

22nd ANNUAL REPORT

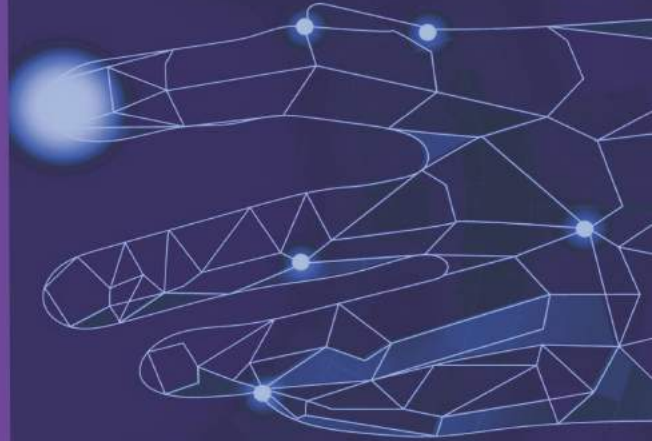
MARCH 2021

MOSCHIP

**MOSCHIP
TECHNOLOGIES
LIMITED**

Leading Provider of Semiconductor
and Embedded System Design
Services

www.moschip.com



C O N T E N T S

	Page Nos.
Corporate Information	02
Director`s Report	03-43
Consolidated Financial Statements	
Auditor`s Report	44-51
Balance Sheet	52
Profit & Loss Account	53
Cash Flow Statement	54
Schedules	55-90
Financial Statements of the Company (MosChip India)	
Auditor`s Report	91-100
Balance Sheet	101
Profit & Loss Account	102
Cash Flow Statement	103
Schedules	104-136
Notice of the AGM	137-148

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. Adisheshaiah Chowdary Jakkampudi*	--	Independent Director

* Mr. Adisheshaiah Chowdary Jakkampudi appointed as Independent Director w.e.f. 25th January, 2021.

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

7th Floor, My Home Twitza,
TSIIC, Knowledge City,
Hyderabad,
Telangana – 500081.
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

To

The Members,

Your Directors take immense pleasure in presenting the 22nd Annual Report on the business and operations of your Company along with the Audited Standalone & Consolidated Financial Statements for the year ended 31st March 2021. The Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. Summary of Financial Results

(Rs. In Lakhs)

	Year ended 31 March 2021		Year ended 31 March 2020	
	Consolidated	Standalone	Consolidated	Standalone
Income from operations	10,519.35	8,408.47	9,932.07	6,335.17
Other Income	172.73	336.82	178.25	307.39
Total Revenue	10,692.08	8,745.30	10,110.32	6,642.56
(Loss) / Profit before exceptional item, Interest, Depreciation & Tax	866.21	1,111.36	(1,332.47)	(695.28)
(Loss) / Profit before Interest, Depreciation & Tax	866.21	1,111.36	(3,069.44)	(1,734.91)
Less: Interest	857.08	832.82	637.55	524.46
Less: Depreciation	917.98	459.96	937.48	473.30
Profit/ (Loss) before tax	(908.85)	(181.42)	(4,644.47)	(2,732.67)
Less: Tax expense	6.22	3.13	(42.97)	1.49
Profit / (Loss) after tax	(915.08)	(184.55)	(4,601.50)	(2,734.16)
Add: Other comprehensive income / Loss	73.66	74.58	32.94	37.70
Net Profit / (Loss) for the year	(981.12)	(259.14)	(4,659.76)	(2,771.86)

2. Performance Review

Your Company, MosChip Technologies Limited 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.

The year 2020-21, is a most challenging year due to COVID-19. Even during these difficult times, Your Company could be able to deliver the best performance.

On consolidated basis, the income from operations grew to Rs.10,519.35 lakhs from Rs.9,932.07 lakhs registering a growth of 6% year on year. The increased growth during the current year is primarily Increase in revenue from design and development services. The profit before Interest, Depreciation and Tax stood at Rs. 866.21 lakhs while that of previous year loss stood at Rs. (3,069.44) lakhs. The Consolidated results however showed a Net Loss for the year at Rs. 981.12 lakhs as against a Net loss of Rs.4,659.76 lakhs in the previous year.

