH VANKINA	13,58,994	0.92	6,30,555	-	19,89,549	1.26
6.	VENKATA GIRI BABU KONDAVEETI [#]	-	-	15,41,923	-	15,41,923	0.98
7.	RANGANATH SHEKARAPPA KEMPAHALLY	12,50,000	0.85	-	-	12,50,000	0.79
8.	ALLURE INFRA LLP	10,14,600	0.69	-	-	10,14,600	0.64
9.	REEMA GUPTA	7,20,040	0.49	-	-	7,20,040	0.46
10.	ARTEC GROUP OU	5,66,927	0.39	-	(5,500)	5,61,427	0.36
11.	JUHI VIJAY SHRIVASTAVA [@]	6,24,500	0.42	-	-	5,39,699	0.34
12.	SURESH GADLEY [@]	5,06,352	0.34	-	-	5,06,352	0.32
13.	DEVINENI RAMANA [@]	5,00,000	0.34	-	-	5,00,000	0.32

1) The above information is based on the weekly beneficiary position received from Depositories. As it is not feasible to provide daily changes in shareholding, consolidated changes during the financial year 2019-20 has been provided.

@Not there in the list of top ten shareholders as on March 31, 2020. Same has been reflected above as the respective shareholder was one of the top ten shareholders as on April 1, 2019.

Not there in the list of top ten shareholders as on April 1, 2019. Same has been reflected above as the respective shareholder was one of the top ten shareholders as on March 31, 2020.

\$ % of Total shares of the Company at the end of the year changed due to the No of shares of the Company has increased from 147,249,777 to 157,991,402 during the year.

IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,003,892	439,797,151	-	441,801,043
ii) Interest due but not paid	-	26,855,179	-	26,855,179
iii) Interest accrued but not Due	-	-	-	-
Total (i + ii + iii)	2,003,892	466,652,330	-	468,656,222
Change in Indebtedness during the financial year				
- Addition	-	155,079,705	-	155,079,705
- Reduction	(249,561)	-	-	(249,561)
Net Change	(249,561)	155,079,705	-	154,830,144
Indebtedness at the end of the financial year				
i) Principal Amount	1,754,331	561,069,406	-	562,823,737
ii) Interest due but not paid	-	60,662,629	-	60,662,629
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,754,331	621,732,035	-	623,486,366

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
	Gross salary	Venkata Sudhakar Simhadri	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,44,00,000	1,44,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
	Stock Option	-	--
	Sweat Equity	-	--
	Commission		
	- as % of profit		
	- Others, specify...	-	--
	Others, please specify	-	--
	Total(A)	1,44,00,000	1,44,00,000
	Ceiling as per the Act	1,68,00,000	1,68,00,000

DIRECTORS' REPORT

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager						Total Amount
		Mr. Prasad Gajjala	Mr. K. Pradeep Chandra	Mr. Camillo Martino ¹	Mrs. Poornima Shenoy ²	Mr. D. G. Prasad ²	Mrs. Madhurika Nalluri Venkata ⁴	
	<ul style="list-style-type: none"> • Fee for attending board & committee meetings • Commission • Others, please specify 	4,05,000	3,45,000	Nil	Nil	3,60,000	1,20,000	12,30,000
	Total (1)	4,05,000	3,45,000	0	0	3,60,000	1,20,000	12,30,000
	Other Non-Executive Directors <ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, please specify 	Mr. K. Ramachandra Reddy 1,50,000	Mr. Raja Praturi 1,20,000	Mr. Damodar Rao G ³ Nil				2,70,000
	Total (2)	1,50,000	1,20,000	0				2,70,000
	Total(B)=(1+2)							15,00,000
	Total Managerial Remuneration							
	Overall Ceiling as per the Act	Not applicable as only sitting fee paid						

1. Mr. Camillo Martino resigned as Independent Director w.e.f. 27th May, 2019.

2. Ms. Poornima Shenoy resigned as Independent Director w.e.f. 27th May, 2019.

3. Mr. Damodar Rao G, Non-Executive Director is not opted for sitting fee.

4. Mrs. Madhurika Nalluri Venkat appointed as Independent Director w.e.f. 13th August, 2019.

DIRECTORS' REPORT

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /MTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Jayaram Susarla CFO	Mr. Suresh Bachalakura Company Secretary	
01	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	45,00,000	15,62,600	60,62,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	
02	Stock Option	-	38,900	38,900
03	Sweat Equity	-	-	
04	Commission - as % of profit - others, specify...	-	-	
	Total	45,00,000	16,01,500	61,01,500

VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

Annexure 'I' 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 organization 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, Strategy and Planning, Laws & Policies, general management and entrepreneurship. As on March 31, 2020, the Board comprises of 08 members comprising of a Non-Executive Independent Chairman, One Executive Director, Three Non-Executive Directors and Three Independent Directors.

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, the specific areas of focus or expertise of individual Directors have been highlighted in the table below:

Key Board Qualifications & Expertise						
Name of the Director	Qualification	Technology	Banking & Finance	Strategy & Planning	Laws & Policies	General Management & Entrepreneurship skills
Areas of expertise						
Mr. K. Pradeep Chandra	BTech, MBA, PhD	✓	✓	✓	✓	✓
Mr. Venkata Sudhakar Simhadri	BE, MS	✓	-	✓	-	✓
Mr. K. Ramachandra Reddy	BTech, MS	✓	-	✓	-	✓
Mr. Prasad Gajjala	CA	-	✓	✓	✓	✓
Mr. D. G. Prasad	CA	-	✓	✓	✓	✓
Mr. Raja Praturi	CA	-	✓	✓	✓	✓
Mr. Damodar Rao G	CA	-	✓	✓	✓	✓
Mrs. Madhurika Nalluri Venkat	LLB	-	✓	✓	✓	✓

DIRECTORS' REPORT

None of the Directors on the Board hold directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. 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.

Based on the declarations received from the Independent Directors, the Board of Directors confirm that in their opinion, the Independent Directors meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. In compliance with Rule6(1) and (2) of Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, All Independent Directors have confirmed their respective registrations in the Independent Directors Databank.

The Composition of the Board of Directors and the number of Directorships and Committee positions held by them as on March 31, 2020 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. Venkata Sudhakar Simhadri	Executive Director	0	0	0	68,52,376
Mr. K. Ramachandra Reddy	Promoter Non-Executive Director	01	01	0	74,98,592
Mr. Prasad Gajjala ¹	Independent Director	0	0	0	2,750
Mr. Raja Praturi	Non-Executive Director	0	0	0	-
Mr. K. Pradeep Chandra	Independent Director	01	02	0	-
Mr. Damodar Rao Gummadapu	Promoter Non-Executive Director	0	0	0	2,04,000
Mr. D G Prasad	Independent Director	03	03	02	-
Mr. Madhurika Nalluri Venkat ²	Independent Director	01	01	00	-

* 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.

1. Mr. Prasad Gajjala ceased to be a Director w.e.f. 16th July, 2020.

2. Mrs. Madhurika Nalluri Venkat appointed as Independent Director w.e.f. 13th August, 2019.

Names of the listed entity(ies) where the Director of the Company is a director in those listed entity(ies) and the Category of directorship

Name of the Director	Directorship on other listed entities	Category of Directorship
Mr. Venkata Sudhakar Simhadri	Nil	Not Applicable
Mr. K. Ramachandra Reddy	Nile Limited	Independent Director
Mr. Prasad Gajjala	Nil	Not Applicable
Mr. Raja Praturi	Nil	Not Applicable
Mr. K. Pradeep Chandra	Orient Electric Limited	Independent Director
Mr. Damodar Rao Gummadapu	Nil	Not Applicable
Mr. D G Prasad	Gokak Textiles Limited	Independent Director
	Suven Life Sciences Limited	Independent Director
	Natco Pharma Limited	Independent Director
Mrs. Madhurika Nalluri Venkat	Lakshmi Finance & Industrial Corporation Limited	Independent Director

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 Director 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 all the 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 2019-20, the Board met Five 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 2019-20	Number of Board Meetings attended during the year 2019-20	Whether attended last AGM held on 30.12.2019
Mr. K. Ramachandra Reddy	05	05	Yes
Mr. K. Pradeep Chandra	05	05	Yes
Mr. Venkata Sudhakar Simhadri	05	05	Yes
Mr. D. G. Prasad	05	05	Yes
Mr. Damodar Rao Gummadapu	05	01	No
Mr. Prasad Gajjala	05	05	Yes
Ms. Poornima Shenoy ¹	01	00	Not applicable
Mr. Camillo Martino ²	01	00	Not applicable
Mr. Raja Praturi	05	02	Yes
Mrs. Madhurika Nalluri Venkat ³	04	04	Yes

1. Ms. Poornima Shenoy resigned as an Independent Director w.e.f. 22nd May, 2019.

2. Mr. Camillo Martino resigned as an Independent Director w.e.f. 27th May, 2019.

3. Mrs. Madhurika Nalluri Venkat was appointed as an Independent Director w.e.f. 13th August, 2019.

Ms. Poornima Shenoy, Independent Director resigned from the office of Director before the expiry of her term due to her personal and other professional commitments. Mr. Camillo Martino, Independent Director resigned from the office of Director before the expiry of his term due to his pre-occupations. Ms. Poornima Shenoy and Mr. Camillo Martino have confirmed that there were no other material reasons specified above

No. of Board Meetings held and dates on which they were held during 2019-20.

Quarter	No. of Meetings	Dates on which held
April - June	01	27 th May, 2019
July – September	01	13 th August, 2019
October – December	02	24 th October, 2019 and 05 th December, 2019.
January – March	01	30 th January, 2020.
Total	05	

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.

The details of the Familiarization Programme for Independent Directors is disclosed on the Company's website at <https://moschip.com/investor-relations/policies-documents>

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.

Service Contracts, Notice Period, Severance Fee

Your Company does not enter into service contracts with the Executive Directors as they are appointed/re-appointed with the approval of the shareholders for the period permissible under the applicable provisions of the Act, and/or SEBI Listing Regulations. Independent directors have been issued an appointment letter which prescribes that any Independent Director may resign from his office subject to reasonable written notice to the Board. The Company does not pay any severance fees or any such payment to the Directors.

Code of Conduct

The Company has a Code of Conduct applicable to all Board Members and Senior Management 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, 2020. 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 Committee's 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 Section 177 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 2019-20 are as under:

The Audit Committee comprises of the following directors

1. Mr. Prasad Gajjala -- Chairman
2. Mr. K. Pradeep Chandra -- Member
3. Mr. Damodar Rao Gummadapu -- Member
4. Mr. D. G. Prasad -- Member

Meetings and attendance during the year 2019-20

Name of the Director	Category	No of Meetings held during the Tenure	No of Meetings attended
Mr. Prasad Gajjala	Independent Director	05	05
Mr. K. Pradeep Chandra	Independent Director	05	05
Mr. D. G. Prasad	Independent Director	05	05
Mr. Damodar Rao Gummadapu	Non-Executive Director	05	01

Five Meetings were held during the Financial Year 2019-2020 on (I) 27th May, 2019 (ii) 13th August, 2019 (iii) 24th October, 2019 (iv) 05th December, 2019 (v) 30th January, 2020.

The Company Secretary acts as a Secretary to the Committee.

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.

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 December 30, 2019.

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, 2020, Committee comprises of three Independent Directors. The Company Secretary acts as secretary to the Committee.

DIRECTORS' REPORT

The composition of the Nomination and Remuneration Committee and the attendance of the members at the meetings held during the Financial Year 2019-20 are as under:

The Nomination & Remuneration Committee comprises of the following directors

1. Mr. Prasad Gajjala -- Chairman
2. Mr. Raja Praturi -- Member
3. Mr. K. Pradeep Chandra -- Member

Meetings and attendance during the year 2019-20

Name of the Director	Category	No of Meetings held during the Tenure	No of Meetings attended
Mr. Prasad Gajjala	Independent Director	03	03
Mr. Raja Praturi	Non-Executive Director	03	02
Mr. K. Pradeep Chandra	Independent Director	03	03

During the Financial Year 2019-20, Three meetings of the Nomination and Remuneration Committee were held on (i) 13th August, 2019 (ii) 24th October, 2019 (iii) 30th January, 2020.

The Company Secretary acts as a Secretary to the Committee.

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 2019-20.

DIRECTORS' REPORT

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. Venkata Sudhakar Simhadri	Managing Director	1,44,00,000	Nil	Nil	1,44,00,000	NA	Nil	Nil
02	Mr. K. Ramachandra Reddy	Non-Executive Director	Nil	Nil	Nil	Nil	NA	Nil	1,50,000
03	Mr. K. Pradeep Chandra	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	3,45,000
04	Mr. Prasad Gajjala	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	4,05,000
05	Mr. D. G. Prasad	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	3,60,000
06	Mr. Raja Praturi	Non-Executive Director	Nil	Nil	Nil	Nil	NA	Nil	1,20,000
07	Mr. Damodar Rao Gummadapu	Non-Executive Director	Nil	Nil	Nil	Nil	NA	Nil	Nil
08	Mrs. Madhurika Nalluri Venkat ¹	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	1,20,000
09	Ms. Poomima Shenoy ²	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	Nil
10	Mr. Camillo Martino ³	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	Nil

1. Mrs. Madhurika Nalluri Venkat was appointed as Independent Director w.e.f. 13th August, 2019.
2. Ms. Poomima Shenoy resigned as an Independent Director w.e.f. 22nd May, 2019.
3. Mr. Camillo Martino resigned as an Independent Director w.e.f. 27th May, 2019.

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.

During the Financial Year 2019-20, four meetings of the Stakeholders' Relationship Committee were held on (i) 27th May, 2019 (ii) 13th August, 2019, (iii) 24th October, 2019 and (iv) 30th January, 2020.

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 2019-20 are as under:

The Stakeholders' Relationship Committee comprises of the following directors

Mr. Prasad Gajjala	--	Chairman
Mr. Raja Praturi	--	Member
Mr. D.G. Prasad	--	Member

Meetings and attendance during the year 2019-20

Name of the Director	Category	No of Meetings held during 2019-2020	No of Meetings attended
Mr. Prasad Gajjala	Independent Director	04	04
Mr. Raja Praturi	Non-Executive Director	04	02
Mr. D.G. Prasad	Independent Director	04	04

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 2019-20, 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, 2020, is as follows:

No. of complaints as on April 1, 2019	0
No. of complaints received during the Financial Year 2019-20	0
No. of complaints resolved upto March 31, 2020	0
No. of complaints pending as on March 31, 2020	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 respective 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_Subsiidiaries-document.pdf

GENERAL BODY MEETINGS

i) Details of last three AGMs

AGM	Venue	Time & Date	No. of Special resolutions passed
Eighteenth	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road # 02, Banjara Hills, Hyderabad – 500034	29th September 2017 at 10.30 hrs.	02
Nineteenth	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road # 02, Banjara Hills, Hyderabad – 500034	29th September, 2018 at 10.30 hrs.	00
Twentieth	State Gallery of Art Auditorium, Road No. 1, Kavuri Hills, Madhapur, Hyderabad – 500033, Telangana	30th December, 2019 at 10.30 hrs.	00

ii) Postal ballot

(ii) Rule 6 (3) (xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the SEBI Listing Regulations; and (v) SEBI Circular No.CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, the Company had provided the facility of voting by postal ballot and e-voting so as to enable the equity shareholders of the company to consider and approve the Scheme of Amalgamation of First Pass Semiconductors Private Limited ("Transferor Company-1") and GigaCom Semiconductor Private Limited ("Transferor Company-2") with MosChip Technologies Limited ("Transferee Company") and the irrespective shareholders and creditors under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions.

Pursuant to the NCLT, Hyderabad bench Order dated 22nd July 2019, Mr. S. Srikanth, BSS & Associates, Practising Company Secretaries, Hyderabad, had been appointed as the scrutinizer to conduct the postal ballot, e-voting process and voting at the venue of the meeting in affair and transparent manner. The results of the Postal Ballot and remote e-voting were declared on 08th September, 2019:

Description of Resolution	Votes in favour resolution			Votes against the resolution			Invalid Votes	
	Number of Members who voted through remote e-voting and postal ballot	Number of shares for which valid votes were cast	% of total number of valid votes cast	Number of Members who voted through remote e-voting and postal ballot	Number of shares for which valid votes were cast	% of total number of valid votes cast	Total number of Members whose votes Were declared invalid	Total number of shares for which invalid votes were cast
To consider and approve the Scheme of Amalgamation of First Pass Semiconductors Private Limited ("Transferor Company-1") and GigaCom Semiconductor Private Limited ("Transferor Company-2") with MosChip Technologies Limited ("Transferee Company") and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions.	98	101,565,013	99.94	07	53,474	0.06	9	2,19,532

Procedure for postal ballot

a) The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Companies Act, 2013 read with the relevant Rules framed thereunder.

b) None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

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 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 : 27th November, 2020 at 10:30 am at Registered of the Company Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.2, Banjara Hills, Hyderabad - 500 034.
- b. Financial Calendar : The financial year of the Company starts from on 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:

Un-Audited Financial Results for the FY 2020-21

- First Quarter Results : 20th July, 2020.
- Second Quarter & Half-yearly Results : 15th October, 2020.
- Third Quarter Results : Between 20th January, 2021 & 14th February, 2021
- Fourth Quarter & Annual Results : Between 15th May, 2021 & 29th May, 2021.
(Audited in lieu of un-audited results)
- d. Date of Book Closure : 20th November 2020 to 27th November, 2020
(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 2020-21.

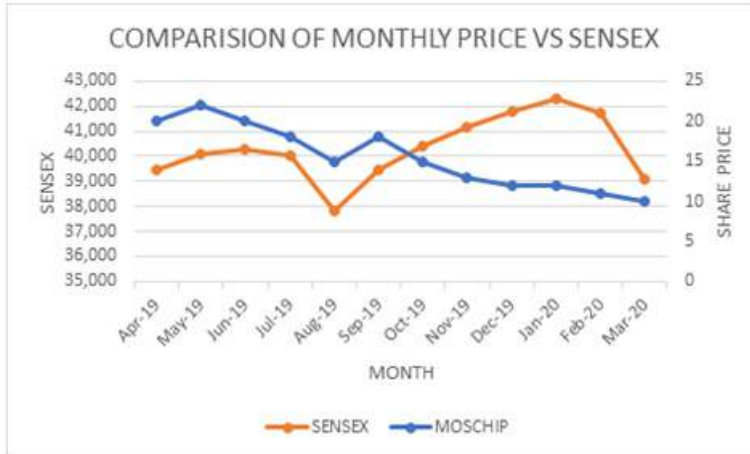
I. Market Price data High / Low during each month in the Financial Year 2019-20 and Performance in comparison to broad-based indices such as BSE Sensex.

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

Month & Year	MOSCHIP		SENSEX	
	High	Low	High	Low
Apr-19	19.60	15.15	39487.45	38460.25
May-19	22.00	17.75	40124.96	36956.10
Jun-19	19.55	15.85	40312.07	38870.96
Jul-19	17.50	11.00	40032.41	37128.26
Aug-19	14.85	10.01	37807.55	36102.35
Sep-19	18.17	9.27	39441.12	35987.80
Oct-19	15.44	11.85	40392.22	37415.83
Nov-19	13.35	10.22	41163.79	40014.23
Dec-19	11.75	9.19	41809.96	40135.37
Jan-20	12.37	9.50	42273.87	40476.55
Feb-20	11.35	8.72	41709.30	38219.97
Mar-20	10.30	6.40	39083.17	25638.90

j. Relative movement chart:

The Chart below gives the relative movement of the closing price of the Company's share and the closing price of the BSE Sensex between 01st April, 2019 to 31st March, 2020.



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

l. Share Transfer System

The applications for transfers, transmission etc., are received by the Company at Registered Office address at Hyderabad or at KFin Technologies 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.