On a standalone basis, income from operations for the year stood at Rs. 8,408.47 lakhs as against Rs. 6,335.17 lakhs for the preceding year. Standalone Net Loss for the FY 2020-21 was Rs. 259.14 lakhs as against Net Loss of Rs. 2,771.86 lakhs for the FY 2019-20.

This performance was possible due to the proper vision and strategy of leadership team, efficient execution of operational team and with the support of dedicated employees, which is paving way for the long term sustainable growth. The Company is poised to be part of emerging opportunities by continuing to focus on its inherent strengths in services, turnkey solutions, IP, IoT & Training

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:

- The COVID-19 pandemic is a global humanitarian and health crisis, that continues to impact all our stakeholders – employees, clients, investors and communities we operate in. Many countries are reporting the second and third waves of infections.

- MosChip's employees briefly returned to work in its new facilities in February 2021. However, the office had to be shut down again due to the second wave of COVID-19 and many positive cases in the office.
- MosChip's employees continue to work from home except for some critical roles like senior management, finance and IT departments.
- MosChip's has taken up a drive to provide free vaccination to all its employees and its immediate family members. A thorough thermal scanning and sanitization protocol was introduced at offices.
- Most of our customer driven projects are on track with Moschip.
- COVID situation continues to slow down MosChip's internal R&D and IP development.
- However, the semiconductor and IT industry continues to flourish in spite of the challenges thrown with COVID situation.

4. Subsidiaries, Joint Ventures and Associate Companies

As on 31st March, 2021, the Company has 3 direct subsidiaries, namely;

- 01) MosChip Technologies, 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. Share Capital

(a) Increase in Paid-up Share Capital

During the year under review, your Company has not issued any fresh equity shares. The issued, subscribed and paid-up equity share capital of your Company as on March 31, 2021 stood at Rs.31,59,82,804/- comprising of 15,79,91,402 Equity Shares of Rs.2/- each.

On 25.05.2021, the Company allotted 77,000 Equity Shares on exercise of ESOP scheme..

(b) Increase in Authorised Share Capital

During the year under review, there was no change in the Authorised Capital of the Company. As on 31.03.2021, the authorized share capital of your company was Rs.56,54,10,000 comprising 28,27,05,000 equity shares of Rs.2/- each.

(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, 2021 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.

7. 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.

8. Directors and Key Managerial Personnel

(a) Inductions, Changes & Cessations in Directorships during the year 2020-21.

Mr. Prasad Gajjala (DIN: 00026718) ceased to exist as Director w.e.f. 15th June, 2020 due to his sad and sudden demise. The Board in its Meeting dated 20.07.2021 placed on record its appreciation for the Services, assistance and guidance provided by Mr. Prasad Gajjala as Independent Director of the Company for more than 15 years.

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. The members of the Company by way of special resolution has approved the re-appointment of Mr. Raja Praturi as an Independent Director in 21st Annual General Meeting held on November 27, 2020.

On recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Adisheshaiah Chowdary Jakkampudi (DIN: 01109704) as an Additional Director in Independent Category with effect from 25.01.2021. Approval of members by way of ordinary resolution is required for the appointment of Mr. Adisheshaiah Chowdary Jakkampudi as an Independent Director at the ensuing Annual General Meeting scheduled to be held on September 13, 2021.

Subsequent to the end of the financial year March 31, 2021:

There is no change in Directorship subsequent to the end of the financial year March 31, 2021.

Directors retire by rotation:

Pursuant to the requirements of the Companies Act, 2013 and Articles of Association of the Company Mr. Kadiri Ramachandra Reddy (DIN:00042172), 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, 2021 are:

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

(c) Independent Directors

In terms of Section 149 of the Companies Act, 2013 ('Act') Mr. Pradeep Chandra Kathi, Mr. Govinda Prasad Dasu, Ms. Nalluri Madhurika Venkat, Mr. Raja Praturi and Mr. Adisheshaiah Chowdary Jakkampudi are the Independent Directors of the Company. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and are independent of the management. The Board of Directors of the Company has taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same. They are not liable to retire by rotation in terms of Section 149(13) of the Act.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise including proficiency in the fields of science and technology, digitalization, strategy, finance, governance, human resources, sustainability, etc. and that they hold highest standards of integrity.

Details of Familiarization Programme for the Independent Directors are provided separately in the Corporate Governance Report which forms a part of this Integrated Annual Report.

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 Databank.

(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) Stakeholders Relationship Committee

Details pertaining to composition of the Stakeholders Relationship Committee are included in the Report on Corporate Governance.

(i) 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.

(j) Number of meetings of the Board

04 meetings of the Board were held during the year 2020-2021. 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.

9. 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.

10. 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.

11. 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>

12. 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.

13. 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, 2021 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.

14. 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 2020-21.

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 2021-22.

15. 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 2020-2021. The Secretarial Audit Report is annexed herewith as **Annexure – E**. The Secretarial Audit report does not contain any qualifications, reservation or adverse remark.

16. 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.

17. 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**.

18. 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>

19. Annual Return:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), a copy of the Annual Return of the Company shall be placed on the Website of the Company at www.moschip.com.

20. 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.

21. 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 2020-2021.

22. 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 M/s. B S S & Associates, Company Secretaries and the report on Corporate Governance form part of this Directors' Report as **Annexure – H**.

23. Secretarial Standards

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

24. 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.

25. 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.

26. 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	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 : 20th July, 2021

'Annexure-A' to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

Company Overview:

MosChip Technology, founded in 1999, is a Hyderabad-based Semiconductor and Embedded Product Design Services and Internet of Things (IoT) Solutions company with 21+ years of track record in the industry. Moschip was the first fabless semiconductor company in India and shipped millions of parts for connectivity solutions and went IPO in 2002. Its unique combination of semiconductor design and software development competencies makes MosChip, a perfect “Chip to Cloud” company.

Business units and expertise

Moschip is currently focused on Semiconductor design services, Mixed Signal IP, Turn-key ASIC solutions and Embedded product design services. Moschip's rapidly growing work-force is spread across its headquarters in Hyderabad and design locations in Bangalore and Santa Clara, USA (Silicon Valley).

Semiconductors				Embedded		
Semi conductors IP	Semiconductors Design Services	Turn-key ASIC / ASSPS	Training Institute	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"> RTL to Volume Production Working relationship with leading fabs Successful track record with Govt and consumer applications 	<ul style="list-style-type: none"> Training 	<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. 10,519.35 lakhs from Rs. 9,932.07 lakhs registering a growth of 6% year on year. The increased growth during the current year is primarily Increase in revenue from design and development services. The profit before Interest, Depreciation and Tax stood at Rs. 866.21 lakhs while that of previous year loss stood at Rs. (3,069.44) lakhs. The Consolidated results however showed a Net Loss for the year at Rs. 981.12 lakhs as against a Net loss of Rs. 4,659.76 lakhs in the previous year.
- 2) On a standalone basis, income from operations for the year stood at Rs. 8,408.47 lakhs as against Rs. 6,335.17 lakhs for the preceding year. Standalone Net Loss for the FY 2020-21 was Rs. 259.14 lakhs as against Net Loss of Rs. 2,771.86 lakhs for the FY 2019-20.

This performance was possible due to the proper vision and strategy of leadership team, efficient execution of operational team and with the support of dedicated employees, which is paving way for the long term sustainable growth. The Company is poised to be part of emerging opportunities by continuing to focus on its inherent strengths in services, turnkey solutions, IP, IoT & Training.

Some of the key developments are:

- Significant progress with high speed SerDes IP portfolio and design wins with tier-1 customers
- Strong growth with existing Semiconductor customer for design services
- Acquisition of new customers in North America
- Transition from 2G to 4G for Moschip's IOT solutions
- New R&D investments into Artificial Intelligence and other emerging areas
- Consolidation of office space and move into a world-class facility in February 2021.