KFin Technologies Pvt. Ltd. is the Common Share Transfer Agent for both Physical and Demat mode.

m. Distribution of Shareholding:

The Distribution of shareholding of the Company as on 31st March 2020 is as below:

DISTRIBUTION SCHEDULE AS ON 31/03/2020						
S. No	Category	Cases	% of Cases	No of Shares	Amount	% Amount
1	1-5000	17,042	91.11	7350227	1,47,00,454	4.65
2	5001-10000	692	3.70	26,18,878	52,37,756	1.66
3	10001-20000	397	2.12	30,30,053	60,60,106	1.92
4	20001-30000	155	0.83	18,97,153	37,94,306	1.20
5	30001-40000	106	0.57	19,07,955	38,15,910	1.21
6	40001-50000	51	0.27	11,55,898	23,11,796	0.73
7	50001-100000	122	0.65	43,82,130	87,64,260	2.77
8	100001 & Above	140	0.75	13,56,49,108	27,12,98,216	85.86
	Total	18,705	100	15,79,91,402	31,59,82,804	100

n. Share holding Pattern as on 31st March, 2020

Shareholding Pattern as on 31st March, 2020				
S.No	Description	No. of holders	No. of Shares	% to Equity
1	RESIDENT INDIVIDUALS	17,803	41,979,221	26.57
2	PROMOTERS	7	8,456,752	5.35
3	EMPLOYEES	21	2,989,273	1.89
4	NON RESIDENT INDIANS	64	788,811	0.50
5	CLEARING MEMBERS	15	25,757	0.02
6	INDIAN FINANCIAL INSTITUTIONS	1	5,374	0.00
7	FOREIGN PROMOTERS	7	2,862,130	1.81
8	BANKS	1	150	0.00
9	NON RESIDENT INDIAN NON REPATRIABLE	63	299,973	0.19
10	BODIES CORPORATES	169	4,336,043	2.74
11	FOREIGN PROMOTERS	2	81,727,739	51.73
12	H U F	534	861,503	0.55
13	FOREIGN CORPORATE BODIES	6	5,146,481	3.26
14	FOREIGN NATIONALS	14	8,314,725	5.26
15	EMPLOYEE TRUSTS	1	197,470	0.12
	Total:	18,705	157,991,402	100

o. 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 2020, 99.67% 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**.

p. Plant locations

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

Plant / Design Center	Location
Design Center	Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad – 500 034, Telangana, India
Design Center	2nd Floor, Galton Centre, Plot No.11, Shilpi Valley, Gafoornagar, Madhapur, Hyderabad – 500081, Telangana
Plant	Industrial Park, Laxmi Chambers, Plot No. C-5, A (P), Sy.No. 1, Beside line GVK Bio, Uppal, Hyderabad, 500039, Telangana, India

q. 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 Technologies 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:

KFin Technologies 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

r. BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, statement of investor complaints, among others are also filed electronically on the Listing Centre.

s. SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are centralized database of all complaints by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

t. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

S. No	Payments to the Statutory Auditors (excluding taxes)	Fees paid in Lakhs
1	Statutory Audit fees paid for Audit of the MosChip Technologies Limited including Limited Review & fee paid for any other services	3.45
2	Statutory Audit fees paid for Audit of the Maven Systems Private Limited including Limited Review & fee paid for any other services	1.55
3	Statutory Audit fees paid for Audit of the MosChip Institute Silicon Systems Private Limited including Limited Review & fee paid for any other services	0.55
	Total	5.55

s. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

S. No	Particulars	No
1	Number of complaints on Sexual harassment received during the year	Nil
2	Number of Complaints disposed off during the year	Not Applicable
3	Number of cases pending as on end of the financial year	Not Applicable

t. Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and likely impact on equity as of 31st March, 2020.

Your Company does not have outstanding GDR / ADR / Warrants as of 31st March, 2020.

u. Details of recommendation of Committees of the Board which were not accepted by the Board

Nil. All recommendations of the Committees of the Board were duly accepted by the Board.

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 2019-20, 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.

There has not been any non-compliance, penalties or strictures imposed on your Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.

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.

Confirmation of Compliance with the Corporate Governance Requirements Specified in Regulation 17 to 27 And Clauses (B) to (I) of Sub-Regulation 2 of Regulation 46 of SEBI Listing Regulations.

Regulation	Particulars of Regulation	Compliance Status (Yes/No/NA)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to(i)	Website	Yes

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. The Board

The Non-Executive Chairman is entitled to maintain the Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

b. 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.

c. Modified opinion(s) in audit report

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

d. 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.

Regulation 34(3) compliance of SEBI Listing Regulations

Your Company is in compliance with the disclosures required to be made under this report in accordance with the Act and regulation 34(3) read with Schedule V to the SEBI Listing Regulations.

Company Registration details

Your Company is registered in the State of Telangana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L31909TG1999PLC032184.

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 of the Listing Regulations.

COMPLIANCE CERTIFICATE FROM A PRACTICING 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 for Affirmance of Compliance with Code of Conduct

In compliance with Regulation 17 of the SEBI Listing Regulations and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct for all Directors and Senior Management personnel. The code is available on the Company's website www.moschip.com. The Code is applicable to all Board members and Senior Management personnel of your Company. Pursuant to Regulation 26(5) of the SEBI Listing Regulations, all members of senior management have confirmed that there are no material, financial and commercial transactions wherein they have a personal interest that may have a potential conflict with the interest of the Company at large. Pursuant to Regulation 26(3) of the SEBI Listing Regulations, all the Board members and senior management of your Company as on 31st March, 2020 have affirmed compliance with their respective Codes of Conduct. A Declaration to this effect, duly signed by the CEO is as below:

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 Technologies Limited have confirmed compliance with the Code of Conduct for the year ended March 31, 2020.

Place: Hyderabad
Date: 15th October, 2020

Venkata Sudhakar Simhadri
CEO

CEO & CFO CERTIFICATION

To
The Board of Directors
MosChip Technologies Limited
(formerly known as MosChip Semiconductor Technology Limited)
Hyderabad.

We, **Venkata Sudhakar Simhadri**, Managing Director & Chief Executive Officer and **Jayaram Susarla**, Chief Financial Officer of MosChip Technologies 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: 20th May, 2020

Venkata Sudhakar Simhadri
MD & CEO

Jayaram Susarla
CFO

**Certificate on compliance with the conditions of Corporate Governance under
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,
The Members,
MosChip Technologies Limited,
(formerly known as MosChip Semiconductor Technology Limited)
Plot No. 83 & 84, 2nd Floor,
Punnaiah Plaza Road No. 2,
Banjara Hills, Hyderabad – 500034.

We have examined the compliance of conditions of Corporate Governance by MosChip Technologies Limited (formerly known as MosChip Semiconductor Technology Limited) ('the Company') for the financial year ended on March 31, 2020, as stipulated under Regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27, clause (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with 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, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of 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 CP No.: 7999
UDIN: A022119B000849871**

Place : Hyderabad
Date : 03.10.2020

Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
MosChip Technologies Limited,
(formerly known as MosChip Semiconductor Technology Limited)
Plot No. 83 & 84, 2nd Floor,
Punnaiah Plaza Road No. 2,
Banjara Hills, Hyderabad – 500034.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of MosChip Technologies Limited, having CIN L31909TG1999PLC032184 and having registered office at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road No. 2, Banjara Hills, Hyderabad, Telangana-500034 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S.No.	Name of Director	DIN	Date of appointment in Company
01	Venkata Sudhakar Simhadri	01883241	26/10/2018
02	Pradeep Chandra Kathi	05345536	27/04/2018
03	Kadiri Ramachandra Reddy	00042172	31/08/2015
04	Prasad Gajjala	00026718	29/09/2006
05	Raja Praturi	01819707	29/09/2017
06	Govinda Prasad Dasu	00160408	28/05/2018
07	Gummadapu Damodar Rao	07027779	27/04/2018
08	Nalluri Madhurika Venkat	07147974	13/08/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of 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 CP No.: 7999
UDIN: A022119B000849814

Place : Hyderabad
Date : 03.10.2020

To
The Members
MosChip Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of MosChip Technologies Limited (the 'Parent Company') and its subsidiaries (the Company and its four subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated financial statements').

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended..

Basis for opinion

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

Key audit matters

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

Key Audit Matters

Key Audit Matter	Auditor's Response
<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p>	<p>We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> ➤ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. ➤ Tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, and inspection of evidence in respect of operation of these controls. ➤ Performed the following procedures: <ul style="list-style-type: none"> • Analysed and identified the distinct performance obligations in the contracts. • Compared these performance obligations with that identified and recorded by the Group. • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. • In respect of revenue recorded for time and material contracts were tested using combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.
<p>Acquisition of businesses within the -Group are recognised and accounted in the books in accordance with Ind AS 103 Business Combinations. The application of the accounting standard involves key management judgements relating to recognition and the valuation of assets and liabilities acquired, at fair values and the resultant goodwill. Refer Note 40 to the Consolidated Financial Statements. The carrying value of Goodwill resulting from such business combinations aggregated INR 718,563,386 as at 31st March,, 2020. Significant judgement is required by management in assessing the Goodwill impairment, if any, annually, which is determined using valuation techniques. The valuation is largely based on expected future cash flows, taking into account estimated growth rates and assumption with regard to discount rates. The assessment of impairment involves significant judgements and estimates. As such we consider this as a key audit matter.</p>	<p>For assessing the impairment, we have verified the following:</p> <ul style="list-style-type: none"> o Evaluated the internal sources and external sources of information to identify impairment indicators. o Assessed the reasonableness of key assumptions such as revenue growth rates and gross margin by comparing to commercial contracts and historical trend analyses used in development of free cash flows by the management. o Assessed the discount rates by making reference to comparable companies within the same industry. o Reviewed the management plans for the foreseeable future and events / factors which have an impact on the relevant business. o Evaluated management's sensitivity analysis around the key assumptions, to ascertain the extent of change in those assumptions that either individually or collectively would impact impairment analysis. o We analysed the management approved financial projections considered for assessment of investments values and significant management assumptions involved. These projections were evaluated for sensitivity of significant assumptions considered, which will have adverse impact on the recoverable value of such investments. o Tested the accounting entries of business combinations for the acquisition entries recorded during the financial year to verify if these were in accordance with Ind AS 103. o Held discussions with the Component Auditors for business combinations accounted in components not audited by us to verify compliance with the accounting standards.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Parent Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the entities 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 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 Consolidated 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 Parent Company, as aforesaid.

In preparing the Consolidated financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Parent Company and Subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditor's regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

We did not audit the financial statements / financial information of two foreign subsidiaries (one of the subsidiaries was merged with the other subsidiary during the year), whose financial statements / financial information (before eliminating inter company balances) reflects total assets of Rs. 113,400,447/- as at 31st March 2020, total revenues of Rs. 365,297,813/- and net cash inflows amounting to Rs. 948,252/- for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of Rs. 39,440,533/- for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of two foreign subsidiaries, whose financial statements have been audited by other auditors, whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Further, of these subsidiaries located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in United States of America and which have been audited by other auditor under generally accepted auditing standards applicable in United States of America. The Parent Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in United States of America to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent Company's management.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Parent Company and its subsidiaries which are incorporated in India as on 31st March, 2020 taken on record by the Board of Directors of respective companies, none of the directors of the Group Companies incorporated in India is disqualified as on 31st March, 2020 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 Group and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

-
2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 impact of pending litigations on its financial position of the Group.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or IndAS, 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 Parent Company and its subsidiaries incorporated in India.
3. **With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of amendments to section 197(16) of the Act:**

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid during the current year by the Parent Company and its subsidiaries, which are incorporated in India is in accordance with the provisions of section 197 and Schedule V of the Act. The remuneration paid to any director by the Parent Company and its subsidiaries, which are incorporated in India is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For S.T. Mohite & Co.,
Chartered Accountants
Firm Regn. No. 011410S

Sreenivasa Rao T Mohite
Partner
Membership No.015635
ICAI:UDIN:20015635AAAABU3457

Place: Hyderabad
Date: 20 May, 2020

**INDEPENDENT
AUDITOR'S REPORT**

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of MosChip Technologies Limited of even date)

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

In conjunction with our audit of the Consolidated financial statements of MosChip Technologies Limited ("the Parent Company") as of 31st March, 2020, We have audited the internal financial controls over financial reporting of the Parent Company and its subsidiaries which are incorporated in India for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent Company and its subsidiaries which are incorporate in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Parent Company and its subsidiaries, which are incorporated in India, 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 respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent Company and its subsidiaries which are incorporate 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 Companies Act, 2013, 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 internal financial controls system over financial reporting of the Parent Company and its subsidiaries which are incorporate in India.

Meaning of Internal Financial Controls with reference to Financial Statements.

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 Parent Company and its subsidiary companies, which are incorporated in India, have, 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 31st March 2020, based on the internal control over financial reporting criteria established by the Parent Company and its subsidiaries which are incorporate in India 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

Sreenivasa Rao T Mohite
Partner
Membership No.015635
ICAI:UDIN:20015635AAAABU3457

**Place : Hyderabad
Date : 20 May, 2020**

CONSOLIDATED

CONSOLIDATED BALANCE SHEET

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

PARTICULARS	Notes	As at 31 March 2020 Rs.	As at 31 March 2019 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	4	97,290,362	127,315,645
Goodwill	40	718,563,386	718,563,386
Other Intangible assets	5	146,480,937	201,605,434
Intangible assets under development	5	33,798,979	24,120,714
Financial assets			
Trade receivable	8	34,673,546	51,622,140
Deferred Tax Assets (Net)	36	549,663	312,682
Other Non-current assets	6	-	1,198,936
		1,031,356,873	1,124,738,937
Current Assets			
Inventories	7	27,659,138	50,261,168
Financial assets			
Trade receivable	8	280,826,292	349,032,560
Cash and cash equivalents	9 (a)	32,054,220	30,801,220
Other bank balances	9 (b)	1,904,516	2,167,536
Loan	10	108,539,170	111,079,899
Other financial assets	11	2,027,172	2,097,056
Current Tax Assets (Net)		58,487,181	67,009,505
Other current assets	12	66,848,502	106,303,162
		578,346,191	718,752,106
Total Assets		1,609,703,064	1,843,491,043
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	315,587,864	307,820,754
Other equity	14	307,193,273	721,993,381
Total equity		622,781,137	1,029,814,135
Non-current Liabilities			
Provisions	15	30,023,513	32,574,075
Financial liabilities			
Borrowings	17	1,754,331	2,003,892
Other financial liabilities	16	37,584,034	37,584,034
		69,361,878	72,162,001
Current Liabilities			
Financial liabilities			
Borrowings	17	621,732,035	466,652,330
Trade payable	18		
(a) total outstanding dues of micro and small enterprises			
(b) total outstanding dues other than (a) above		225,024,491	218,186,145
Other financial liabilities	16	803,518	777,938
Other current liabilities	19	50,405,005	44,196,728
Deferred tax liability	36	9,126	6,012,424
Provisions	15	19,585,874	5,689,342
Total current liabilities		917,560,049	741,514,907
Total liabilities		986,921,927	813,676,908
Total equity and liabilities		1,609,703,064	1,843,491,043
See accompanying notes forming part of the Consolidated Financial Statements 1 to 43			

As per our report of even date attached
For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Place : Hyderabad
Date : 20 May 2020

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

Jayaram Susarla
Chief Financial Officer

Place : Hyderabad
Date : 20 May 2020

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLC032184

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

CONSOLIDATED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

PARTICULARS	Notes	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
I Income			
Revenue from operations	20	993,206,996	747,586,683
Other income	21	17,825,045	16,661,879
Total Income		1,011,032,041	764,248,562
II Expenses			
Cost of material consumed	22	127,723,946	89,738,494
Changes in inventories of finished goods	23	-	5,846,385
Other operating expenses	24	127,074,644	101,474,448
Employee benefits expenses	25	780,810,328	581,623,124
Finance costs	26	63,755,338	47,860,283
Depreciation and amortisation expense	5a	93,748,352	86,984,334
Other expenses	27	108,670,376	114,367,710
Total expense		1,301,782,984	1,027,894,778
III Loss before exceptional item and tax (I - II)		(290,750,943)	(263,646,216)
IV Exceptional Item	28	173,695,630	15,497,791
V Loss before tax (III - IV)		(464,446,573)	(279,144,007)
VI Tax expense			
Current tax		1,920,275	2,532,466
Tax adjustments for earlier years		149,063	-
Deferred tax	36	(6,366,032)	7,083,673
Total tax expense		(4,296,694)	9,616,139
VII Loss after tax (V - VI)		(460,149,879)	(288,760,146)
VIII Other comprehensive income			
A) Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan	32	3,294,292	3,577,434
B) Items that will be reclassified to profit or loss:			
Exchange difference on translating foreign operations		2,531,673	(333,441)
Total Other Comprehensive (Income) / loss:		5,825,965	3,243,993
IX Total comprehensive loss for the year (VII + VIII)		(465,975,844)	(292,004,139)
Earnings per equity share (nominal value of INR 2) in INR	35		
Basic		(2.92)	(1.95)
Diluted		(2.86)	(1.92)
See accompanying notes forming part of the Consolidated Financial Statements 1 to 43			

As per our report of even date attached
For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLC032184

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 20 May 2020

Place : Hyderabad
Date : 20 May 2020

CONSOLIDATED STATEMENT OF CASH FLOW**CONSOLIDATED**

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

	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
A Cash flow from operating activities		
Loss before tax	(464,446,573)	(279,144,007)
Adjustments for:		
Depreciation of property, plant and equipment	38,578,855	55,357,848
Amortisation of intangible assets	55,169,497	31,626,486
Interest income	(8,265,499)	(1,805,296)
Finance costs	63,755,338	47,860,283
Bad debts and provision for doubtful debts	168,748,217	15,497,791
Share based payments	17,144,592	9,281,962
Provision for employee benefits	10,061,321	13,327,522
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(95,764,233)	2,288,597
(Increase)/ decrease in inventories	22,602,030	8,307,667
(Increase)/ decrease in Loan	2,540,729	(3,873,413)
(Increase)/ decrease in Other current asset	39,454,660	(15,136,750)
(Increase)/ decrease in trade receivables Non Current	16,948,594	(3,198,177)
(Increase)/ decrease in Other non-current assets	1,198,936	1,198,936
Increase/ (decrease) in Provisions	(2,009,644)	2,482,763
Increase/ (decrease) in Trade Payable	7,463,334	(44,008,921)
Increase/ (decrease) in current liabilities	6,208,277	2,757,199
	(120,611,569)	(157,179,510)
Income tax paid	6,452,985	(28,557,995)
Net cash flows used in operating activities	(114,158,584)	(185,737,505)
B Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work in progress)	(8,146,852)	(9,592,964)
Purchase of Other intangible Assets	(45,000)	(98,367)
Purchase of Other intangible Assets under development	(9,678,264)	(27,064,774)
(Investments in)/ redemption of bank deposits	263,020	21,982,803
Payment of consideration for acquisition of business	-	(67,012,700)
Interest received (finance income)	3,557,667	1,863,114
Net cash flows used in investing activities	(14,049,429)	(79,922,888)
C Cash flow from financing activities		
Proceeds from Issue of Share Capital / Share warrants	41,798,252	438,361,381
Proceeds / (repayment) from borrowings, net	119,254,183	(127,317,444)
Finance cost paid	(29,059,750)	(39,027,424)
Net cash flows from financing activities	131,992,685	272,016,513
Net increase / (decrease) in cash and cash equivalents (A+B+C)	3,784,673	6,356,120
Cash and cash equivalents at the beginning of the year	30,801,220	14,185,639
Increase in Cash and Cash Equivalents on Amalgamation	-	10,592,902
Movement in Foreign currency translation reserve	(2,531,673)	(333,441)
Cash and cash equivalents at the end of the year (refer note 9 (a))	32,054,220	30,801,220

See accompanying notes forming part of the Consolidated Financial Statements

As per our report of even date attached
For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Place : Hyderabad
Date : 20 May 2020