Impact of COVID-19

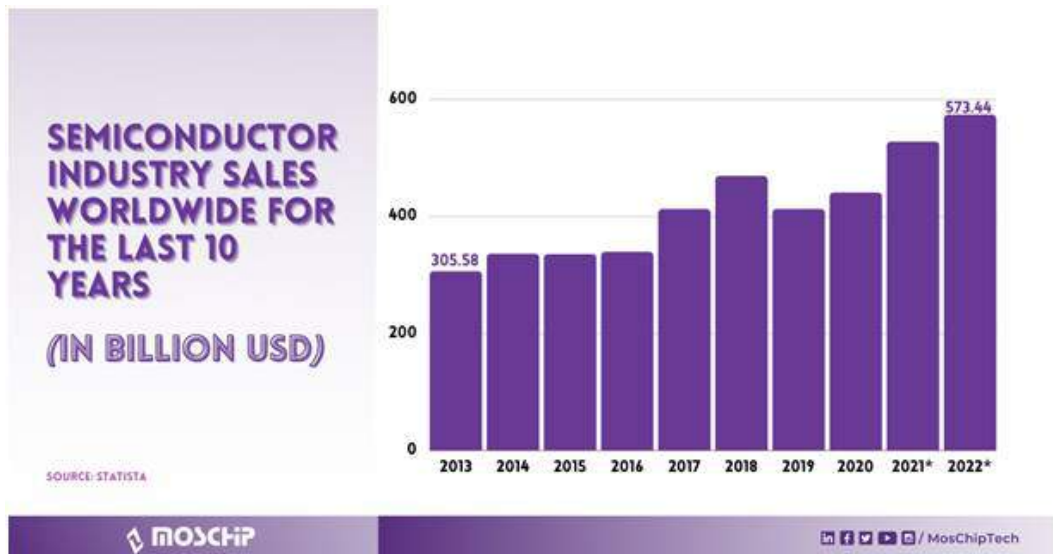
- The COVID-19 pandemic is a global humanitarian and health crisis, that continues to impact all our stakeholders – employees, clients, investors and communities we operate in. Many countries are reporting the second and third waves of infections.
- MosChip’s employees briefly returned to work in its new facilities in February 2021. However, the office had to be shut down again due to the second wave of COVID-19 and many positive cases in the office.
- MosChip’s employees continue to work from home except for some critical roles like senior management, finance and IT departments.
- MosChip’s has taken up a drive to provide free vaccination to all its employees and its immediate family members. A thorough thermal scanning and sanitization protocol was introduced at offices.
- Most of our customer driven projects are on track with Moschip.
- COVID situation continues to slow down MosChip's internal R&D and IP development.
- However, the semiconductor and IT industry continues to flourish in spite of the challenges thrown with COVID situation.

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 fuelling the growth. Semiconductor industry will benefit from the ongoing innovation and development in connectivity, data centres, communications, automotive, safety & security, infotainment, navigation, home automation, wearable devices, etc. and will continue to see growth in the coming decades.

According to Semiconductor Industry Association (SIA) “The global chip market is projected to grow substantially in 2021 and 2022 as semiconductors become increasingly integral to the game-changing technologies of today and the future.”

The WSTS Spring 2021 global semiconductor sales forecast projects the industry’s worldwide sales will be US\$527.2 billion in 2021, a 19.7% increase from the 2020 sales total of \$440.4 billion. WSTS projects y-o-y increases in Asia Pacific (23.5%), Europe (21.1%), Japan (12.7%), and the Americas (11.1%).



Semiconductor Market size world-wide from 1987 till 2021 (in Billion US \$)

In summary, the semiconductor industry is on a solid growth path fuelled by growth in multiple segments.

Company centric Highlights and Key developments in IoT Segment

MosChip's refined focus on Semiconductor design services, Semiconductor IP for connectivity, Turn-key ASIC solutions, Embedded system and software design services, has been yielding steady and consistent growth for the last few quarters.

MosChip's concrete efforts to strengthen its technology expertise and broaden its solutions and product engineering services offerings continue to help acquire new customers and additional business with existing customers.

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 putting reduced focus on additional R&D and bidding for new projects. As a result, there is significant drop in smart lighting revenues which is compensated by the growth in its core strengths of Semiconductor and Embedded product design services.

However, Moschip continues in its GeoHEMS and IOT solutions – An 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 continues to migrate its products to 4G technology and deliver its products to Global OEMs and system integrators for design, production and supply of the solution and its variants.