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

Jayaram Susarla
Chief Financial Officer

Place : Hyderabad
Date : 20 May 2020

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLC032184

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

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

CONSOLIDATED

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

As of 1 April 2018		Change in Equity share Capital during the year		As at 31 March, 2019	
Shares	Amount	Shares	Amount	Shares	Amount
131,297,315	262,594,630	22,613,062	45,226,124	153,910,377	307,820,754
As of 1 April 2019		Change in Equity share Capital during the year		As at March 31, 2020	
Shares	Amount	Shares	Amount	Shares	Amount
153,910,377	307,820,754	3,883,555	7,767,110	157,793,932	315,587,864

b. Other Equity

Particulars	Share Application Money pending Allotment	Money received against warrants	Capital reserve	Reserves and Surplus		Retained Earnings	Other Comprehensive Income Foreign Currency Translation Reserve	Remeasurement of the net defined benefit plans	Total
				Securities Premium	Share option outstanding account				
As at 1 April 2018	690,091	36,360,765	144,236,010	571,566,075	1,270,388	(619,426,850)	23,251,876	(33,030)	157,915,325
Loss for the year	-	-	-	-	-	(288,760,146)	-	-	(288,760,146)
Other comprehensive income (Net)	-	-	-	-	-	-	333,441	(3,577,434)	(3,243,993)
Total comprehensive income for the year	(690,091)	-	-	-	-	(288,760,146)	333,441	(3,577,434)	(292,004,139)
Refund of share application money	-	-	-	-	-	-	-	-	(690,091)
Forfeiture of warrants	-	(3,256,157)	3,256,157	-	-	-	-	-	-
Issue of equity shares for acquisition (on swap basis)	-	419,315,943	-	-	-	-	-	-	419,315,943
Transfer from share option outstanding account on exercise of stock options	-	-	-	210,112,000	-	-	-	-	210,112,000
Additions on account of Amalgamation	-	-	-	216,354,835	-	-	-	-	216,354,835
Received on exercise of stock options	-	-	-	786,096	(786,096)	-	-	-	-
Amortised amount of share based payments to employees (net)	-	-	-	1,100,470	-	-	-	-	1,100,470
Transfer from share option outstanding account on exercise of stock options	-	-	-	-	9,281,962	-	-	-	9,281,962
Issue of fresh equity shares on preferential basis	-	-	-	17,200,000	-	-	-	-	17,200,000
Conversion of equity warrants to equity shares	-	(232,418,422)	-	215,825,498	-	-	-	-	(16,592,924)
As at 31 March 2019	220,002,129	220,002,129	147,492,167	1,232,944,974	9,766,254	(905,186,996)	23,585,317	(3,610,464)	721,993,381
Loss for the year	-	-	-	-	-	(460,149,879)	-	-	(460,149,879)
Other comprehensive income (Net)	-	-	-	-	-	-	(2,531,673)	(3,294,292)	(5,825,965)
Total comprehensive income for the year	-	-	-	-	-	(460,149,879)	(2,531,673)	(3,294,292)	(465,975,844)
Issue of warrants	-	39,999,994	-	-	-	-	-	-	39,999,994
Forfeiture of warrants	-	(100,002,148)	100,002,148	-	-	-	-	-	-
Reclassification of actuarial gain / loss to retained earnings	-	-	-	-	-	(4,806,021)	-	4,806,021	-
Received on exercise of stock options	-	-	-	1,142,260	-	-	-	-	1,142,260
Transfer from share option outstanding account on exercise of stock options	-	-	-	886,830	(886,830)	-	-	-	-
Amortised amount of share based payments to employees (net)	-	-	-	-	-	-	-	-	-
Conversion of equity warrants to equity shares	-	(159,999,975)	-	152,888,865	-	-	-	-	17,144,592
As at 31 March 2020	-	-	247,494,315	1,387,862,929	26,024,016	(1,373,142,896)	21,053,644	(2,098,735)	307,193,273

See accompanying notes forming part of the Consolidated Financial Statements 1 to 43

As per our report of even date attached

For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 0114105

Sreenivasa Rao T Mohite
Partner
Membership No. 0156635

Place : Hyderabad
Date : 20 May 2020

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

Jayaram Susarla
Chief Financial Officer
Place : Hyderabad
Date : 20 May 2020

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLC032184

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED

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

1 Corporate Information

MosChip Technologies Limited ('the Company') was incorporated in 1999 as a private limited company under the Companies Act, 1956 and got listed in Bombay Stock Exchange (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. which is its principal place of business. As on 31 March 2020, the Company has four wholly owned subsidiary companies in India and USA, Oshine Global Pte Limited is the holding Company and EIJI Holdings Pte Limited is the ultimate holding company of the Group.

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

Name of the Company has changed from MosChip Semiconductor Technology Limited to MosChip Technologies Limited with effective from 05 March 2019.

The Consolidated Financial Statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on 20 May 2020.

2 Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

2.2 Basis of Consolidation:

The Consolidated Financial Statements comprise the Financial Statements of MosChip Technologies Limited and its subsidiaries (the Company and its Subsidiaries constitute "the Group").

The Company has consolidated all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

Following are the Subsidiary companies as on 31 March 2020 & 31 March 2019 and the same are consolidated for the purpose of this Consolidated Financial Statement.

Name of the Company	Country of Incorporation	% Holding as on 31 March 2020	% Holding as on 31 March 2019
Maven Systems Private Limited (Maven)	India	100% Subsidiary	100% Subsidiary
MosChip Technologies, USA (M USA)	USA	100% Subsidiary	100% Subsidiary
Moschip Institute Of Silicon Systems Private Limited (MISS)	India	100% Subsidiary	100% Subsidiary
Gigacom Semiconductor, LLC, USA (GC USA)*	USA	-	100% Subsidiary

* Gigacom Semiconductor, LLC, USA (GC USA) merged with MosChip Technologies, USA (M USA) WEF 7 October 2019

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

2.3 Basis of preparation of Consolidated Financial Statements:

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee. The functional currency of foreign subsidiaries is the currency of the primary economic environment in which the entity operates.

These Consolidated Financial Statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method.

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 acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition related costs are generally recognized in statement of 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; 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 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.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

2.7 Critical accounting judgements and estimates

"In the application of the Group's accounting policies, which are described in note 3, the management of the Group 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 Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:"

Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements, has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Group. The Group has performed sensitivity analysis on the assumptions used and, based on the current estimates, expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these Consolidated financial statements.

Provision and contingent liability

On an ongoing basis, Group 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

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions

Provision is recognised when the Group 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

The Group derives revenues primarily from Information Technology services comprising software development, consulting and related services.

The Group's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc."
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion

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

of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations."

- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method."
- Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonus, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers."

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group 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

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to MosChip's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts.

3.3 Foreign currencies

In preparing the Consolidated Financial Statements of the Group, transactions in currencies other than the Group'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 statement of 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 statement of 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

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 Group 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 provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

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

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

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.

3.8 Goodwill and other intangible assets

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combinations.

Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

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.

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.

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.

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

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 Group are segregated.

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 Group 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 Group'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.

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 Group 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 Group'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

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

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 Group 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 Group 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 Group'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 Group 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 Group 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;
- fair value through profit and loss (FVTPL)

**NOTES FORMING PART OF
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Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group 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 Group 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 Group 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 Group'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 Group'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 Group 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 Group 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 Group'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

**NOTES FORMING PART OF
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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 Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group 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 Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

At each reporting date, the Group 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 Group on terms that the Group would not consider otherwise;

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- 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 Group 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 Group 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 Group 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 Group'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 Group in accordance with the contract and the cash flows that the Group 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 Group 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 Group's procedures for recovery of amounts due.

3.17 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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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 Tangible Assets
Cost										
At April 1, 2019	147,909,544	148,125	721,992	2,083,097	36,152	1,486,147	1,424,371	6,551,413	273	160,361,114
Additions	-	71,668	11,585,898	69,630	174,551	4,572,908	4,111,675	3,862,091	2,566,198	27,004,619
Less: Deletions	-	-	1,358,819	2,200	-	1,283,168	545,777	251,246	-	3,441,210
On account of Merger	-	300,599	-	-	1,466,986	1,700,828	-	1,318,851	2,699,922	7,487,186
On account of Acquisition	-	257,374	-	-	307,475	973,093	-	4,486,458	-	6,024,400
At March 31, 2019	147,909,544	777,766	10,949,071	2,150,527	1,985,164	7,449,808	4,990,269	15,967,567	5,256,393	197,436,109
Additions	-	-	-	-	475,000	3,057,385	449,099	4,572,088	-	8,553,572
At March 31, 2020	147,909,544	777,766	10,949,071	2,150,527	2,460,164	10,507,194	5,439,368	20,539,655	5,256,393	205,989,681
Accumulated depreciation										
At April 1, 2018	14,831,477	148,125	721,992	306,638	16,744	446,693	400,193	3,432,462	273	20,304,597
Charge for the year	29,569,847	318,206	12,500,265	418,912	1,124,287	4,358,988	2,733,865	3,777,152	556,327	55,357,848
Less: Deletions	-	-	3,358,809	2,200	-	1,417,887	374,810	388,275	-	5,541,981
At March 31, 2019	44,401,324	466,331	9,863,448	723,350	1,141,031	3,387,794	2,759,248	6,821,339	556,600	70,120,464
Charge for the year	29,581,908	46,669	1,047,290	425,415	280,861	1,013,570	667,391	4,867,851	647,900	38,578,855
At March 31, 2020	73,983,232	513,000	10,910,738	1,148,765	1,421,892	4,401,364	3,426,638	11,689,190	1,204,500	108,699,319
Carrying amount										
At April 1, 2018	133,078,067	-	-	1,776,459	19,408	1,039,454	1,024,178	3,118,951	-	140,056,517
At March 31, 2019	103,508,220	311,435	1,085,623	1,427,177	844,133	4,062,015	2,231,021	9,146,228	4,699,793	127,315,645
At March 31, 2020	73,926,312	264,766	38,333	1,001,762	1,038,272	6,105,830	2,012,730	8,850,465	4,051,893	97,290,362

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5 Intangible assets

Particulars	Design & Development	Computer Software's	Total Intangible assets	Intangible assets under development
Cost				
At April 1, 2018	29,521,240	759,653	30,280,893	86,544,239
Additions	207,055,455	98,367	207,153,822	(62,423,525)
At March 31, 2019	236,576,695	858,020	237,434,715	24,120,714
Additions	-	45,000	45,000	9,678,265
At March 31, 2020	236,576,695	903,020	237,479,715	33,798,979
Accumulated amortisation				
At April 1, 2018	3,867,804	334,991	4,202,795	-
Amortisation expenses	31,443,721	182,765	31,626,486	-
At March 31, 2019	35,311,525	517,756	35,829,281	-
Amortisation expenses	55,070,095	99,402	55,169,497	-
At March 31, 2020	90,381,620	617,158	90,998,778	-
Carrying amount				
At April 1, 2018	25,653,436	424,662	26,078,098	86,544,239
At March 31, 2019	201,265,170	340,264	201,605,434	24,120,714
At March 31, 2020	146,195,075	285,862	146,480,937	33,798,979

5a Depreciation and amortisation expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation	38,578,855	55,357,848
Amortisation	55,169,497	31,626,486
Total	93,748,352	86,984,334

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	As at 31 March 2020	As at 31 March 2019
6 Other assets		
Non-current assets		
Unsecured, considered good		
Advances to employees*	-	1,198,936
	-	1,198,936
*Carried at fair value through statement of profit and loss		
7 Inventories*		
Inventories consist of the following:		
Hardware and Product Component for IoT	27,659,138	50,261,168
	27,659,138	50,261,168
*Inventories are carried at lower of cost and net realisable value.		
8 Trade receivable		
Unsecured, considered good		
Non-current		
Trade receivables	34,673,546	51,622,140
Less: Allowance for doubtful trade receivable	-	-
	34,673,546	51,622,140
Current		
Trade receivables	298,627,781	349,032,560
Less: Allowance for doubtful trade receivables	(17,801,489)	-
	280,826,292	349,032,560
9(a) Cash and bank balances :		
Cash and cash equivalents		
Balances with banks:		
- in Current account	22,139,114	20,749,540
- in Deposit account	9,915,106	10,051,680
	32,054,220	30,801,220
9(b) Other bank balances		
Term deposits with Banks with original maturities of less than 1 year*	1,904,516	2,167,536
Total Other bank balances	1,904,516	2,167,536
*Balances held as Margin Money/Security towards obtaining Bank Guarantees		

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	As at 31 March 2020	As at 31 March 2019
10 Loans-current		
Unsecured, considered good		
Security deposits	108,539,170	111,079,899
	108,539,170	111,079,899
11 Other current financial assets		
Unsecured, considered good		
Earnest Money Deposits	1,981,521	1,981,521
Interest accrued on deposits	45,651	115,535
	2,027,172	2,097,056
12 Other current assets		
Unsecured, considered good		
Advances to employees	1,369,228	2,275,923
Balance with Government Authorities	1,752,938	4,473,251
Indirect tax recoverable	1,038,756	4,774,055
Advance to Vendors	4,588,798	52,557,392
Prepaid expenses	8,330,552	11,814,887
Unbilled revenue	49,768,230	30,407,654
	66,848,502	106,303,162
13 Equity share capital		
Authorised Share Capital		
282,705,000 (March 31, 2019: 282,705,000) equity shares of Rs.2/- each	565,410,000	565,410,000
Issued, subscribed and fully paid-up		
157,991,402 (March 31, 2019: 147,249,777) equity shares of Rs.2/- each fully paid-up	315,982,804	294,499,554
Nil (March 31, 2019 : 6,899,070) equity shares of Rs.2/- each fully paid-up to the members of transferor companies (Refer note (f))	-	13,798,140
Less: 197,470 (March 31, 2019: 238,470) Equity shares of Rs. 2/- each fully paid-up issued to MosChip ESOP Trust but not allotted to employees.	(394,940)	(476,940)
Adjusted: Issued, subscribed and fully paid-up	315,587,864	307,820,754

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	154,148,847	308,297,694	131,576,815	263,153,630
Issued during the year	3,842,555	7,685,110	15,672,962	31,345,924
Share issued on account of amalgamation	-	-	6,899,070	13,798,140
Total	157,991,402	315,982,804	154,148,847	308,297,694
Less: Equity shares of Rs. 2/- each fully paid-up issued to MosChip ESOP Trust but not allotted to employees.	(197,470)	(394,940)	(238,470)	(476,940)
Outstanding at the end of the year	157,793,932	315,587,864	153,910,377	307,820,754

(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	As at 31 March 2020		As at 31 March 2019	
	No. of equity shares held	% holding	No. of equity shares held	% holding
Oshine Global Pte Limited	81,531,739	51.61%	81,531,739	52.89%
EIJI Holdings Pte Limited (Ultimate holding Company)	196,000	0.12%	196,000	0.13%

(d) Of the above issued shares 81,531,739 (31 March 2019 - 81,531,739) equity shares held by holding company namely Oshine Global Pte Ltd and 196,000 (31 March 2019 - 196,000) equity shares are held by Ultimate holding Company namely EIJI Holdings Pte Limited.

(e) Of the above, 13,599,070 equity shares issued as fully paid for consideration other than cash in connection with acquisition of subsidiary and scheme of arrangements.

(f) During the previous year two companies namely "First Pass Semiconductors Private Limited" (FPS) and "Gigacom Semiconductor Private Limited" (GSPL) are amalgamated in to the Company under the Scheme of arrangement for amalgamation duly approved by Honourable National Company Law Tribunal (NCLT), Hyderabad bench and certified true copy of the order is obtained on 05 December 2019 and National Company Law Tribunal, Amaravati bench vide its order dated 03 December 2019 with the appointed date is 01 April 2018. The Scheme came into effect on 05 December 2019, the day on which both the orders were delivered to the Registrar of the Companies.

In Pursuant to the order of NCLT, Hyderabad and Amaravathi bench, towards discharge of consideration, the Company has allotted 68,99,070 equity shares of Rs. 2/- each fully paid to the equity shareholders of GSPL and FPS on 18th December, 2019.

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	As at 31 March 2020	As at 31 March 2019
14 Other equity		
a) Share Application Money pending Allotment		
Opening balance	-	690,091
Additions during the year	-	(690,091)
Closing balance	-	-
b) Money received against warrants		
Opening balance	220,002,129	36,360,765
Forfeiture of share warrants	(100,002,148)	(3,256,157)
Issue of share warrants	39,999,994	419,315,943
Conversion of warrants to equity shares	(159,999,975)	(232,418,422)
Closing balance	-	220,002,129
c) Capital Reserve		
Opening balance	147,492,167	144,236,010
Forfeiture of share warrants	100,002,148	3,256,157
Closing balance	247,494,315	147,492,167
d) Securities Premium		
Opening balance	1,232,944,974	571,566,075
Conversion of warrants to equity shares	152,888,865	215,825,498
Issue of equity shares for acquisition (on swap basis)	-	210,112,000
Additions on account of Amalgamation	-	216,354,835
Transfer from share option outstanding account on exercise of stock options	886,830	786,096
Received on exercise of Stock options	1,142,260	1,100,470
Issue of fresh equity shares on preferential basis	-	17,200,000
Closing balance	1,387,862,929	1,232,944,974
(i) Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.		
(ii) Securities Premium includes share premium at Rs. 31.36 per equity share on 6,899,070 equity shares issued to the member of GSPL and FPS under the scheme of arrangement for amalgamation approved by NCLT.		
e) Share option outstanding account		
Opening balance	9,766,254	1,270,388
Additions during the year	17,144,592	9,281,962
Transfer from share option outstanding account on exercise of stock options	(886,830)	(786,096)
Closing balance	26,024,016	9,766,254
f) Retained earnings		
Opening balance	(908,186,996)	(619,426,850)
Reclassification of actuarial gain / loss to retained earnings	(4,806,021)	-
Loss for the year	(460,149,879)	(288,760,146)
Closing balance	(1,373,142,896)	(908,186,996)

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	As at 31 March 2020	As at 31 March 2019
g) Other Comprehensive Income		
(i) Remeasurement of the net defined benefit plans		
Opening balance	(3,610,464)	(33,030)
Reclassification of actuarial gain / loss to retained earnings	4,806,021	-
Additions during the year	(3,294,292)	(3,577,434)
Closing balance	<u>(2,098,735)</u>	<u>(3,610,464)</u>
(ii) Foreign currency translation reserve (FCTR)		
Opening balance	23,585,317	23,251,876
Additions during the year	(2,531,673)	333,441
Closing balance	<u>21,053,644</u>	<u>23,585,317</u>
Total other equity	<u>307,193,273</u>	<u>721,993,381</u>
15 Provisions		
Non-Current		
Provision for employee benefits		
- Gratuity (refer note 32)	22,832,211	21,685,962
- Compensated absences	5,886,111	10,888,113
Provision for Warranty	1,305,191	-
	<u>30,023,513</u>	<u>32,574,075</u>
Current		
Provision for employee benefits		
- Gratuity (refer note 32)	12,217,614	1,535,670
- Compensated absences	7,368,260	4,153,672
	<u>19,585,874</u>	<u>5,689,342</u>
16 Other financial liabilities		
Non Current		
Royalty Payable	37,584,034	37,584,034
	<u>37,584,034</u>	<u>37,584,034</u>
Current		
Capital creditors	803,518	777,938
	<u>803,518</u>	<u>777,938</u>
17 Borrowings		
Non-Current		
Secured loans		
Vehicle Loans (refer note i)	1,754,331	2,003,892
	<u>1,754,331</u>	<u>2,003,892</u>
Current- Borrowings		
Unsecured Borrowings		
- From banks (refer note ii)	160,313,738	163,455,384
- From related parties (refer note 29)	461,418,297	303,196,946
	<u>621,732,035</u>	<u>466,652,330</u>
Note		
i) Vehicle Loans are secured by first charge and hypothecation of vehicles. Such loans are repayable over a period of 84 months and carry interest rate at 9.40% p.a.		

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	As at 31 March 2020	As at 31 March 2019
ii) The Group has obtained Over Draft facility from bank for an amount of Rs.15.00 crores. The said Over Draft facility from bank is secured by charge on time deposit of third party offered as collateral security and line of credit from bank for an amount of \$ 150,000, which is secured by personally guarantee given by the director's of the Company.		
18 Trade payables		
Trade payables		
(a) total outstanding dues of micro and small enterprises (refer note 33)	-	-
(b) total outstanding dues other than (a) above	<u>225,024,491</u>	<u>218,186,145</u>
	<u>225,024,491</u>	<u>218,186,145</u>
19 Other liabilities		
Current		
Statutory liabilities	39,424,193	26,666,661
Advance from customer	9,194,800	14,325,603
Revenue received in advance	<u>1,786,012</u>	<u>3,204,464</u>
	<u>50,405,005</u>	<u>44,196,728</u>

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	Year ended 31 March 2020	Year ended 31 March 2019
20 Revenue from operations		
IoT Business unit	145,287,457	148,134,064
Semiconductor services / Products	847,919,539	599,452,619
	993,206,996	747,586,683
21 Other income		
Interest income	5,590,437	1,805,296
Interest on Income-tax refund	2,675,062	169,212
Foreign exchange gain	8,206,947	8,475,736
Miscellaneous income	1,352,599	6,211,635
	17,825,045	16,661,879
22 Cost of material consumed		
Opening stock	44,938,906	47,346,403
Add: Purchases during the year	110,444,178	87,330,997
Less: Closing stock	27,659,138	44,938,906
	127,723,946	89,738,494
23 Changes in inventories of finished goods		
Opening Stock	-	5,846,385
Closing Stock	-	-
	-	5,846,385
24 Other operating expenses		
Outsourcing Services	74,629,941	75,326,429
Software tools cost	26,053,042	5,997,608
Installation & Data Charges	9,507,623	6,945,154
Job work Charges	15,460,531	11,751,646
Other expenses	1,423,507	1,453,611
	127,074,644	101,474,448
25 Employee benefits expense		
Salaries, wages and bonus	722,690,378	547,360,952
Contribution to provident and other funds	20,703,943	11,456,677
Share based payment expenses	17,144,592	9,281,962
Staff welfare expenses	20,271,415	13,523,533
	780,810,328	581,623,124
26 Finance costs		
Interest on working capital loan	16,128,076	13,966,393
Interest on other loans	46,493,835	32,821,232
Bank charges	1,133,427	1,072,658
	63,755,338	47,860,283

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	Year ended 31 March 2020	Year ended 31 March 2019
27 Other expenses		
Software expenses	882,372	2,356,757
Power and fuel	7,363,126	6,845,759
Director sitting fee	1,500,000	1,870,000
Repairs and maintenance	1,266,110	1,730,775
Auditors remuneration (refer note 31)	2,295,124	2,291,430
Postage, telegram and telephone expenses	1,116,756	1,760,924
Lease rentals (refer note 34)	36,222,572	34,822,602
Rent on equipment's	3,814,250	3,228,678
Business promotion and advertisement expenses	690,884	5,733,029
Security expenses	1,873,009	1,995,335
Travelling and conveyance	15,837,157	11,502,633
Rates and taxes	326,694	1,987,856
Professional charges	13,117,656	16,985,765
Printing and stationary	411,491	391,769
Communication expenses	2,090,421	1,262,139
Insurance	981,674	1,132,905
Loss on sale of property, plant and equipment, net	-	789,521
Office maintenance	7,527,386	4,941,746
Subscription charges	3,286,388	2,387,557
General expenses	8,067,306	10,350,530
	108,670,376	114,367,710
28 Exceptional Item (refer note 41)		
Bad debts written off	150,947,156	15,497,791
Provision for doubtful debts	17,801,061	-
Written down value of Inventory	4,947,413	-
	173,695,630	15,497,791

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28a Contingent liabilities and commitments

Particulars	As at 31 March 20	As at 31 March 19
i) Contingent liabilities:		
- Corporate guarantees given on behalf of related parties	1,904,516	2,167,536

29 Related party disclosures

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

Name of the parties	Relation as on 31 March 2020
EIJI Holding Pte Limited	Ultimate Holding Company
Oshin Global Pte Limited	Holding Company
Directors and relatives *	
Mr. K. Ramachandra Reddy	Non-Executive Director
Mrs. Asha Nimmagadda	Relative of Promoter of Holding company
Mr. Gunapati Venkata Pranav Reddy	Relative of Promoter of Holding company
Mr. Damodar Rao Gummadapu	Non-Executive Director
Key Management Personnel and relatives *	
Mr. Venkata Sudhakar Simhadri - Managing Director & Chief Executive Officer	Key Management Personnel
Mr. Jayaram Susarla - Chief Financial Officer	Key Management Personnel
Mr. Suresh Bachalakura - Company Secretary	Key Management Personnel
Mrs. Srilakshmi Simhadri	Relative of Managing Director and Chief Executive Officer
Others *	
Jaagruthi Info Technologies Private Limited	Director has significant influence
IQuest Enterprises Private Limited	Common Shareholder through Holding Company
Mapple Enterprises Private Limited	Common Shareholder through Holding Company
Mayuka Holdings Private Limited	Common Shareholder through Holding Company
Techwave Consulting Inc, USA	Director has significant influence
Techwave Infotech Private Limited	Director has significant influence
Magica Sports Ventures Private Limited	Common Director in Holding company and Magica Sports
Srinivasa Resorts Limited (ITC Kakatiya)	Relative of Promoter of Holding company
* In terms of Para 18 of Ind AS 24, the above list represents only the directors, KMP's and relatives, who are having transactions with the Company.	
As per clause 8 of general instruction to Division II of Schedule III to the Companies Act, the above related parties are identified as per the terms and meaning assigned in Ind AS 24 Related Party Disclosures.	

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

Particulars	Year ended 31 March 20	Year ended 31 March 19
Loans received from		
IQuest Enterprises Private Limited	-	45,000,000
Mapple Enterprises Private Limited	10,000,000	40,000,000
Mayuka Holdings Private Limited	183,000,000	-
Loans - Repayment		
Jaagruthi Info Technologies Private Limited	40,000,000	50,000,000
IQuest Enterprises Private Limited	-	45,000,000
Mapple Enterprises Private Limited	-	20,000,000
Techwave Infotech Private Limited	-	10,000,000
Mr. K Ramachandra Reddy	40,000,000	120,000,000
Allotment of equity shares / warrants		
EIJI Holding Pte Limited (196,000 equity shares @ 45)	-	8,820,000
Oshin Global Pte Limited (6,074,240 equity shares @ 21.8)	-	132,418,432
Mr. Damodar Rao Gummadapu (204,000 equity shares @ 45)	-	9,180,000
Mr. Venkata Sudhakar Simhadri (Preferential allotment) (4,516,634 equity shares @ 33.36) ##	-	150,674,910
Mrs. Srilakshmi Simhadri (84,349 equity shares @ 33.36) ##	-	2,813,883
Mr. K Ramachandra Reddy (Preferential allotment) (3,555,555 shares @ 45 (converted warrants to shares during the year) (PY 3,555,555 Warrants @ 45)) (amount received)	40,000,000	120,000,000
Interest expenses		
IQuest Enterprises Private Limited	-	11,878,767
Jaagruthi Info Technologies Private Limited	4,676,710	7,890,408
Mrs. Asha Nimmagadda	9,024,660	9,000,002
Mapple Enterprises Private Limited	6,243,616	4,052,055
Mayuka Holdings Private Limited	17,618,849	-
Other Expenses		
Magica Sports Ventures Private Limited	2,500,000	5,800,000
Remuneration		
Mr. Gunapati Venkata Pranav Reddy	3,600,000	3,600,000
Transactions with Key Management Personal		
Remuneration to Managing Director and CEO	14,400,000	12,510,593
Interest on loan given by Managing Director and CEO	888,571	-
Number of Stock Options Granted/outstanding to Directors	1,000,000	1,000,000
Remuneration to other Key Management Personal	6,101,500	5,802,778
Number of Stock Options Granted/outstanding to Key Management Personal	17,000	27,000
## The Company has allotted shares as part of acquisition of Gigacom Semiconductor, LLC		
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 Group as a whole and hence individual amount cannot be determined.		

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c) Balances outstanding:

Particulars	As at 31 March 20	As at 31 March 19
Trade and other payables		
Techwave Infotech Private Limited	47,882,682	47,882,682
Magica Sports Ventures Private Limited	8,700,000	5,800,000
Srinivasa Resorts Limited	-	186,517
Loan & Interest Payable		
Mapple Enterprises Private Limited	10,791,415	185,172,163
Mayuka Holdings Private Limited	388,856,964	
IQuest Enterprises Private Limited	2,442,741	2,442,741
Ms. Asha Nimmagadda	20,261,094	12,138,904
Jaagruthi Infotech Private Limited	21,310,415	57,101,371
Mr. Venkata Sudhakar Simhadri	17,755,668	5,892,286
Mr. K Ramachandra Reddy	-	40,449,481

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, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. 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.

30 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 Group decision maker is the Chief Executive Officer. The Group has identified business segments as reportable segments. Accordingly, Semiconductor and IoT has been disclosed as business segments.

Segregation of assets (except for specific assets), liabilities (except for specific segment liabilities), depreciation and other non-cash expenses into various business segments have not been done as the assets are used interchangeably between segments and the Group 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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A Business Segment

	Year ended 31 March 20	Year ended 31 March 19
Revenue		
Semiconductor services	847,919,539	599,452,619
IoT	145,287,457	148,134,064
Total	<u>993,206,996</u>	<u>747,586,683</u>
Direct cost		
Semiconductor services	742,977,784	580,262,397
IoT	261,807,083	197,565,730
Segment results		
Semiconductor services	104,941,755	19,190,222
IoT	(116,519,626)	(49,431,666)
Net Operational Income	<u>(11,577,871)</u>	<u>(30,241,444)</u>
Other Income	(17,825,045)	(16,661,879)
Less - Un allocated expenses	313,190,058	130,719,824
Finance charges	63,755,338	47,860,283
Depreciation and Amortisation expenses	93,748,352	86,984,334
Loss before tax	<u>(464,446,573)</u>	<u>(279,144,007)</u>
Tax expenses	(4,296,694)	9,616,139
Loss after tax	<u>(460,149,879)</u>	<u>(288,760,146)</u>

Statement of Segment assets and Segment liabilities

	As at 31 March 20	As at 31 March 19
Segment assets		
Semiconductor services	1,157,845,671	1,175,988,361
IoT	407,024,338	595,867,831
Un allocable segment assets	44,833,055	71,634,851
Total	<u>1,609,703,064</u>	<u>1,843,491,043</u>
Segment Liabilities		
Semiconductor services	102,310,888	131,622,383
IoT	72,318,083	85,678,204
Un allocable segment Liabilities	812,292,956	596,376,321
Total	<u>986,921,927</u>	<u>813,676,908</u>
Capital employed	<u>622,781,137</u>	<u>1,029,814,135</u>

The Group 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.

B Secondary Segment information

	Year ended 31 March 20	Year ended 31 March 19
1. Information regarding geographical revenue is as follows:		
Within India	560,432,804	514,910,955
Outside India	432,774,192	232,675,728
Total	<u>993,206,996</u>	<u>747,586,683</u>
2. Information regarding geographical Non-Current assets is as follows:		
Within India	994,335,941	1,096,670,007
Outside India	37,020,932	28,068,930
Total	<u>1,031,356,873</u>	<u>1,124,738,937</u>

During the year ended March 31, 2019 one customer individually accounted for more than 10% of the revenue. Management believes that it is currently not practicable to provide disclosure of geographical location wise assets, since the meaningful segregation of available information is onerous.

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31 Auditors' remuneration

Particulars	Year ended 31 March 20	Year ended 31 March 19
Statutory audit fee	2,035,308	2,206,059
Tax audit fee	120,000	-
Other services	139,816	100,371
Total	2,295,124	2,306,430

32 Gratuity

"The Group 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 ₹ 2,000,000.

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	As at 31 March 20	As at 31 March 19
Opening balance	25,749,437	13,906,397
On account of amalgamation	-	3,269,548
Service cost	7,766,088	7,041,667
Interest cost	1,179,741	1,294,128
Past Service Cost	-	-
Benefits paid	(1,668,943)	(3,259,687)
Actuarial gain	2,364,384	3,497,384
Closing balance	35,390,707	25,749,437
Present value of projected benefit obligation at the end of the year	35,390,707	25,749,437
Fair value of plan assets at the end of the year	340,882	2,527,805
Net liability recognised in the balance sheet	35,049,825	23,221,632
Non Current provision	22,832,211	21,685,962
Current provision	12,217,614	1,535,670

Gratuity Cost

	Year ended 31 March 20	Year ended 31 March 19
Expenses recognised in statement of profit and loss		
Service cost	7,766,088	7,041,667
Interest cost	1,179,741	1,294,128
Expenses recognised in statement of profit and loss	8,945,829	8,335,795
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	(1,650,368)	(254,822)
Actuarial gain / (loss) due to financial assumption changes	1,903,110	898,837
Actuarial gain / (loss) due to experience adjustments	3,042,458	2,853,369
Return on plan assets greater (less) than discount rate	(908)	80,050
Total expenses routed through OCI	3,294,292	3,577,434

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Assumptions	As at 31 March 20	As at 31 March 19
Discount rate	5.40%	7.10%
Future salary increases	7.00%	7.00%
Employee turnover		
Age Years		
21-30	33.80%	20.00%
31-40	30.00%	24.00%
41-50	15.59%	5.00%
51-59	20.62%	4.00%

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

	As at 31 March 20	As at 31 March 19
Effect of + 1% change in rate of discounting	(1.97)%	(4.00)%
Effect of - 1% change in rate of discounting	2.05%	3.76%
Effect of + 1% change in rate of salary increase	(2.01)%	(3.09)%
Effect of - 1% change in rate of salary increase	1.95%	3.23%

The sensitivity results above determine their individual impact on Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

33 Dues to Micro, small and medium enterprises

The Group sought the information from all the suppliers, based on the information available with the Company, there are no outstanding amounts payable to creditors who have been identified as "suppliers" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006", hence there is not reportable as required as per Sec 22(i) to (vi) of the MSMED Act, 2006 read with Schedule III of Companies Act, 2013.

34 Leases

Where the Company is a lessee:

The Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

After considering current and future economic conditions, the Company has concluded that all lease agreements are cancellable, hence there are no leases which falls under Ind AS 116 Leases.

Expenses recognised in statement of profit and loss:

Particulars	Year ended 31 March 20	Year ended 31 March 19
Cancellable operating lease expense	36,222,572	34,822,602
Non - cancellable operating lease expense	-	-
Total	36,222,572	34,822,602

35 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.

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

Particulars	Year ended 31 March 20	Year ended 31 March 19
Loss for the year	(460,149,879)	(288,760,146)
Loss attributable to equity share holders	(460,149,879)	(288,760,146)
Equity Shares outstanding as at the end of the year (in nos.)	157,991,402	154,148,847
Weighted average number of Equity Shares used as a denominator for calculating Basic Earnings Per Share	157,565,829	148,386,521
Add: Dilutive impact of employee stock options	3,271,000	2,062,978
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	160,836,829	150,449,499
Earnings per share of par value ₹ 2 – Basic (₹)	(2.92)	(1.95)
Earnings per share of par value ₹ 2 – Diluted (₹)	(2.86)	(1.92)

36 Deferred Tax

Computation of Deferred Tax	Year ended 31 March 20	Year ended 31 March 19
Opening Balance	(5,699,742)	1,862,615
On account of amalgamation / acquisitions / Others	(125,754)	(478,684)
Depreciation	6,366,032	(7,083,673)
Total Timing Difference	6,240,278	(7,562,357)
Net Deferred Tax Asset / (Liability)	540,537	(5,699,742)

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

Particulars	As at 31 March 20	As at 31 March 19
Deferred Tax Asset	549,663	312,682
Deferred Tax Liabilities	(9,126)	(6,012,424)
Net Deferred Tax Assets / (Liability)	540,537	(5,699,742)

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

Particulars	For the year ended 31 March 2020			
	Opening Balance	Others	Recognized current year	Closing Balance
Employee Benefits	472,407	-	-	472,407
Depreciation	(7,500,853)	(125,754)	6366,032	(1,260,574)
Provisions	1,509,144	-	-	1,509,144
Other items	(180,440)	-	-	(180,440)
Net Deferred Tax Asset / (Liability)	(5,699,742)	(125,754)	6,366,032	540,537

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Particulars	For the year ended 31 March 2019			
	Opening Balance	On account of amalgamation / acquisitions	Recognized current year	Closing Balance
Employee Benefits	472,407	-	-	472,407
Depreciation	61,504	(478,684)	(7,083,673)	(7,500,853)
Provisions	1,509,144	-	-	1,509,144
Other items	(180,440)	-	-	(180,440)
Net Deferred Tax Asset / (Liability)	1,862,615	(478,684)	(7,083,673)	(5,699,742)

37 Employee Stock Option Plans

The establishment of the MosChip Technologies 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 Group has established ten 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), MosChip Stock Option Plan 2008(Director) and MosChip Stock Option Plan 2018 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, 1,000,000 equity shares and 10,000,000 equity shares respectively.

Out of the above plans, during the financial year 2018-19, the Company has closed the following three schemes:

- (i) MosChip Stock Option Plan - 2001
- (ii) MosChip Stock Option Plan - 2002
- (iii) MosChip Stock Option Plan - 2004

Out of above plans the Group has granted options during the year ended 31 March 2020 in Moschip Stock Option Plan 2005 (MI) and Moschip Stock Option Plan 2005 (WOS), Moschip Stock Option Plan 2008, Moschip Stock Option Plan 2008 (ALR), Moschip Stock Option Plan 2008 (Director)

Once vested, the options remain exercisable for a period of three / four 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:

Particulars	For Year Ended 31 March 2020				
	MosChip Stock Option Plan 2008	MosChip Stock Option Plan 2005 (MI)	MosChip Stock Option Plan 2005 (WOS)	MosChip Stock Option Plan 2008 (ALR)	MosChip Stock Option Plan 2008 (Director)
Options outstanding at the beginning of the year	1,749,000	400,000	308,000	886,000	1,000,000
Granted during the year	-	-	-	-	-
Forfeited during the year	365,500	150,000	109,000	395,000	-
Exercised during the year	287,000	-	-	-	-
Vested and not exercisable	312,000	62,500	49,750	122,750	250,000
Options outstanding at the end of the year	784,500	187,500	149,250	368,250	750,000

The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2020 was INR 13.34 (31 March 2019 – INR 22.49).

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

	As at 31 March 20		As at 31 March 19	
Grant date	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry date	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise price	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share options	2,981,500	55,000	4,001,000	342,000

The fair value at grant date of options granted during the year ended 31 March 2020 was INR 9.62 per option for two years, INR 11.96 per option for three years and INR 13.34 for four year schemes (31 March 2019 was 7.01 per option for one year, INR 9.62 per option for two years, INR 11.96 per option for three years and INR 13.34 for four year schemes). 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 2019 included:

	As at 31 March 20		As at 31 March 19	
Grant Date	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry Date	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise Price	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share Price at Grant date	₹ 22.00	₹ 5.98	₹ 22.00	₹ 5.98
Expected price volatility of the company's shares	72.67%	70.17%	44.23%	71.60%
Expected dividend yield	-	-	-	-
Risk free interest rate	8.09%	6.60%	8.14%	6.60%

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.

38 Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.16 to the consolidated financial statements.

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a. Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments not in hedging relationship	Amortised Cost	Total carrying value
Financial asset					
Trade receivables - Non current	34,673,546	-	-	-	34,673,546
Trade receivables - Current	-	-	-	280,826,292	280,826,292
Cash and cash equivalents	-	-	-	32,054,220	32,054,220
Other bank balances	-	-	-	1,904,516	1,904,516
Loans	-	-	-	108,539,170	108,539,170
Other financial assets	-	-	-	2,027,172	2,027,172
Total	34,673,546	-	-	425,351,370	460,024,916
Financial liabilities					
Borrowings - long term	-	-	-	1,754,331	1,754,331
Other financial liabilities - Non current	-	-	-	37,584,034	37,584,034
Borrowings - short term	-	-	-	621,732,035	621,732,035
Trade payables	-	-	-	225,024,491	225,024,491
Other financial liabilities	-	-	-	803,518	803,518
Total	-	-	-	886,898,409	886,898,409

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments not in hedging relationship	Amortised Cost	Total carrying value
Financial asset					
Trade receivables - Non current	51,622,140	-	-	-	51,622,140
Trade receivables - current	-	-	-	349,032,560	349,032,560
Cash and cash equivalents	-	-	-	30,801,220	30,801,220
Other bank balances	-	-	-	2,167,536	2,167,536
Loans	-	-	-	111,079,899	111,079,899
Other financial assets	-	-	-	2,097,056	2,097,056
Total	51,622,140	-	-	495,178,271	546,800,411
Financial liabilities					
Borrowings - long term	-	-	-	2,003,892	2,003,892
Other financial liabilities - Non Current	-	-	-	37,584,034	37,584,034
Borrowings short term	-	-	-	466,652,330	466,652,330
Trade payables	-	-	-	218,186,145	218,186,145
Other financial liabilities	-	-	-	777,938	777,938
Total	-	-	-	725,204,339	725,204,339

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The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group's operations. The Group's principal financial assets includes trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

b. Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group'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.