For and on behalf of the Board of Directors

**K. Pradeep Chandra
Chairman**

**Place: Hyderabad
Date: 20th July, 2021**

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
01	Reporting period	31 March 2021	31 March 2021	31 March 2021
02	Exchange Rate	73.22	NA	NA
03	Equity Share Capital	139,761,749	100,000	100,000
04	Reserves & Surplus	(169,321,635)	(295,384,600)	(6,395,481)
05	Total Assets	113,690,175	80,672,541	88,38,123
06	Total Liabilities	143,250,061	375,957,141	15,133,604
07	Investments	-	-	-
08	Turnover (Total Revenue)	372,095,967	26,284,141	3,460,709
09	Profit / (Loss) Before Taxation	15,083,749	(53,233,823)	(12,298,433)
10	Tax Expenses	62,177	(9,126)	256,508
11	Profit / (Loss) After Taxation	15,021,572	(53,224,697)	(12,554,941)
12	Proposed Dividend	-	-	-
13	% of Shareholding	100%	100%	100%

** The Board of Directors of MosChip Technologies Limited in their meeting held on 25th January, 2021 has approved the Scheme of Amalgamation of Maven Systems Private Limited with MosChip Technologies Limited, presently the Scheme is in approval process with NCLT, Hyderabad.*

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: 20th July, 2021

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 2020-21, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2020-21 are as under:

S.No	Name	Designation	Ration of Remuneration of each Director to Median Remuneration of Employees	Percentage increase in Remuneration during FY 2020 - 2021
1	Mr. Venkata Sudhakar Simhadri	Managing Director & CEO	21.73	13%
2.	Mr. K. Ramachandra Reddy	Non-Executive Director	NA	NA
3	Mr. Prasad Gajjala ¹	Independent Director	NA	NA
4	Mr. D. G. Prasad	Independent Director	NA	NA
5	Mr. Raja Praturi	Independent Director	NA	NA
6.	Mrs. Madhurika Nalluri Venkat	Independent Director	NA	NA
7.	Mr. Damodar Rao Gummadapu	Non-Executive Director	NA	NA
8.	Mr. K. Pradeep Chandra	Independent Director	NA	NA
9.	Mr. J. A. Chowdary ²	Independent Director	NA	NA
10	Mr. Jayaram Susarla	Chief Financial Officer	6.68	11%
11	Mr. Suresh Bachalakura	Company Secretary	2.34	10%

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.

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

2. Mr. J. A. Chowdary is appointed as Additional Director in independent category w.e.f. 25th January, 2021.

(II) The percentage increase in the Median Remuneration of the Employees of the Company for the Financial Year 2020-21 & The number of permanent employees on the rolls of the Company:

The Median Remuneration of the Employees was Rs 7,51,130 and Rs 5,15,000 in the Financial Year 2020-21 & 2019-20 respectively. Employee head count increased to 563 from 538 as on 31 March 2021 & 31 March 2020.

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

Standalone income from operations for the year ended 31st March, 2021 is Rs.8,408.47 Lakhs as against Rs.6,335.17 lakhs as on 31st March, 2020. Increase in income from operations by 32.73 % amounting to Rs.2,073.30 lakhs.

On an average, employees received an annual increment of 11 %, 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. 2020-21 with the percentage increase in the managerial remuneration:

The average increase in the remuneration of employees excluding KMPs during FY 2020-21 was 11 % and the average increase in the remuneration of Key Managerial Personnel was 13 %.

(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.

Particulars of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

As per Section 197(12) of the Companies Act, 2013 ("the Act") read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing particulars of employees employed throughout the year and in receipt of remuneration of Rs. 1.02 crore or more per annum and employees employed for part of the year and in receipt of remuneration of Rs. 8.5 lakh or more per month is given in below table:

Name	Designation	Educational qualification	Age	Experience (in Yrs.)	Date of joining	Nature of employment, whether contractual or otherwise	Remuneration	% of Shares held	Relation with any director or manager of the company	Previous employment and designation
Venkata Sudhakar Simhadri	Managing Director & CEO	BE, MS	57 years	30	24.07.2018	Contractual	Rs. 1.632 crores	4.33%	Nil	GigaCom Semiconductor, LLC – Director & CEO

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 20th July, 2021

**K. Pradeep Chandra
Chairman**

Annexure 'D' to the Directors report

Details of Stock options pursuant to SEBI Regulations

- a) The Employee Option Plans are 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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.