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, 2020 and March 31, 2019. 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, 2020 and March 31, 2019.

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 Group's profit before tax is affected through the impact on borrowings, as follows:

	Increase/decrease in interest rate	Effect on profit before tax
March 31, 2020		
INR	+1%	(3,983,564)
INR	-1%	3,983,564
March 31, 2019		
INR	+1%	(3,569,252)
INR	-1%	3,569,252

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

Credit risk

Credit risk is the risk that counter party 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 Group made sufficient provisions for IoT Business. There is no major credit loss related to Semiconductor business. However, the Group has provided for credit loss wherever required on review of exposure on case to case basis.

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Concentration Risk

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

Trade receivable - The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. Exposure to customers is diversified and there is single customer contributing more than 14% of outstanding trade receivables and unbilled revenues.

Liquidity risk

Liquidity risk refers to the risk that the Group 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 Group consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

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

	On demand	Less than 1 year	1 to 3 years	3 to 5 years	>5 years	Total
Year ended March 31, 2020						
Borrowings - long term	-	350,866	1,052,599	350,866		1,754,331
Other Financial Liabilities - long term	-	12,528,011	25,056,023			37,584,034
Borrowings - short term	621,732,035	-	-	-	-	621,732,035
Trade payables	225,024,491	-	-	-	-	225,024,491
Other Financial Liabilities - current	803,518	-	-	-	-	803,518
Year ended March 31, 2019						
Borrowings - long term	-	333,982	1,001,946	667,964	-	2,003,892
Other financial Liabilities - long term	-	9,396,009	28,188,026	-	-	37,584,034
Borrowings - short term	466,652,330	-	-	-	-	466,652,330
Trade payables	218,186,145	-	-	-	-	218,186,145
Other Financial Liabilities - current	777,938	-	-	-	-	777,938

Impact of COVID-19 (Global pandemic)

The Group basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk. The Group continues to believe that there is no significant impact on Group financial statements.

39 Capital management

The Group'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, 2020 and March 31, 2019 was as follows:

Particulars	31 March 20	31 March 19
Total equity attributable to the equity shareholders of the Company	622,781,137	1,029,814,135
As a percentage of total capital	50%	69%
Long term borrowings including current maturities	1,754,331	2,003,892
Short term borrowings	621,732,035	466,652,330
Total borrowings	623,486,366	468,656,222
As a percentage of total capital	50%	31%
Total capital (equity and borrowings)	1,246,267,503	1,498,470,357

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

40 Goodwill

Following is the summary of changes in carrying amount of goodwill:

	As at 31 March 20	As at 31 March 19
Balance at the beginning of the year	718,563,386	317,035,434
On addition/ acquisition during the year	-	401,527,952
Impairment of Goodwill	-	-
Balance at the end of the year	718,563,386	718,563,386

Goodwill impairment testing has been carried out, the recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a year and over and an applicable discount rate.

The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

The key assumptions used are as follows:

Budgeted Projections:

The values assigned to the assumption reflect past experience and are consistent with the management's plans for focusing operations in these markets. The management believe that the planned market share growth per year for the next five years is reasonably achievable.

Budgeted gross margins:

Average gross margins achieved in the period immediately before the budget margin period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements.

Price inflation:

The values assigned to the key assumption are consistent with external sources of information.

- 41** Exceptional item includes bad debts written off amounted to Rs. 150,947,156, provision for doubtful debts amounted to Rs. 17,801,061 and Write-downs of inventories to net realisable value Rs. 4,947,413. The management has revised the provisioning policy and carried out detailed review of expected credit loss, which is warranted during the current period and made necessary provisions to present receivables at its fairly receivable levels. Some of the receivables and advances of the Group became bad due to liquidation and bankruptcy. hence, we had written of those account balances. Since these amounts are material and non-recurring nature, hence we have disclosed as an exceptional item.
- 42** Disclosure of additional information in Consolidated Financial Statements as required in para II in general instructions as part III of division II to Schedule III to the Companies Act,2013 refer Annexure A.
- 43** Figures have been rounded off to nearest Rupee and previous year figures have been regrouped wherever necessary, to correspond with the current period classification / disclosure.

**As per our report of even date attached
For ST Mohite & Co.,**
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLC032184

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place: Hyderabad
Date : 20 May 2020

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 20 May 2020

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

Annexure A
Disclosure of additional information in Consolidated Financial Statements as required in para II in general instructions as part III of division II to Schedule III to the Companies Act, 2013

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. 2019-2020	F.Y. 2018-2019	As % of consolidated Net Assets	F.Y. 2019-2020	F.Y. 2018-2019	As % of consolidated Profit or loss	F.Y. 2019-2020	F.Y. 2018-2019	As % of consolidated comprehensive income	F.Y. 2019-2020	F.Y. 2018-2019	As % of consolidated comprehensive income				
Parent Company																
MosChip Technologies Limited	142.11%	885,037,406	107.13%	1,103,280,899	59.42%	(273,416,568)	78.79%	(227,506,818)	65%	3,769,772	165%	5,345,647	59.49%	(277,186,340)	79.74%	(232,854,465)
Subsidiaries																
Indian																
Maven Systems Private Limited	-38.88%	(242,152,138)	-14.11%	(145,275,441)	21.16%	(97,352,177)	18.01%	(52,003,195)	-8%	(475,480)	-55%	(1,768,213)	20.79%	(96,876,697)	17.20%	(50,234,982)
MosChip Institute of Silicon Systems Private Limited	1.01%	6,259,459	0.49%	5,072,710.90	-0.26%	1,186,751	-	(750,296)	-	-	-	-	-0.25%	1,186,751	0.26%	(750,296)
Foreign																
MosChip Technologies, USA	-7.28%	(45,343,224)	-1.82%	(18,774,735)	5.55%	(25,520,997)	6.96%	(20,091,299)	43%	2,531,673	2%	49,394	6.02%	(28,052,670)	6.90%	(20,140,693)
Gigacom Semiconductor, LLC	0.00%	-	1.25%	12,872,018	2.47%	(11,387,862)	-7.67%	22,149,649	0%	-	-12%	(382,835)	2.44%	(11,387,862)	-7.72%	22,532,484
Adjustment arising out of consolidation	3.05%	18,979,634	7.05%	72,638,683	11.66%	(53,659,026)	3.66%	(10,556,187)	0%	-	-	-	11.52%	(53,659,026)	3.62%	(10,556,187)
Total	100%	622,781,137	100%	1,029,814,135	100%	(460,149,879)	100%	(288,760,146)	100%	5,825,965	100%	3,243,993	100%	(465,975,844)	100%	(292,004,139)

**INDEPENDENT
AUDITOR'S REPORT**

To
The Members
MosChip Technologies Limited

Report on the Audit of the Standalone Financial Statements**Opinion**

We have audited the accompanying standalone financial statements of MosChip Technologies Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the standalone financial statements').

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for opinion

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

Key audit matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

**INDEPENDENT
AUDITOR'S REPORT**
Key Audit Matters

Key Audit Matter	Auditor's Response
<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of Ind AS 115 "Revenue from Contracts with Customers".</p>	<p>We assessed the company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> ➤ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. ➤ Tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, and inspection of evidence in respect of operation of these controls. ➤ Performed the following procedures: <ul style="list-style-type: none"> • Analysed and identified the distinct performance obligations in the contracts. • Compared these performance obligations with that identified and recorded by the Company. • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.
<p>Acquisition of businesses within the Company are recognised and accounted in the books in accordance with Ind AS 103 Business Combinations. The application of the accounting standard involves key management judgements relating to recognition and the valuation of assets and liabilities acquired, at fair values and the resultant goodwill. Refer Note 40 to the Standalone Financial Statements. The carrying value of Goodwill resulting from such business combinations aggregated INR 44,41,50,372 as at March 31, 2020. Significant judgement is required by management in assessing the Goodwill impairment, if any, annually, which is determined using valuation techniques.</p> <p>The valuation is largely based on expected future cash flows, taking into account estimated growth rates and assumption with regard to discount rates. The assessment of impairment involves significant judgements and estimates. As such we consider this as a key audit matter</p>	<ul style="list-style-type: none"> • For assessing the impairment, we have verified the following: • Evaluated the internal sources and external sources of information to identify impairment indicators. • Assessed the reasonableness of key assumptions such as revenue growth rates and gross margin by comparing to commercial contracts and historical trend analyses used in development of free cash flows by the management. • Assessed the discount rates by making reference to comparable companies within the same industry. • Reviewed the management plans for the foreseeable future and events / factors which have an impact on the relevant business. • Evaluated management's sensitivity analysis around the key assumptions, to ascertain the extent of change in those assumptions that either individually or collectively would impact impairment analysis. • We analysed the management approved financial projections considered for assessment of investments values and significant management assumptions involved. These projections were evaluated for sensitivity of significant assumptions considered, which will have adverse impact on the recoverable value of such investments. • Tested the accounting entries of business combinations for the acquisition entries recorded during the financial year to verify if these were in accordance with Ind AS 103.

**INDEPENDENT
AUDITOR'S REPORT**

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards ('Ind AS') and other accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

**INDEPENDENT
AUDITOR'S REPORT**

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in 'Annexure-A' a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
 2. As required by Section 143(3) of the Act, based on our audit 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.
-

**INDEPENDENT
AUDITOR'S REPORT**

- c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure-B'.
3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, 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 company.
4. **With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of amendments to section 197(16) of the Act:**

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act and Schedule v to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For S.T. Mohite & Co.,
Chartered Accountants
Firm Regn. No. 011410S

Sreenivasa Rao T Mohite
Partner
Membership No.015635
ICAI:UDIN:20015635AAAABV7663

Place: Hyderabad
Date : 20 May, 2020

INDEPENDENT AUDITOR'S REPORT

Annexure A to the Independent Auditors' Report

With reference to Annexure A as referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of the company on the standalone financial statement for the year ended 31 March 2020, we report the following:

SI 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)	The Company has a regular program of physical verification of its fixed assets, by which all fixed assets are verified on annual basis, in our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all fixed assets were physically verified during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
	3(i)(c)	The Company is not holding any immovable properties and accordingly clause 3(i)(c) of the Order is not applicable to the Company for the year under review.
2	3(ii)	Inventories
		As explained to us, the inventories has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. There were no material discrepancies noticed on verification between the physical stock and the book records.
3	3(iii)	Loans to parties covered by Sec. 189 of the Companies Act, 2013 ('the Act')
		According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to body corporate, firms, Limited Liability Firms or other parties except to its subsidiary company, which is covered in the Register maintained under section 189 of the Act. Accordingly the provisions of the clause 3 (iii) of the Order are not applicable to the Company for the year under review.
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 transactions for compliance with the provisions of Sections 185 or 186 and complied with the provisions of Section 186 of the Act in respect of making investments.
5	3(v)	Acceptance of deposits
		In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year as per provisions of Section 73 or 76 of the Act and any other relevant provisions of the Act and the relevant Rules framed there under. Accordingly the provisions of the clause 3 (v) of the Order are not applicable to the Company for the year under review.
6	3(vi)	Maintenance of cost records
		According to the information and explanations given to us, the maintenance of cost records prescribed under section 148(1) of the Act read with Rule 3 of the Cost Audit Rules is not applicable to the company. Accordingly reporting under clause 3(vi) of the Order is not applicable to the Company for the year under review.
7	3(vii)	Statutory Dues
	3(vii)(a)	According to the information and explanations given to us and on the basis of our examination of the record of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employee's State insurance, Income Tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues have been deposited during the year by the Company with the appropriate authorities except on certain occasions. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
	3(vii)(b)	According to the information and explanation given to us, there are no dues of statutory dues of Income tax, Goods and Service tax, Customs duty, Excise duty, Value added tax, cess and other dues have not been deposited by the Company on account of any disputes.

INDEPENDENT
AUDITOR'S REPORT

8	3(viii)	Defaults in repayments to Financial Institutions/Banks/Debtenture holders
		In our opinion and according to the information and explanation given to us, the Company has not defaulted in the payment/repayments of loans or borrowings to the banks. The Company did not have any outstanding loans or borrowings from financial Institutions or Government.
9	3(ix)	Initial public offer/further offer
		In our opinion and according to the information and explanation given to us, the company, for the year under review, has not made any initial public offer or further public offer of securities (including debt instruments) or borrowed any term loans during the year and hence reporting under clause 3(ix) of the Order is not applicable to the company.
10	3(x)	Frauds by or on the company
		In our opinion and according to the information and explanation given to us, no material fraud on the Company or on the Company by its officers or employees has been noticed are reported during the course of our audit.
11	3(xi)	Managerial Remuneration
		In our opinion and according to the information and explanation given to us based on the examination of the records of the Company, the company has paid/provided managerial remuneration in accordance with the requisite compliances mandated by the provisions of section 197 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 as prescribed under Section 406 of the Act and hence paragraph 3(xii) of the Order is not applicable to the company.
13	3(xiii)	Transactions with Related parties
		In our opinion and according to the information and explanation given to us and based on our examination of the records of the Company, all transactions with related parties are in compliance with provisions of section 177 and section 188 of the Act where applicable, and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian 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, the outstanding 3,555,555 warrants were converted into equal number of equity shares during the year. Further, the Company, during the year, has allotted 287,000 equity shares to employees under Employee Stock Options Scheme.
15	3(xv)	Non-cash transactions with directors u/s 192 of the Act
		In our opinion and according to the information and explanation given to us and based on our examination of the records of the Company, the company has not entered into any non cash transactions with its Directors or persons connected to its Directors or persons connected with him and hence provisions of Sec 192 of the Act and paragraph 3(xv) of the Order are not applicable to the company.
16	3(xvi)	Registration u/s 45-IA of Reserve Bank of India Act, 1934
		According to the information and explanation given to us, The company is not required to be registered under section 45-IA 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

Sreenivasa Rao T Mohite
Partner
Membership No.015635
ICAI:UDIN:20015635AAAABV7663

Place : Hyderabad
Date : 20 May, 2020

INDEPENDENT AUDITOR'S REPORT

Annexure B to the Independent Auditors' Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls with reference to standalone financial statements of MosChip Technologies Limited ("the Company") as of 31 March 2020 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 with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the Orderly and efficient conduct of its business, including adherence to the 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 with reference to financial statements 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 control system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.T. Mohite & Co.,
Chartered Accountants
Firm Regn. No. 011410S

Sreenivasa Rao T Mohite
Partner
Membership No.015635
ICAI:UDIN:20015635AAAABV7663

Place : Hyderabad
Date : 20 May, 2020

STANDALONE

STANDALONE BALANCE SHEET

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

PARTICULARS	Note No.	As at 31 March 2020 Rs.	As at 31 March 2019 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	4	90,083,153	117,531,895
Goodwill	40	444,150,372	444,150,372
Other Intangible assets	5	15,269,398	27,431,253
Financial assets			
Investment	6	338,853,023	338,853,023
Trade receivables	8	34,673,546	51,622,140
Deferred tax assets (Net)	37	312,681	312,681
		923,342,173	979,901,364
Current Assets			
Inventories	7	1,352,176	3,035,873
Financial assets			
Trade receivables	8	326,438,141	407,638,017
Cash and cash equivalents	9 (a)	30,478,393	15,439,430
Other bank balances	9 (b)	1,904,516	2,167,536
Loans	10	342,361,436	282,066,478
Other financial assets	11	1,427,172	1,497,056
Current tax assets (net)		57,842,070	58,508,236
Other current assets	12	58,598,063	47,285,289
		820,401,967	817,637,915
Total assets		1,743,744,140	1,797,539,279
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	315,587,864	307,820,754
Other equity	14	571,549,541	797,560,142
Total equity		887,137,405	1,105,380,896
Non-current liabilities			
Provisions	15	26,076,465	26,675,489
Financial Liabilities			
Borrowings	17	1,754,331	2,003,892
Other financial liabilities	16	37,584,034	37,584,034
		65,414,830	66,263,415
Current Liabilities			
Financial Liabilities			
Borrowings	17	593,591,447	450,743,853
Trade payables			
(a) total outstanding dues of micro and small enterprises	18	-	-
(b) total outstanding dues other than (a) above		144,040,511	142,008,386
Other financial liabilities	16	803,518	777,938
Other current liabilities	19	36,835,708	27,359,488
Provisions	15	15,920,721	5,005,303
		791,191,905	625,894,968
Total liabilities		856,606,735	692,158,383
Total equity and liabilities		1,743,744,140	1,797,539,279
See accompanying notes forming part of the Standalone Financial Statements 1 to 42			

As per our report of even date attached

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

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Place : Hyderabad
Date : 20 May 2020

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

Jayaram Susarla
Chief Financial Officer
Place : Hyderabad
Date : 20 May 2020

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLC032184

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

STANDALONE

STANDALONE STATEMENT OF PROFIT AND LOSS

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

PARTICULARS	Note No.	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
I Income			
Revenue from operations	20	633,516,544	586,907,195
Other income	21	30,739,216	28,529,845
Total Income		664,255,760	615,437,040
II Expenses			
Cost of material consumed	22	9,243,823	68,442,964
Changes in inventories of finished goods	23	-	5,846,385
Other operating expenses	24	60,290,064	68,698,503
Employee benefits expenses	25	600,578,048	503,542,153
Finance costs	26	52,446,205	46,309,156
Depreciation and amortisation expense	5a	47,330,055	64,072,628
Other expenses	27	63,671,843	83,438,007
Total expense		833,560,038	840,349,796
III Loss before exceptional item and tax (I - II)		(169,304,278)	(224,912,756)
IV Exceptional Item	28	103,963,226	2,596,060
V Loss before tax (III - IV)		(273,267,504)	(227,508,816)
VI Tax expense			
Tax adjustments for earlier years		149,063	-
Total tax expense		149,063	-
VII Loss after tax (V - VI)		(273,416,567)	(227,508,816)
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit liabilities-gain/(loss)		(3,769,772)	(5,345,647)
Total other comprehensive expenses		(3,769,772)	(5,345,647)
IX Total comprehensive loss for the year (VII + VIII)		(277,186,339)	(232,854,463)
Earnings per equity share (nominal value of INR 2) in INR	36		
Basic		(1.74)	(1.53)
Diluted		(1.70)	(1.51)
See accompanying notes forming part of the Standalone Financial Statements 1 to 42			

As per our report of even date attached
For **ST Mohite & Co.,**
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLC032184

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place : Hyderabad
Date : 20 May 2020

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 20 May 2020

STANDALONE

STANDALONE STATEMENT OF CASH FLOW

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

	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
Operating activities		
Loss before tax	(273,267,504)	(227,508,816)
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation of tangible assets	35,123,200	53,963,164
Amortisation of intangible assets	12,206,855	10,109,464
Finance income	(21,387,400)	(15,697,858)
Interest on Income-tax refund	(3,263,526)	(169,212)
Finance costs	52,446,205	46,309,156
Bad debts and provision for doubtful debts	103,963,226	2,596,060
Amorisation of Share based payment cost	17,144,592	9,281,960
Provision for employee benefits	8,678,530	13,327,522
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(1,488,482)	(61,557,874)
(Increase)/ decrease in inventories	1,683,697	41,322,255
(Increase)/ decrease in Loan	(60,294,958)	(23,272,329)
(Increase)/ decrease in trade receivables Non Current	16,948,594	(3,198,177)
(Increase)/ decrease in Other current assets	(11,312,774)	(8,206,395)
Increase/ (decrease) in Provisions	(2,131,908)	1,756,087
Increase/ (decrease) in Trade Payable	2,032,125	(24,473,487)
Increase/ (decrease) in current liabilities	9,476,220	(10,311,455)
	(113,443,308)	(195,729,935)
Income tax paid	517,103	(29,319,618)
Net cash flows from operating activities	(112,926,205)	(225,049,553)
Investing activities		
Purchase of property, plant and equipment (including capital work in progress)	(7,648,878)	(6,014,592)
Purchase of intangibles	(45,000)	-
(Investments in)/ redemption of bank deposits	263,020	21,982,803
Payment of consideration for acquisition of business	-	(67,012,700)
Interest received (finance income)	3,445,942	1,870,140
Net cash flows used in investing activities	(3,984,916)	(49,174,349)
Financing activities		
Proceeds from issue of share capital	41,798,256	438,361,382
Proceeds / (repayment) from short term borrowings, net	108,790,583	(127,317,444)
Interest paid	(18,638,755)	(37,476,295)
Net cash flows from/ (used in) financing activities	131,950,084	273,567,643
Net increase / (decrease) in cash and cash equivalents	15,038,963	(656,259)
Cash and cash equivalents at the beginning of the year (refer note 11)	15,439,430	5,502,789
Increase in Cash and Cash equivalents on amalgamation	-	10,592,900
Cash and cash equivalents at the end of the year (refer note 9(a))	30,478,393	15,439,430

See accompanying notes forming part of the Standalone Financial Statements 1 to 42

As per our report of even date attached

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

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Place : Hyderabad
Date : 20 May 2020

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

Jayaram Susarla
Chief Financial Officer

Place : Hyderabad
Date : 20 May 2020

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLC032184

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

STANDALONE

(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 2018		Change in Equity share Capital during the year		As at 31 March, 2019	
	Shares	Amount	Shares	Amount	Shares	Amount
	131,297,315	262,594,630	22,613,062	45,226,124	153,910,377	307,820,754
As of 1 April 2019						
	Shares	Amount	Shares	Amount	Shares	Amount
	153,910,377	307,820,754	3,883,555	7,767,110	157,793,932	315,587,864

b. Other Equity

Particulars	Share Application Money pending Allotment	Money received against warrants	Reserves and Surplus			Other Comprehensive Income	Total
			Capital reserve	Securities Premium	Share option outstanding account		
As at 1 April 2018	690,091	36,360,765	5,431,250	571,566,075	1,270,388	(439,960,039)	174,332,412
Loss for the year	-	-	-	-	-	(227,508,816)	(227,508,816)
Other comprehensive income (Net)	-	-	-	-	-	(1,026,118)	(1,026,118)
Total comprehensive income for the year	(690,091)	-	-	-	-	(5,345,647)	(5,345,647)
Refund of share application money	-	-	-	-	-	(5,345,647)	(5,345,647)
Forfeiture of warrants	-	(3,256,157)	3,256,157	-	-	(690,091)	(690,091)
Issue of warrants	-	419,315,943	-	-	-	-	419,315,943
Issue of equity shares for acquisition (on swap basis)	-	-	-	210,112,000	-	-	210,112,000
Shares issued on account of amalgamation	-	-	-	216,354,835	-	-	216,354,835
Transfer from share option outstanding account on exercise of stock options	-	-	-	786,096	(786,096)	-	-
Received on exercise of stock options	-	-	-	1,100,470	-	-	1,100,470
Amortised amount of share based payments	-	-	-	-	9,281,960	-	9,281,960
Issue of fresh equity shares on preferential basis	-	-	-	17,200,000	-	-	17,200,000
Conversion of warrants to equity shares	-	(232,418,422)	-	215,825,498	-	-	(16,592,924)
As at 31 March 2019	220,002,129	220,002,129	8,687,407	1,232,944,974	9,766,252	(667,468,855)	797,560,142
Loss for the year	-	-	-	-	-	(273,416,567)	(273,416,567)
Other comprehensive income (Net)	-	-	-	-	-	(3,769,772)	(3,769,772)
Total comprehensive income for the year	-	-	-	-	-	(273,416,567)	(273,416,567)
Conversion of warrants to equity shares	-	(159,999,975)	-	152,888,865	-	-	(7,111,110)
Forfeiture of amount received on warrants	-	(100,002,148)	100,002,148	-	-	-	-
Received on exercise of stock options	-	-	-	1,142,260	-	-	1,142,260
Reclassification of actuarial gain / loss to retained earnings	-	-	-	-	-	(5,466,427)	(5,466,427)
Transfer from share option outstanding account on exercise of stock options	-	-	-	886,830	(886,830)	-	-
Transfer from amount of share based payments to employees	-	-	-	17,144,594	-	-	17,144,594
Issue of warrants	-	39,999,994	-	-	-	-	39,999,994
As at 31 March 2020	108,689,555	1,387,862,929	26,024,016	1,946,351,849	26,024,016	(4,675,110)	571,549,541

See accompanying notes forming part of the Standalone Financial Statements 1 to 42

As per our report of even date attached

For ST Mohite & Co.,
Chartered Accountants
(CAI Firm Reg.No. 0114105)

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Place : Hyderabad
Date : 20 May 2020

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLCC032184

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

Jayaram Susarla
Chief Financial Officer
Place : Hyderabad
Date : 20 May 2020

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Suresh Bachalakura
Company Secretary
M.No. ACS 99361

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

1 Corporate Information

MosChip Technologies Limited ('the Company') was incorporated in 1999 as a private limited company under the Companies Act, 1956 and got listed in Bombay Stock Exchange (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. which is its principal place of business. Oshine Global Pte Limited is the holding Company and EIJI Holdings Pte Limited is the ultimate holding company of the Company.

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

Name of the Company has changed from MosChip Semiconductor Technology Limited to MosChip Technologies Limited with effective from 05 March 2019.

The Standalone Financial Statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on 20 May 2020.

2 Basis of preparation of financial statements

2.1 Statement of Compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

2.2 Preparation of financial statement

These financial statements have been prepared in Indian Rupee which is the functional currency of the Company.

These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost 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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method.

2.3 Functional currency

The Standalone 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.

2.4 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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 estimates.

"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:"

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

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

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.

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.

Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

statements, has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and, based on the current estimates, expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

2.6 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 acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition related costs are generally recognized in statement of 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.

3 Significant accounting policies

3.1 Revenue recognition

The Company derives revenues primarily from Information Technology services comprising software development, consulting and related services.

The Company's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

- Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.
- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonus, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.
- Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

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.

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

3.2 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to MosChip's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

3.3 Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment loss, if any.

3.4 Foreign currencies

In preparing the Standalone 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 statement of profit or loss in the period in which they arise.

3.5 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 statement of profit or loss in the period in which they are incurred.

3.6 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 should be shown separately.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for standalone 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.

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

3.7 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..

3.8 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 provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

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

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.

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3.9 Goodwill and other intangible assets

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combinations.

Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

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.

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.

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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

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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 standalone 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.

3.14 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.

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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 standalone statement of profit and loss in the period in which they arise.

3.15 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.

3.16 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 standalone 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.

3.17 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;
- fair value through profit and loss (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:

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- 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

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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.

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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.

3.18 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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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 Tangible Assets	Capital work in-progress
Cost											
At 1 April 2018	147,909,544	148,126	665,456	2,083,097	36,152	854,882	1,263,463	3,942,874	273	156,923,867	17,640,013
Additions / (Transfer)	-	-	11,565,897	69,630	56,786	3,111,836	3,887,138	2,071,706	2,556,198	23,339,191	(17,640,013)
Additions on Amalgamation	-	299,899	-	-	1,479,059	1,677,231	-	1,331,072	2,699,924	7,487,185	-
Less: Deletions	-	-	1,358,809	2,200	-	874,971	374,810	232,034	-	2,842,824	-
At 31 March 2019	147,909,544	448,025	10,912,544	2,150,527	1,571,997	4,768,978	4,775,791	7,113,618	5,256,395	184,907,419	-
Additions	-	-	-	-	462,925	2,991,118	432,374	3,788,041	-	7,674,458	-
At 31 March 2020	147,909,544	448,025	10,912,544	2,150,527	2,034,922	7,760,096	5,208,165	10,901,659	5,256,395	192,581,877	-
Accumulated depreciation											
At 1 April 2018	14,831,477	148,126	665,456	306,638	16,744	319,223	298,231	1,916,035	273	18,522,203	-
Charge for the year	29,581,910	299,899	12,500,301	418,912	1,072,888	3,658,476	2,724,514	3,149,938	556,326	53,963,164	-
Less: Deletions	-	-	3,358,809	2,200	-	1,141,988	374,810	232,036	-	5,109,843	-
At 31 March 2019	44,413,387	448,025	9,826,948	723,350	1,089,632	2,835,711	2,647,935	4,833,937	556,599	67,375,524	-
Charge for the year	29,581,908	-	1,047,290	425,415	170,499	678,392	608,090	1,963,705	647,900	35,123,200	-
At 31 March 2020	73,995,295	448,025	10,874,238	1,148,765	1,260,131	3,514,103	3,256,025	6,797,642	1,204,499	102,498,724	-
Carrying amount											
At 1 April 2018	133,078,067	-	-	1,776,459	19,408	535,659	965,232	2,026,839	-	138,401,664	17,640,013
At 31 March 2019	103,496,157	-	1,085,596	1,427,177	482,365	1,933,267	2,127,856	2,279,681	4,699,796	117,531,895	-
At 31 March 2020	73,914,249	-	38,306	1,001,762	774,791	4,245,993	1,952,140	4,104,017	4,051,896	90,083,153	-

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5 Intangible assets

Particulars	Design & Development	Software	Total Intangible assets
Cost			
At 1 April 2018	29,521,240	700,699	30,221,939
Additions / (Transfer)	11,378,340		11,378,340
At 31 March 2019	40,899,580	700,699	41,600,279
Additions / (Transfer)	-	45,000	45,000
At 31 March 2020	40,899,580	745,699	41,645,279
Accumulated amortisation			-
At 1 April 2018	3,756,906	302,656	4,059,562
Charge for the year	10,025,060	84,404	10,109,464
At 31 March 2019	13,781,966	387,060	14,169,026
Charge for the year	12,107,453	99,402	12,206,855
At 31 March 2020	25,889,419	486,462	26,375,881
Carrying amount			-
At 1 April 2018	25,764,334	398,043	26,162,377
At 31 March 2019	27,117,614	313,639	27,431,253
At 31 March 2020	15,010,161	259,237	15,269,398

5a Depreciation and amortisation expense

Particulars	Year ended 31 March 2020	Yea ended 31 March 2019
Desprecition	35,123,200	53,963,164
Amortisation	12,206,855	10,109,464
Total	47,330,055	64,072,628

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	As at 31 March 2020	As at 31 March 2019
6 Investments		
Non-current		
Carried at cost		
Unquoted fully paid equity shares		
Investments in subsidiaries		
8,325,770 (March 31, 2019: 8,325,770) equity shares in MosChip Technologies, USA	262,053,023	956,989
10,000 (March 31, 2019: 10,000) equity shares of ₹10 each in Maven Systems Private Limited	56,800,000	56,800,000
Nil (March 31, 2019: 6,076,075) units in Gigacom Semiconductor, LLC USA #	-	261,096,034
10,000 (March 31, 2019: 10,000) equity share of ₹10 each in MosChip Institute of Silicon Systems Private Limited	20,000,000	20,000,000
	338,853,023	338,853,023
# Gigacom Semiconductor, LLC, USA (GC USA) had merged with MosChip Technologies, USA (M USA) with effective from 7 October 2019.		
7 Inventories*		
Inventories consist of the following :		
Hardware and Product Component for IoT	1,352,176	3,035,873
	1,352,176	3,035,873
*Inventories are carried at the lower of cost and net realisable value.		
8 Trade receivables		
Non Current		
Unsecured, considered good	34,673,546	51,622,140
	34,673,546	51,622,140
Less: Allowance	-	-
	34,673,546	51,622,140
Current		
Unsecured, considered good*	422,001,801	447,638,017
	422,001,801	447,638,017
Less : Allowance	(95,563,660)	(40,000,000)
	326,438,141	407,638,017
* Includes dues from subsidiaries	250,363,399	238,155,847
9 (a) Cash and bank balance		
Cash and cash equivalents		
Balance with banks:		
- in Current account	20,563,286	6,080,959
- in Deposit account	9,915,107	9,358,471
	30,478,393	15,439,430

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	As at 31 March 2020	As at 31 March 2019
9. (b) Other bank balance		
Term deposit with Banks with original maturities of less than 1 year*	1,904,516	2,167,536
	<u>1,904,516</u>	<u>2,167,536</u>
*Balance held as Margin Money/ Security towards obtaining Bank Guarantees		
10. Loans - current		
Unsecured, considered good		
Security deposits	104,785,981	98,314,740
Loans to subsidiaries (refer note 30)	237,575,455	183,751,738
	<u>342,361,436</u>	<u>282,066,478</u>
11. Other current financial assets		
Unsecured, considered good		
Earnest Money Deposits	1,381,521	1,381,521
Interest accrued on deposits	45,651	115,535
	<u>1,427,172</u>	<u>1,497,056</u>
12. Other current assets		
Unsecured, considered good		
Advances to employees	-	171,957
Balances with Government Authorities	1,517,890	4,238,203
Indirect tax recoverable	1,239	984,122
Advance to Vendors	1,850,501	4,321,296
Prepaid expenses	7,435,203	9,148,797
Unbilled revenue	47,793,230	28,420,914
	<u>58,598,063</u>	<u>47,285,289</u>

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

STANDALONE

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

	As at 31 March 2020	As at 31 March 2019		
13. Equity share capital				
Authorised Share Capital				
282,705,000 (March 31, 2019: 282,705,000) equity shares of Rs.2 each	<u>565,410,000</u>	<u>565,410,000</u>		
Issued, subscribed and fully paid-up				
157,991,402(March 31, 2019: 147,249,777) equity shares of Rs.2/- each fully paid-up	315,982,804	294,499,554		
Nil (March 31, 2019: 6,899,070) equity shares of Rs.2/- each fully paid-up to the members of transferor Companies (refer note (f))	-	13,798,140		
Less: 197,470 (March 31, 2019: 238,470) Equity shares of Rs. 2/- each fully paid-up issued to MosChip ESOP Trust but not allotted to employees.	(394,940)	(476,940).		
Adjusted : Issued, subscribed and fully paid-up	<u>315,587,864</u>	<u>307,820,754</u>		
(a) Reconciliation of shares outstanding at the beginning and end of the year				
	31 March 2020		31 March 2019	
Particulars	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	154,148,847	308,297,694	131,576,815	263,153,630
Issued during the year	3,842,555	7,685,110	15,672,962	31,345,924
Share issued on account of amalgamation	-	-	6,899,070	13,798,140
Total	157,991,402	315,982,804	154,148,847	308,297,694
Less: Equity shares of Rs. 2/- each fully paid-up issued to MosChip ESOP Trust but not allotted to employees.	197,470	394,940	238,470	476,940
Outstanding at the end of the year	157,793,932	315,587,864	153,910,377	307,820,754
(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 2020		31 March 2019	
Particulars	No. of equity shares held	% holding	No. of equity shares held	% holding
Oshine Global Pte Ltd	81,531,739	51.61%	81,531,739	52.89%
EIJI Holdings Pte Limited (Ultimate holding Company)	196,000	0.12%	196,000	0.13%
(d) Of the above issued shares 81,531,739 (31 March 2019 - 81,531,739) equity shares held by holding company namely Oshine Global Pte Ltd and 196,000 (31 March 2019 - 196,000) equity shares are held by Ultimate holding Company namely EIJI Holdings Pte Limited. .				
(e) Of the above, 13,599,070 equity shares issued as fully paid for consideration other than cash in connection with acquisition of subsidiary and scheme of arrangements.				

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

<p>(f) During the previous year two companies namely "First Pass Semiconductors Private Limited" (FPS) and "Gigacom Semiconductor Private Limited" (GSPL) are amalgamated in to the Company under the Scheme of arrangement for amalgamation duly approved by Honourable National Company Law Tribunal (NCLT), Hyderabad bench and certified true copy of the order is obtained on 05 December 2019 and National Company Law Tribunal, Amaravati bench vide its order dated 03 December 2019 with the appointed date is 01 April 2018. The Scheme came into effect on 05 December 2019, the day on which both the orders were delivered to the Registrar of the Companies</p> <p>In Pursuant to the order of NCLT, Hyderabad and Amaravathi bench, towards discharge of consideration, the Company has allotted 68,99,070 equity shares of Rs. 2/- each fully paid to the equity shareholders of GSPL and FPS on 18th December, 2020.</p>		
	As at	As at
	31 March 2020	31 March 2019
14 Other equity		
a) Share application money		
Opening balance	-	690,091
Refund of share application money	-	(690,091)
Closing balance	-	-
b) Money received against warrants		
Opening balance	220,002,129	36,360,765
Forfeiture of amount received on warrants	(100,002,148)	(3,256,157)
Issue of share warrants	39,999,994	419,315,943
Conversion of warrants to equity shares	(159,999,975)	(232,418,422)
Closing balance	-	220,002,129
c) Capital Reserve		
Opening balance	8,687,407	5,431,250
Forfeiture of amount received on warrants	100,002,148	3,256,157
Closing balance	108,689,555	8,687,407
d) Securities Premium		
Opening balance	1,232,944,974	571,566,075
Conversion of warrants to equity shares	152,888,865	215,825,498
Issue of equity shares for acquisitions (on swap basis)	-	210,112,000
Shares issued on account of amalgamation (refer note (ii))	-	216,354,835
Transfer from share option outstanding account on exercise of stock options	886,830	786,096
Issue of fresh equity shares on preferential basis	-	17,200,000
Received on exercise of stock options	1,142,260	1,100,470
Closing balance	1,387,862,929	1,232,944,974
(i) Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.		
(ii) Securities Premium includes share premium at Rs. 31.36 per equity share on 6,899,070 equity shares issued to the member of GSPL and FPS under the scheme of arrangement for amalgamation approved by NCLT.		