Out of above plans the Company has granted options during the year ended 31 March 2021 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).

Particulars	For Year Ended 31 March 2021					
	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)	MosChip Stock Option Plan 2018
Options outstanding at the beginning of the year	1,096,500	250,000	199,000	491,000	1,000,000	-
Granted during the year	587,000	150,000	-	509,000	-	5,611,000
Forfeited during the year	253,500	-	174,000	50,000	-	214,000
Exercised during the year	-	-	-	-	-	-
Options outstanding at the end of the year	1,430,000	400,000	25,000	950,000	1,000,000	5,397,000

- f) The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2021 was "Not Applicable" (31 March 2020 – INR 13.34) as there are no options have been exercised.
- g) Share options outstanding at the end of the year have the following expiry date and exercise prices.

	31 Mar 2021			31 Mar 2020	
	Grant date	Expiry date	Excise price	Share options	
Grant date	20-Jul-20	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry date	19-Jul-27	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise price	₹ 16.00	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share options	6,593,000	2,609,000	20,000	2,981,500	20,000

- h) The fair value of each option is estimated on the date of grant using Black-Scholes-Merton model with the following assumptions:

DIRECTORS' REPORT

The model inputs for options granted during the year ended 31 March 2021 and 31 March 2020 included:

	31 Mar 2021			31 Mar 2020	
Grant Date	20-Jul-20	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry Date	19-Jul-27	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise Price	₹ 16.00	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share Price at Grant date	₹ 13.80	₹ 22.00	₹ 5.98	₹ 22.00	₹ 5.98
Expected price volatility of the company's shares	67.00%	58.33%	70.17%	72.67%	70.17%
Expected dividend yield	-	-	-	-	-
Risk free interest rate	5.13%	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:

Mr. Jayaram Susarla	: 5,00,000
Mr. Venkata Sudhakar Simhadri	: 2,00,000
Mr. Suresh Bachalakura	: 23,000

(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: 20th July, 2021

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, 2021
[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)
7th Floor, My Home Twitza, Plot No.30/A,
Sy.No.83/1, TSIC, Hyderabad Knowledge City,
Raidurg, Panmaktha, Hyderabad, Rangareddi
Telangana, 500081 INDIA.

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, 2021, 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, 2021 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 no event has occurred during the year which has a major bearing on the Company's affairs.

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

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

Place : Hyderabad
Date : 20th July, 2021

UDIN: A022119C000652056

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)
7th Floor, My Home Twitza, Plot No.30/A,
Sy.No.83/1, TSIIIC, Hyderabad Knowledge City,
Raidurg, Panmaktha, Hyderabad, Rangareddi
Telangana, 500081 INDIA.

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

Place : Hyderabad
Date : 20th July, 2021

UDIN: A022119C000652056

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.

DIRECTORS' REPORT

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, 2021	Year ended March 31, 2020
Foreign Exchange earnings	251,059,312	212,091,593
Foreign Exchange outgo	33,485,242	12,944,501

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 20th July, 2021

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 2020-21.

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 2020-21.

Appropriate approvals have been taken for all related party transactions.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 20th July, 2021

K. Pradeep Chandra
Chairman

Annexure 'H' to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy

Corporate Governance in simple words means the way a corporation is governed. Corporate governance refers to mechanisms, processes and relations by which corporations are controlled and directed. Corporate Governance is a systematic process driven by the ethical conduct of the business and affairs of an 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 Para C and D of Schedule V and clauses (b) to (i) and (t) 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, 2021, the Board comprises of 08 members comprising of a Non-Executive Independent Chairman, One Executive Director, Two Non-Executive Directors and Four 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:

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, 2021 are as under:

DIRECTORS' REPORT

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. Raja Praturi	Independent 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	Independent Director	01	01	00	-
Mr. J. A. Chowdary ¹	Independent Director	01	0	0	-

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

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

1. Mr. J. A. Chowdary is appointed as Independent Director w.e.f. 25th January, 2021.

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. 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
Mrs. Madhurika Nalluri Venkat	Suven Pharmaceuticals Limited	Independent Director
	Natco Pharma Limited	Independent Director
	Lakshmi Finance & Industrial Corporation Limited	Independent Director
Mr. J. A. Chowdary	Nil	Not Applicable

Disclosure of relationships between directors inter-se; - Nil

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.