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

	As at 31 March 2020	As at 31 March 2019
e) Share option outstanding account		
Opening balance	9,766,252	1,270,388
Additions during the year	17,144,594	9,281,960
Transfer to securities premium on exercise of stock options	(886,830)	(786,096)
Closing balance	26,024,016	9,766,252
f) Retained earnings		
Opening balance	(667,468,855)	(439,960,039)
Reclassification of actuarial gain / loss to retained earnings	(5,466,427)	-
Loss for the year	(273,416,567)	(227,508,816)
Closing balance	(946,351,849)	(667,468,855)
g) Other Comprehensive Income		
Re measurement of the net defined benefit plans		
Opening balance	(6,371,765)	(1,026,118)
Reclassification of actuarial gain / loss to retained earnings	5,466,427	-
Additions during the year	(3,769,772)	(5,345,647)
Closing balance	(4,675,110)	(6,371,765)
Total other equity	571,549,541	797,560,142
15 Provisions		
Non-Current		
Provision for employee benefits		
- Gratuity (refer note 33)	22,147,776	18,484,161
- Compensated absences	3,928,689	8,191,328
	26,076,465	26,675,489
Current		
Provision for employee benefits		
- Gratuity (refer note 33)	9,040,813	1,180,208
- Compensated absences	6,879,908	3,825,095
	15,920,721	5,005,303
16 Other financial liabilities		
Non Current		
Royalty Payable	37,584,034	37,584,034
	37,584,034	37,584,034
Current		
Capital creditors	803,518	777,938
	803,518	777,938

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

	As at 31 March 2020	As at 31 March 2019
17 Borrowings		
Non Current - Borrowings		
Measured at amortised cost		
Secured		
Vehicle loans (refer note i)	1,754,331	2,003,892
	<u>1,754,331</u>	<u>2,003,892</u>
Current - Borrowings		
Measured at amortised cost		
Unsecured		
- From banks (refer note ii)	148,547,525	152,057,900
- From related parties (refer note 30)	445,043,922	298,685,953
	<u>593,591,447</u>	<u>450,743,853</u>
Note		
i. Vehicle Loans are secured by first charge and hypothecation of vehicles. Such loans are repayable over a period of 84 months and carry interest rate at 9.40% p.a.		
ii. The Company has obtained Over Draft facility from bank for an amount of Rs. 15.00 crores, which is secured by charge on time deposit of third party offered as collateral security..		
18 Trade payables		
(a) total outstanding dues of micro and small enterprises (refer note 34)	-	-
(b) total outstanding dues other than (a) above	144,040,511	142,008,386
	<u>144,040,511</u>	<u>142,008,386</u>
19 Other current liabilities		
Statutory liabilities	35,847,126	26,124,257
Revenue received in advance	988,582	1,235,231
	<u>36,835,708</u>	<u>27,359,488</u>

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

	Year ended 31 March 2020	Year ended 31 March 2019
20 Revenue from operations		
IoT Business product	13,786,707	129,041,324
Semiconductor services and Products	619,729,837	457,865,871
	633,516,544	586,907,195
21 Other income		
Interest income	21,387,400	15,697,858
Interest on Income-tax refund	3,263,526	169,212
Foreign Exchange gain	4,801,210	8,532,525
Miscellaneous Income	1,287,080	4,130,250
	30,739,216	28,529,845
22 Cost of material consumed		
Opening stock	3,035,873	38,511,743
Add: Purchases during the year	7,560,126	32,967,094
Less: Closing stock	1,352,176	3,035,873
	9,243,823	68,442,964
23 Changes in inventories of finished goods		
Opening stock	-	5,846,385
Closing stock	-	-
	-	5,846,385
24 Other operating expenses		
Outsourcing Services	23,637,843	46,183,932
Software tools cost	18,962,550	5,997,608
Installation & data charges	7,826,603	6,945,154
Job work charges	9,744,752	8,485,420
Other expenses	118,316	1,086,389
	60,290,064	68,698,503
25 Employee benefits expense		
Salaries, wages and bonus	551,100,210	475,526,260
Contribution to provident, gratuity and other funds	19,023,371	8,096,874
Share based payment expenses	17,144,592	9,281,960
Staff welfare expenses	13,309,875	10,637,059
	600,578,048	503,542,153
26 Finance costs		
Interest on working capital loan	14,115,065	13,036,269
Interest on other loans	37,563,835	32,821,232
Bank charges	767,305	451,655
	52,446,205	46,309,156

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

	Year ended 31 March 2020	Year ended 31 March 2019
27 Other expenses		
Software expenses	614,799	1,266,518
Power and fuel	4,588,444	4,772,482
Director sitting fee	1,500,000	1,870,000
Repairs and maintenance	1,096,211	985,021
Auditors remuneration (refer note 32)	344,500	300,371
Postage, telegram and telephone expenses	321,481	955,681
Lease rentals (refer note 35)	20,324,749	22,563,247
Rent on equipment's	3,675,275	2,876,335
Business promotion and advertisement expenses	102,063	5,733,029
Security expenses	937,329	1,115,545
Travelling and conveyance	7,281,650	8,173,296
Rates and taxes	304,102	1,179,736
Professional charges	8,910,043	15,780,510
Printing and stationary	304,952	356,677
Communication expenses	1,795,674	1,056,298
Insurance	432,226	820,880
Loss on sale of fixed assets	-	653,439
Office maintenance	3,950,586	3,353,650
General expenses	5,835,708	8,307,724
Subscriptions to trade and other associations	1,352,051	1,317,568
	63,671,843	83,438,007
28 Exceptional Item (refer note 41)		
Bad debts written off	48,399,566	2,596,060
Provision for doubtful debts	55,563,660	-
	103,963,226	2,596,060

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

29 Contingent liabilities and commitments

Particulars	As at 31 March 20	As at 31 March 19
i) Contingent liabilities:		
- Corporate guarantees	1,904,516	2,167,536

30 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 party	Relation as on 31 March 2020
Holding and Subsidiary Companies	
EIJI Holding Pte Limited	Ultimate Holding Company
Oshine Global Pte Limited	Holding Company
Maven Systems Private Limited	Wholly owned subsidiary
MosChip Technologies, USA	Wholly owned subsidiary
MosChip Institute of Silicon Systems Private Limited	Wholly owned subsidiary
Gigacom Semiconductor, LLC	Wholly owned subsidiary (Merged with MosChip Technologies, USA on 07 October 2020)
Directors and relatives *	
Mr. K Ramachandra Reddy	Non-Executive Director.
Mrs. Asha Nimmagadda	Relative of Promoter of Holding company
Mr. Gunapati Venkata Pranav Reddy	Relative of Promoter of Holding company
Mr. Damodar Rao Gummadapu	Non-Executive Director.
Key Management Personnel and relatives *	
Mr. Venkata Sudhakar Simhadri - Managing Director and Chief Executive Officer"	Key Management Personnel
Mr. Jayaram Susarla - Chief Financial Officer	Key Management Personnel
Mr. Suresh Bachalakura - Company Secretary	Key Management Personnel
Mrs. Srilakshmi Simhadri	Relative of Managing Director & Chief Executive Officer
Others *	
Jaagruthi Info Technologies Pvt Ltd	Director has significant influence
IQuest Enterprises Private Limited	Common Shareholder through Holding Company
Mapple Enterprises Private Limited	Common Shareholder through Holding Company
Mayuka Holdings Private Limited	Common Shareholder through Holding Company
Techwave Consulting Inc, USA	Director has significant influence
Techwave Infotech Private Limited	Director has significant influence
Magica Sports Ventures Private Limited	Common Director in Holding company & Magica Sports
Srinivasa Resorts Limited (ITC Kakatiya)	Relative of Promoter of Holding company
* In terms of Para 18 of Ind AS 24, the above list represents only the directors, KMP's and relatives, who are having transactions with the Company.	
As per clause 8 of general instruction to Division II of Schedule III to the Companies Act., the above related parties are identified as per the terms and meaning assigned in Ind AS 24 Related Party Disclosures.	

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

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

Particulars	Year ended 31 March 20	Year ended 31 March 19
Revenue from operations		
MosChip Technologies, USA	99,269,459	42,716,684
Gigacom Semiconductor, LLC	56,494,810	-
Maven Systems Private Limited	876,142	39,267,073
MosChip Institute of Silicon Systems Private Limited	-	3,450,000
Reimbursement of expenses		
MosChip Technologies, USA	-	418,910
Maven Systems Private Limited	286,143	343,647
Professional Charges		
Maven Systems Private Limited (Purchases)	-	18,087,771
Loans received from		
IQuest Enterprises Private Limited	-	45,000,000
Mapple Enterprises Private Limited	10,000,000	40,000,000
Mayuka Holdings Private Limited	183,000,000	-
Allotment of equity shares / warrants		
EIJI Holding Pte Limited (196,000 equity shares @ 45)	-	8,820,000
Oshin Global Pte Limited (6,074,240 equity shares @ 21.8)	-	132,418,432
Mr. Damodar Rao Gummadapu (204,000 equity shares @ 45)	-	9,180,000
Mr. Venkata Sudhakar Simhadri (4,516,634 equity shares @ 33.36) ##	-	150,674,910
Mrs. Srilakshmi Simhadri (84,349 equity shares @ 33.36) ##	-	2,813,883
Mr. K Ramachandra Reddy (Preferential allotment) (3,555,555 shares @ 45 (converted warrants to shares during the year) (PY 3,555,555 Warrants @ 45)) (Amount received)	40,000,000	120,000,000
Loans - Repayment		
Jaagruthi Info Technologies Private Limited	40,000,000	50,000,000
Mapple Enterprises Private Limited	-	20,000,000
IQuest Enterprises Private Limited	-	45,000,000
Techwave Infotech Private Limited	-	10,000,000
Ramachandra Reddy	40,000,000	120,000,000
Loans given to		
Maven Systems Private Limited (net)	53,823,717	41,845,903
Interest Income		
Maven Systems Private Limited	16,764,157	14,721,574
Investment in equity		
MosChip Institute of Silicon Systems Private Limited	-	20,000,000
Gigacom Semiconductor, LLC	-	261,096,034
Interest expenses		
IQuest Enterprises Private Limited	-	11,878,767
Jaagruthi Info Technologies Private Limited	4,676,710	7,890,408
Ms. Asha Nimmagadda	9,024,660	9,000,002
Mapple Enterprises Private Limited	6,243,616	4,052,055
Mayuka Holdings Private Limited	17,618,849	-
Other Expenses		
Magica Sports Ventures Private Limited	2,500,000	5,800,000

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

	Year ended 31 March 20	Year ended 31 March 2019
Remuneration		
Mr. Gunapati Venkata Pranav Reddy	3,600,000	3,600,000
Transactions with Key Management Personal		
Remuneration to Managing Director and CEO	14,400,000	12,510,593
Number of Stock Options Granted/outstanding to Key Management Personal	1,000,000	1,000,000
Remuneration to other Key Management Personal	6,101,500	5,802,778
Number of Stock Options Granted/outstanding to Key Management Personal	17,000	27,000
## The Company has allotted shares as part of acquisition of Gigacom Semiconductor, LLC		
Remuneration disclosed above does not include insurance and other employee benefits (Gratuity and compensated absences). Gratuity and compensated absences are 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) Balances outstanding:

Particulars	As at 31 March 20	As at 31 March 19
Techwave Infotech Private Limited (Payable - trade advance)	47,882,682	47,882,682
MosChip Technologies, USA (Receivables (Net))	172,814,706	154,385,805
MosChip Institute of Silicon Systems Private Limited (Receivable)	2,608,766	230,000
Gigacom Semiconductor LLC, USA (Receivables)	-	13,859,564
Maven Systems Private Limited (Receivables)	77,548,693	51,663,730
Maven Systems Private Limited (Loan)	237,575,455	183,751,738
Magica Sports Ventures Private Limited (Trade payable)	8,700,000	5,800,000
Srinivasa Resorts Limited	-	186,517
Loan and Interest Payable		
Mapple Enterprises Private Limited	10,791,415	185,172,163
Mayuka Holdings Private Limited	388,856,964	-
Jaagruthi Infotech Private Limited	21,310,415	57,101,371
Techwave Infotech Private Limited	1,381,293	1,381,293
Mrs. Asha Nimmagadda	20,261,094	12,138,904
IQuest Enterprises Private Limited	2,442,741	2,442,741
Mr. K Ramachandra Reddy	-	40,449,481

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, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

31 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

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue		
Semiconductor services	619,729,837	457,865,871
IoT	13,786,707	129,041,324
Total	633,516,544	586,907,195
Direct cost		
Semiconductor services	515,981,461	444,797,355
IoT	81,903,710	152,669,896
Segment results		
Semiconductor services	103,748,376	13,068,516
IoT	(68,117,003)	(23,628,572)
Net Operational income	35,631,373	(10,560,056)
Other Income	(30,739,216)	(28,529,845)
Less - Un allocated expenses	239,861,833	135,096,821
Finance charges	52,446,205	46,309,156
Depreciation and Amortisation expenses	47,330,055	64,072,628
Loss before tax	(273,267,504)	(227,508,816)
Tax expenses	149,063	-
Loss after tax	(273,416,567)	(227,508,816)

**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

	As at 31 March 2020	As at 31 March 2019
Segment assets		
Semiconductor services	1,037,035,156	996,605,034
IoT	645,703,420	733,393,150
Un allocable segment assets	61,005,564	67,541,095
Total	1,743,744,140	1,797,539,279
Segment Liabilities		
Semiconductor	51,098,722	84,316,763
IoT	12,103,488	15,892,481
Un allocable segment Liabilities	793,404,523	591,949,139
Total	856,606,733	692,158,383
Capital employed	887,137,407	1,105,380,896

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.

32 Auditors' remuneration

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Statutory audit fee	250,000	250,000
Other services	94,500	50,371
Total	344,500	300,371

33 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 ₹ 2,000,000.

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	As at 31 March 2020	As at 31 March 2019
Opening balance	22,192,174	8,575,326
Add: Additions on account of amalgamation	-	3,269,548
Service cost	7,134,540	6,043,676
Interest cost	976,550	1,045,547
Past Service Cost	-	-
Benefits paid	(2,544,473)	(2,007,520)
Actuarial gain	3,770,680	5,265,597
Closing balance	31,529,471	22,192,174
Present value of projected benefit obligation at the end of the year	31,529,471	22,192,174
Fair value of plan assets at the end of the year	340,882	2,527,805
Net liability recognised in the balance sheet	31,188,589	19,664,369
Non Current provision	22,147,776	18,484,161
Current provision	9,040,813	1,180,208

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

Gratuity Cost

Expenses recognised in statement of profit and loss	Year ended 31 March 2020	Year ended 31 March 2019
Service cost	7,134,540	6,043,676
Interest cost	976,550	1,045,547
Total expenses routed through statement of profit and loss	8,111,090	7,089,223
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes	(1,506,935)	(5,031)
Actuarial gain / (loss) due to financial assumption changes	1,746,628	840,635
Actuarial gain / (loss) due to experience adjustments	3,530,987	4,429,993
Return on plan assets greater / (less) than discount rate	(908)	80,050
Total expenses routed through OCI	3,769,772	5,345,647

Assumptions	As at 31 March 2020	As at 31 March 2019
Discount rate	7.10%	7.10%
Future salary increases	7%	7%
Employee turnover		
Age Years		
21-30	32.00%	20.00%
31-40	30.00%	24.00%
41-50	16.00%	5.00%
51-59	22.00%	4.00%

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

	As at 31 March 2020	As at 31 March 2019
Effect of + 1% change in rate of discounting	(1.97)%	(4.00)%
Effect of - 1% change in rate of discounting	2.05%	3.76%
Effect of + 1% change in rate of salary increase	2.01%	3.09%
Effect of - 1% change in rate of salary increase	(1.95)%	(3.23)%

The sensitivity results above determine their individual impact on Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

34 Dues to Micro, small and medium enterprises

The Company sought the information from all the suppliers, based on the information available with the Company, there are no outstanding amounts payable to creditors who have been identified as "suppliers" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006", hence there is not reportable as required as per Sec 22(i) to (vi) of the MSMED Act, 2006 read with Schedule III of Companies Act, 2013.

35 Leases

The Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

After considering current and future economic conditions, the Company has concluded that. all lease agreements are cancellable, hence there are no leases which falls under Ind AS 116 Leases..

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

Amounts recognised in statement of profit and loss :

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Cancellable operating lease expense	20,324,749	22,563,247
Non - cancellable operating lease expense	-	-
Total	20,324,749	22,563,247

36 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	Year ended 31 March 2020	Year ended 31 March 2019
Loss for the year	(273,416,567)	(227,508,816)
Loss attributable to equity share holders	(273,416,567)	(227,508,816)
Equity Shares outstanding as at the end of the year (in nos.)	157,991,402	154,148,847
Weighted average number of Equity Shares used as a denominator for calculating Basic Earnings Per Share	157,565,829	148,386,521
Add: Dilutive impact of employee stock options	3,271,000	2,062,978
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	160,836,829	150,449,499
Earnings per share of par value ₹ 2 – Basic (₹)	(1.74)	(1.53)
Earnings per share of par value ₹ 2 – Diluted (₹)	(1.70)	(1.51)

37 Deferred Tax

Computation of Deferred Tax	Year ended 31 March 20	Year ended 31 March 19
Opening Balance	312,681	902,724
On account of amalgamation	-	(590,043)
Net Deferred Tax Asset / (Liability)	312,681	312,681

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

Particulars	As At 31 March 2020	As At 1 April 2019
Deferred Tax Asset	312,681	312,681
Deferred Tax Liabilities	-	-
Deferred Tax Assets (Net)	312,681	312,681

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

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

Particulars	For the year ended 31 March 2020			
	Opening Balance	On account of amalgamation	Recognized in OCI	Closing Balances
Other Items	312,681	-	-	312,681
Net Deferred Tax	312,681	-	-	312,681

Particulars	For the year ended 31 March 2019			
	Opening Balance	On account of amalgamation	Recognized in OCI	Closing Balances
Other Items	902,723	(590,042)	-	312,681
Net Deferred Tax	902,723	(590,042)	-	312,681

38 Employee Stock Option Plans

The establishment of the MosChip Technologies 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 ten 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), MosChip Stock Option Plan 2008(Director) and MosChip Stock Option Plan 2018 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, 1,000,000 equity shares and 10,000,000 equity shares respectively.

During the financial year 2018-19, the Company has closed the following schemes:

- (i) MosChip Stock Option Plan - 2001
- (ii) MosChip Stock Option Plan - 2002
- (iii) MosChip Stock Option Plan - 2004

Out of above plans the Company has granted options during the year ended 31 March 2019 in Moschip Stock Option Plan 2005 (MI) and Moschip Stock Option Plan 2005 (WOS), Moschip Stock Option Plan 2008, Moschip Stock Option Plan 2008 (ALR), Moschip Stock Option Plan 2008 (Director)

Once vested, the options remain exercisable for a period of three / four 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:

Particulars	For Year Ended 31 March 2020				
	MosChip Stock Option Plan 2008	MosChip Stock Option Plan 2005 (MI)	MosChip Stock Option Plan 2005 (WOS)	MosChip Stock Option Plan 2008 (ALR)	MosChip Stock Option Plan 2008 (Director)
Options Outstanding at the beginning of the Year	1,749,000	400,000	308,000	886,000	1,000,000
Granted during the year	-	-	-	-	-
Forfeited during the year	365,500	150,000	109,000	395,000	-
Exercised during the year	287,000	-	-	-	-
Vested and not exercisable	312,000	62,500	49,750	122,750	250,000
Options outstanding at the end of the year	784,500	187,500	149,250	368,250	750,000

**NOTES FORMING PART OF THE
STANDALONE FINANCIAL STATEMENTS**

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

The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2020 was INR 13.34 (31 March 2019 – INR 22.49).

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

	31 Mar 2020		31 Mar 2019	
Grant date	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry date	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise price	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share options	2,981,500	55,000	4,001,000	342,000

The fair value at grant date of options granted during the year ended 31 March 2020 was INR 9.62 per option for two years, INR 11.96 per option for three years and INR 13.34 for four year schemes (31 March 2019 was 7.01 per option for one year, INR 9.62 per option for two years, INR 11.96 per option for three years and INR 13.34 for four year schemes). 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 2020 and 31 March 2019 included :

	31 Mar 2020		31 Mar 2019	
Grant Date	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry Date	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise Price	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share Price at Grant date	₹ 22.00	₹ 5.98	₹ 22.00	₹ 5.98
Expected price volatility of the company's shares	72.67%	70.17%	44.23%	71.60%
Expected dividend yield	-	-	-	-
Risk free interest rate	8.09%	6.60%	8.14%	6.60%

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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

39 Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.17 to the standalone financial statements.

a. Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised Cost	Total carrying value
Financial asset				
Investment	-	-	338,853,023	338,853,023
Trade receivables - Non current	34,673,546	-	-	34,673,546
Trade receivables - Current	-	-	326,438,141	326,438,141
Cash and cash equivalents	-	-	30,478,393	30,478,393
Other bank balances	-	-	1,904,516	1,904,516
Loans	-	-	342,361,436	342,361,436
Other financial assets	-	-	1,427,172	1,427,172
Total	34,673,546	-	1,041,462,681	1,076,136,227
Financial liabilities				
Borrowings - long term	-	-	1,754,331	1,754,331
Other financial liabilities - non current	-	-	37,584,034	37,584,034
Borrowings - short term	-	-	593,591,447	593,591,447
Other	-	-	-	-
Trade payables	-	-	144,040,511	144,040,511
Other financial liabilities	-	-	803,518	803,518
Total	-	-	815,357,875	815,357,875

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised Cost	Total carrying value
Financial asset				
Investments	-	-	338,853,023	338,853,023
Trade receivables - Non current	51,622,140	-	-	51,622,140
Trade receivables - Current	-	-	407,638,017	407,638,017
Cash and cash equivalents	-	-	15,439,430	15,439,430
Other bank balances	-	-	2,167,536	2,167,536
Loans	-	-	282,066,478	282,066,478
Other financial assets	-	-	1,497,056	1,497,056
Total	51,622,140	-	1,047,661,540	1,099,283,680
Financial liabilities				
Borrowings - long term	-	-	2,003,892	2,003,892
Other financial liabilities - non current	-	-	37,584,034	37,584,034
Borrowings	-	-	450,743,853	450,743,853
Trade payables	-	-	142,008,386	142,008,386
Other financial liabilities	-	-	777,938	777,938
Total	-	-	633,118,103	633,118,103

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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 trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

b. Financial risk management objectives and policies

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.

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 31 March 2020 and 31 March 2019. 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 31 March 2020 and 31 March 2019.

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.

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:

	Increase/decrease in interest rate	Effect on profit before tax
March 31, 2020		
INR	+1%	(3,762,988)
INR	-1%	3,762,988
March 31, 2019		
INR	+1%	(3,470,686)
INR	-1%	3,470,686

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

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 made sufficient provisions for IoT Business. 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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 - The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. Exposure to customers is diversified and there is a single customer contributing more than 25% of outstanding trade receivables and unbilled revenues.

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 consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

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

	On demand	Less than 1 year	1 to 3 years	3 to 5 years	>5 years	Total
Year ended March 31, 2020						
Borrowings - long term	-	350,866	1,052,599	350,866	-	1,754,331
Other Financial Liabilities - long term	-	12,528,011	25,056,023	-	-	37,584,034
Borrowings - short term	593,591,447	-	-	-	-	593,591,447
Trade payables	144,040,511	-	-	-	-	144,040,511
Other Financial Liabilities - short term	803,518	-	-	-	-	803,518
Year ended March 31, 2019						
Borrowings - long term	-	333,982	1,001,946	667,964	-	2,003,892
Other Financial Liabilities - long term	-	9,396,009	9,396,009	18,792,016	-	37,584,034
Borrowings - short term	450,743,853	-	-	-	-	450,743,853
Trade payables	142,008,386	-	-	-	-	142,008,386
Other Financial Liabilities - current	777,938	-	-	-	-	777,938

Impact of COVID-19 (Global pandemic)

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk. The Company continues to believe that there is no significant impact on Group financial statements.

c. 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 31 March 2020 and 31 March 2019 was as follows::

Particulars	As at 31 March 2020	As at 31 March 2019
Total equity attributable to the equity shareholders of the Company	887,137,405	1,105,380,896
As a percentage of total capital	60%	71%
Long term borrowings including current maturities	1,754,331	2,003,892
Short term borrowings	593,591,447	450,743,853
Total borrowings	595,345,778	452,747,745
As a percentage of total capital	40%	29%
Total capital (equity and borrowings)	1,482,483,183	1,558,128,641

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

40 Goodwill

Following is the summary of changes in carrying amount of goodwill:

	As at 31 March 20	As at 31 March 19
Balance at the beginning of the year	444,150,372	444,150,372
Impairment of Goodwill	-	-
Balance at the end of the year	444,150,372	444,150,372

Goodwill impairment testing has been carried out, the recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a year and over and an applicable discount rate.

The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

The key assumptions used are as follows:

Budgeted Projections:

The values assigned to the assumption reflect past experience and are consistent with the management's plans for focusing operations in these markets. The management believe that the planned market share growth per year for the next five years is reasonably achievable.

Budgeted gross margins:

Average gross margins achieved in the period immediately before the budget margin period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements.

Price inflation:

The values assigned to the key assumption are consistent with external sources of information.

- 41 Exceptional item includes bad debts written off amounted to Rs. 48,399,566 and provision for doubtful debts amounted to Rs. 55,563,660. The management has revised the provisioning policy and carried out detailed review of expected credit loss, which is warranted during the current period and made necessary provisions to present receivables at its fairly receivable levels. Since these amounts are material and non-recurring nature, hence we have disclosed as an exceptional item.
42. Figures have been rounded off to nearest Rupee and previous year figures have been regrouped wherever necessary, to correspond with the current period classification / disclosure.

As per our report of even date attached
For ST Mohite & Co.,
Chartered Accountants
ICAI Firm Reg.No. 011410S

For and on behalf of the Board
MosChip Technologies Limited
CIN : L31909TG1999PLC032184

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Place : Hyderabad
Date : 20 May 2020

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 20 May 2020

NOTICE OF 21st ANNUAL GENERAL MEETING

NOTICE OF 21st ANNUAL GENERAL MEETING

Notice is hereby given that the **21st (Twenty First) Annual General Meeting (AGM)** of the members of MosChip Technologies Limited (formerly known as MosChip Semiconductor Technology Limited) will be held on **Friday, the 27th day of November, 2020 at 10.30 a.m.** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the Members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs (MCA Circulars), to transact the following businesses:

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended 31st March, 2020 together with the reports of the Board of Directors and the Auditors thereon and in this regard to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT the Audited Standalone Financial Statements of the Company for the year ended 31st March, 2020 together with the reports of the Auditors and Directors thereon and the Audited Consolidated Financial Statements of the Company for the year ended 31st March, 2020 together with the report of the auditors thereon be and are hereby received, considered, approved and adopted."

2. To appoint a Director in place of Mr. Damodar Rao Gummadapu (DIN:07027779), 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. Damodar Rao Gummadapu (DIN:07027779), 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. Raja Praturi (DIN: 01819707) 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 a Special 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. Raja Praturi (DIN:01819707), who was appointed as an Independent Director of the Company by the Board of Directors at its meeting held on 15th October, 2020, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(7) of the Act and Regulation 16(1)(b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, be and is hereby appointed as an Independent Director of the Company to hold office for 05 (Five) consecutive years for a term up to the conclusion of 26th Annual General Meeting of the Company in the calendar year 2025."

4. Reclassification of certain members of Promoter Group from "Promoter and Promoter Group" category to "Public shareholding" category.

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 Regulation 31A of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any modification(s) or re-enactment thereof for the time being in force) and other applicable laws and subject to the necessary approvals from the Stock Exchange and other appropriate statutory authorities as may be required, consent of the Members of the Company be and is hereby accorded to reclassify the following persons (hereinafter individually and jointly referred to as the 'outgoing promoters') from "Promoter & Promoter Group" to the "Public" shareholding of the Company.

NOTICE OF 21st ANNUAL GENERAL MEETING

S. No	Name of the Outgoing Promoter	No of Shares held as on date of this notice	% of holding
01	Mr. Chandram Dayakar Reddy	2,19,761	0.14
02	Mr. Chandram Surekha Reddy	5,30,001	0.34
03	Mr. Chandram Rama Reddy	4,000	0.00
04	Mr. Vinay Dantapally Kumar	1,05,623	0.07
05	Mr. Eddie Sin Po Chiu	1,000	0.001
06	Mr. Art Khachaturian	17,39,497	1.10
07	Mr. Steve Shu Fun Kam	44,400	0.03
08	Mr. Sean P Carney	Nil	0.00
09	Mr. Joseph K Wai	Nil	0.00
10	Mr. Garry Kennedy	Nil	0.00

RESOLVED FURTHER THAT the Outgoing Promoters, presently classified as members of the Promoter Group, who are seeking reclassification, do not directly or indirectly, exercise any control over the affairs of the Company and hold minimal shares, i.e. totaling only 26,44,282 equity shares constituting 1.67 % of the total paid up equity share capital of the Company and they do not, directly or indirectly, participate in the management or any policy decisions of the Company and they neither have any representation on the Board of Directors of the Company nor any special rights and are not involved in the day to day management of affairs of the company in any manner.

RESOLVED FURTHER THAT on necessary approval(s) upon application for reclassification of the aforementioned outgoing promoters, the Company shall effect such reclassification in the statement of Shareholding pattern of the Company from immediate succeeding quarter/half year under Regulation 31 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as applicable, in compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions for the time being in force.

RESOLVED FURTHER THAT the Directors of the Company and/or Chief Financial Officer and/or Company Secretary & Compliance Officer of the Company be and are hereby severally authorized to make, sign, prepare, forward, execute and submit all the necessary applications, forms, papers and documents and to make the application for reclassification to the stock exchange, where the securities of the Company are listed or any other regulatory body, as may be required, and generally to do all such acts, deeds, matters and things as may be necessary and expedient to give effect the aforesaid resolution.

By Order of the Board of Directors

CS Suresh Bachalakura
Company Secretary
(A39381)

Place: Hyderabad
Date: 15th October, 2020

NOTICE OF 21st ANNUAL GENERAL MEETING

Notes:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audiovisual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.moschip.com The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsd.com.
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act), relating to the Special Business under Item Nos. 3 & 4 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 Standards-2, of the persons seeking re-appointment as Directors / Independent Directors, are also annexed.
9. Brief profile of Mr. Damodar Rao Gummadapu and Mr. Raja Praturi, Directors proposed to be appointed / re-appointed along with the names of the Companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and other details as required under Secretarial Standard on General Meetings and Regulations 26(4) and 36(3) of the Regulations are also annexed to this notice.
10. The registers i.e Register of Directors and Key Managerial Personnel and their shareholding and Register of Contracts or Arrangements in which directors are interested maintained under Section 170 and Section 189 of the Act respectively will be available electronically for inspection by members during the AGM. All documents referred to in this Notice and the Explanatory Statement annexed hereto will also be available for electronic inspection without any fee by the members from the date of circulation of this notice up to the date of AGM, i.e. November 27, 2020. Members seeking to inspect such documents can send an email to investorrelations@moschip.com.

NOTICE OF 21st ANNUAL GENERAL MEETING

11. As per Regulation 40 of the Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's Registrars and Transfer Agents, M/s. KFin Technologies Private Limited, Hyderabad for assistance in this regard.
12. To support the 'Green Initiative', members who have not registered their e-mail addresses so far are requested to register their e-mail address with their Depository participants (DPs), in case the shares are held by them in electronic form/Demat form and with KFin Technologies Private Limited, in case the shares are held by them in physical form for receiving all communication(s) including Annual Report, Notices, Circulars, etc. from the Company electronically. Alternatively, members holding shares in physical form are requested to send their email address and mobile number to the company mail id investorrelations@moschip.com.
13. Members are requested to register or intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc to their Depository Participants with whom they are maintaining their demat accounts in case the shares are held by them in electronic form/demat form and to KFin Technologies Private Limited in case the shares are held by them in physical form.
14. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 20th day of November, 2020 to Friday, the 27th day of November, 2020 (both days inclusive).
15. Remote e-Voting: Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members through e-Voting agency M/s. National Securities Depository Limited (NSDL).
16. Only those Members, whose names appear in Register of Members / List of beneficial owners as on Thursday, November 19, 2020 ("Cut-off Date") shall be entitled to vote (through remote e-voting and during AGM) on the resolutions set forth in this Notice and their voting rights shall be in proportion to their share in the paid-up equity share capital of the Company as on the Cut-off Date. A person who is not a Member as on the Cut-off Date should treat this Notice for information only.
17. The Board of Directors has appointed M/s B S S & Associates, Company Secretaries, as the Scrutinizer to scrutinize the remote e-voting and voting during the AGM in a fair and transparent manner.
18. The Scrutinizer will make a consolidated Scrutinizer's Report of the total votes cast in favour or against and invalid votes, if any, to the Chairman / Managing Director of the Company or in his absence to any other Director authorized by the Board of Directors, who shall countersign the same. Based on the Scrutinizer's Report, the result will be declared by the Chairman / Managing Director or in their absence by the Company Secretary within 48 hours from the conclusion of the AGM at the Registered Office of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM i.e. November 27, 2020.
19. A proxy is allowed to be appointed under Section 105 of the Companies Act, 2013 to attend and vote at the general meeting on behalf of a member who is not able to attend personally. Since the AGM will be conducted through VC / OAVM, there is no requirement of appointment of proxies. Hence, Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

Instructions for the Members for attending the AGM through VC/OAVM:

20. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and as per the requirements of the SEBI (LODR) Regulations 2015, your Company is pleased to provide members facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s. National Securities Depository Limited.
 21. The remote e-voting period begins on 24th November, 2020 at 9:00 A.M. and ends on 26th November, 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.
 22. The Instructions for remote voting are as under:
-

NOTICE OF 21st ANNUAL GENERAL MEETING

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

NOTICE OF 21st ANNUAL GENERAL MEETING

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cs@bssandassociates.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investorrelations@moschip.com.

NOTICE OF 21st ANNUAL GENERAL MEETING

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investorrelations@moschip.com.

2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by providing the details mentioned in Point (1) or (2) as the case may be.

The Instructions for Members For E-Voting on the Day of the AGM are as under: -

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote evoting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

Instructions for Members for attending the AGM through VC/OAVM are as under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at (company email id).
6. Shareholders, who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

NOTICE OF 21st ANNUAL GENERAL MEETING

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 of the accompanying Notice dated: 15th October, 2020 convening the 21st Annual General Meeting of the Company scheduled for 27th November, 2020.]

Item No. 3:

Initially, Mr. Raja Praturi was appointed as Additional Director in Independent Category for a period of 05 years by the Board in its Meeting held on 29th September, 2017 and later the category was changed to Non-Executive Director on 13th August 2018 and the same was approved by the shareholders in 19th Annual General Meeting of the Company.

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at the meeting held on 15th October, 2020 appointed (re-designated) Mr. Raja Praturi (DIN:01819707), the Non-Executive and Non independent Director as an Independent Director for a period of 05 years w.e.f. 15th October, 2020.

Mr. Raja Praturi has given a declaration to the Board that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations. The Board of Directors is of the opinion that Mr. Raja Praturi fulfils the conditions specified in the Act and the rules made there under and he is independent of the management.

Mr. Raja Praturi appointment as an Independent Director is considered as his second term to be an Independent Director in MosChip, hence the Board of Directors proposed to take the approval of shareholders through special resolution for his second term appointment as an Independent Director for a period of 05 years w.e.f. 15th October, 2020.

A copy of the draft letter of appointment for Independent Director, setting out the terms and conditions for appointment of Independent Director 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. Raja Praturi is 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. Raja Praturi is in any way, concerned or interested in the said resolutions.

The Directors therefore, recommend the resolutions as set out in item No. 3 of this Notice for approval of the shareholders.

A brief profile of the Independent Director to be appointed is given below:

Mr. Raja Praturi is a Commerce Graduate and Fellow Member of Institute of Chartered Accountants of India (ICAI). He has over 38 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.

Item No. 4:

In terms of Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred as "Listing Regulations"), the Stock Exchange(s) where the Company's equity shares are listed may allow re-classification of promoters as public shareholders or vice versa subject to fulfillment of conditions as provided therein. In this regard, the Company has received representations/applications from the following members of the Promoter Group (hereinafter called as "Outgoing Promoters");

NOTICE OF 21st ANNUAL GENERAL MEETING

S. No	Name of the Outgoing Promoter	No of Shares held as on date of this notice	% of holding
01	Mr. Chandram Dayakar Reddy	2,19,761	0.14
02	Mr. Chandram Surekha Reddy	5,30,001	0.34
03	Mr. Chandram Rama Reddy	4,000	0.00
04	Mr. Vinay Dantapally Kumar	1,05,623	0.07
05	Mr. Eddie Sin Po Chiu	1,000	0.001
06	Mr. Art Khachaturian	17,39,497	1.10
07	Mr. Steve Shu Fun Kam	44,400	0.03
08	Mr. Sean P Carney	Nil	0.00
09	Mr. Joseph K Wai	Nil	0.00
10	Mr. Garry Kennedy	Nil	0.00
	Total	26,44,282	1.67

Vide their letters dated 18th July, 2020 and 19th July, 2020 requested the Board of Directors to reclassify them from the "Promoter and Promoter Group" Category to the "Public" Category". The Outgoing Promoters has also confirmed that they shall comply with the conditions set out in the Listing Regulations upon re-classification as a 'public' share holders. The Request letters received from Outgoing Promoters was placed before the Board of Directors at its meeting held on July 20, 2020.

The Board noted that the Outgoing Promoters together with any other person does not hold more than 10% of total voting rights in the Company. Outgoing Promoters is not associated with the business of the Company in any manner and do not exercise direct or indirect control over the affairs of the Company. Outgoing Promoters do not have any representation on the Board of Directors and is not Key Managerial Personnel of the Company and is not engaged in day to day affairs of the Company. Outgoing Promoters do not in any manner influence the decision taken by the Company and do not have any special rights in the Company through formal or informal arrangements with the Company including any shareholder agreements.

The Board of Directors of the Company considered the facts stated above and accepted the Request for re-classification of Outgoing Promoters from the "Promoter and Promoter Group" Category to the "Public" Category".

In accordance with the Listing Regulations, upon re-classification to the 'public' category, the Outgoing Promoters shall not (i) hold more than 10% of the total voting rights in the Company; (ii) exercise control over the affairs of the Company directly or indirectly; (iii) have any special rights with respect to the listed entity through formal or informal arrangements including through any shareholder agreements. Further, the Outgoing Promoters shall not be represented on the Board of Directors of the Company (including through a nominee director) or act as a key managerial personnel of the Company for a period of at least three years from date on which the stock exchanges approve its re-classification in the 'public' category.

Further, in compliance with clause (c) of sub-regulation 3 of Regulation 31A of Listing Regulation:

- a) the public shareholding as on date of the notice fulfils the minimum public shareholding requirement of at least 25% and the proposed reclassification does not intend to increase the public shareholding to achieve compliance with the minimum public shareholding requirement;
- b) the trading of the shares of the Company have had not been suspended by the stock exchange at any period of time;
- c) as on date of this notice, no outstanding dues have been pending to the Board, the stock exchange or the depositories.

NOTICE OF 21st ANNUAL GENERAL MEETING

Further, in accordance with Regulation 31A of the Listing Regulations, the reclassification requires the approval of the Stock Exchange, where the shares of the Company are listed. In terms of the procedure adopted by the Stock Exchange for granting such approval, the Stock Exchange, inter alia, requires that the Company obtain the consent of the Shareholders of the Company for reclassification. In accordance with the Listing Regulations, the Board of Directors has recommended passing the Ordinary Resolution as set out in the Notice, for approval of the shareholders.

The relevant documents in this regard are available for inspection in physical and/or electronic form, between 11.00 A.M. to 1.00 P.M. on all working days, till November 26, 2020 at the Registered office of the Company.

None of Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution, except to the extent of their shareholding in the Company.

By Order of the Board of Directors

Place: Hyderabad
Date: 15th October, 2020

CS Suresh Bachalakura
Company Secretary
(A39381)

Registered office address:
Plot No.83 & 84, 2nd Floor, Punnaiah Plaza,
Road No.02, Banjara Hills,
Hyderabad – 500 034, Telangana.

NOTICE OF 21st ANNUAL GENERAL MEETING

Details of Directors seeking Appointment/ Re-appointment in the ensuing Annual General Meeting pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015.

Particulars	Mrs. Damodar Rao Gummadapu	Mr. Raja Praturi
Date of Birth & Age	08th June, 1970 50 years	02nd April, 1957 63 years
Date of First Appointment	27/04/2018	29/09/2017
Qualifications	Commerce Graduate, Qualified Chartered Accountant from ICAI and Cost Accountant.	Qualified Chartered Accountant from ICAI
Expertise in specific functional areas	Entrepreneur & SAP Consultant & Information Technology solutions	Corporate and international taxation, & corporate advisory services
Terms and conditions of appointment or re-appointment	In terms of Section 152(6) of the Companies Act, 2013, Mr. Damodar Rao Gummadapu who was appointed as Non-Executive Director at the AGM held on 29.09.2018, is liable to retire by rotation	As per the resolution at Item No. 3 of the Notice convening this Meeting read with explanatory statement thereto, Mr. Raja Praturi is proposed to be appointed as an Independent Director for 5 years.
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	0	0
Member of the Committees of other Companies on which he/she is a Member	Nil	Nil
Chairmanship of the Committees of other Companies.	Nil	Nil
Number of equity shares held in the Company	2,04,000	Nil
No of Board Meetings attended during the last year	1	2
Disclosure of Inter-relationship between Directors and KMP's.	No inter-se relationship between Directors and KMP's	No inter-se relationship between Directors and KMP's

NOTES

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HEAD QUARTERS:

MosChip Technologies Limited

(Formerly MosChip Semiconductor Technology Limited)

Plot No: 83 & 84, 2nd floor, Punnaiah Plaza, Road No. 2,

Banjara Hills, Hyderabad, Telangana - 500034

Tel: +91-40-6622-9292

CIN: L31909TG1999PLC032184

BANGALORE OFFICE:

MosChip Technologies Limited

(Formerly MosChip Semiconductor Technology Ltd.)

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Bangalore - 560068, Karnataka, India

Tel: +91-80-4146-3535

USA OFFICE:

MosChip Technologies, USA

3080 Olcott Street, Ste B230

Santa Clara, CA 95054

Tel: 408-737-7141

REACH US - Email: contact@moschip.com / Tel: +91-40-6622-9292