DIRECTORS' REPORT

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 2020-21, the Board met Four 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 2020-21	Number of Board Meetings attended during the year 2020-21	Whether attended last AGM held on 27.11.2020
Mr. K. Ramachandra Reddy	04	04	Yes
Mr. K. Pradeep Chandra	04	04	Yes
Mr. Venkata Sudhakar Simhadri	04	04	Yes
Mr. D. G. Prasad	04	04	Yes
Mr. Damodar Rao Gummadapu	04	03	No
Mr. Prasad Gajjala ¹	01	01	Not applicable
Mr. Raja Praturi	04	03	Yes
Mrs. Madhurika Nalluri Venkat	04	04	Yes
Mr. JA Chowdary ²	Not applicable	Not applicable	Not applicable

1. Mr. Prasad Gajjala ceased to be exist as Director w.e.f. 15th June, 2020.

2. Mr. JA Chowdary was appointed as an Independent Director w.e.f. 25th January, 2021.

No. of Board Meetings held and dates on which they were held during 2020-21.

Quarter	No. of Meetings	Dates on which held
April - June	01	20 th May, 2020
July – September	01	20 th July, 2020
October – December	01	15 th October, 2020
January – March	01	25 th January, 2021
Total	04	

DIRECTORS' REPORT

Details of equity shares of the Company held by the Directors as on 31st March, 2021 are given below

Name	Category	Number of Equity shares
Mr. K. Pradeep Chandra	Independent Direct	Nil
Mr. Venkata Sudhakar Simhadri	Managing Director	68,52,376
Mr. K Ramachandra Reddy	Non-Executive Director	74,98,592
Mr. D. G. Prasad	Independent Director	Nil
Mr. Damodar Rao Gummadapu	Non-Executive Director	2,04,000
Mr. Raja Praturi	Independent Director	Nil
Mrs. Madhurika Nalluri Venkat	Independent Director	Nil
Mr. JA Chowdary	Independent Director	Nil

As on 31st March, 2021, none of the other Directors other than the one mentioned above were holding any shares in the company.

In the opinion of the Board, the independent directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

Detailed reasons for the resignation of an independent director who resigns before the expiry of his [/her] tenure along with a confirmation by such director that there are no other material reasons other than those provided: If any - Nil

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>.

Board Skill Matrix

Board / Skill / Expertise / Competence					
Name of the Director	Technology	Banking & Finance	Strategy & Planning	Laws & Policies	General Management & Entrepreneurship skills
Areas of expertise					
Mr. K. Pradeep Chandra	✓	✓	✓	✓	✓
Mr. Venkata Sudhakar Simhadri	✓	-	✓	-	✓
Mr. K. Ramachandra Reddy	✓	-	✓	-	✓
Mr. D. G. Prasad	-	✓	✓	✓	✓
Mr. Raja Praturi	-	✓	✓	✓	✓
Mr. Damodar Rao G	-	✓	✓	✓	✓
Mrs. Madhurika Nalluri Venkat	-	✓	✓	✓	✓
Mrs. J.A. Chowdary	-	✓	✓	✓	✓

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, 2021. 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 2020-21 are as under:

The Audit Committee comprises of the following directors

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

Meetings and attendance during the year 2020-21

Name of the Director	Category	No of Meetings held during the Tenure	No of Meetings attended
Mr. Prasad Gajjala*	Independent Director	01	01
Mr. K. Pradeep Chandra	Independent Director	04	04
Mr. D. G. Prasad	Independent Director	04	04
Mr. Damodar Rao Gummadapu	Non-Executive Director	04	03
Mrs. Madhurika Nalluri Venkat**	Independent Director	03	03

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

** Mrs. Madhurika Nalluri Venkat was appointed as a Member of the Audit Committee w.e.f. 01st July, 2020.

Four Meetings were held during the Financial Year 2020-2021 on (i) 20th May, 2020 (ii) 20th July, 2020 (iii) 15th October, 2020 and (iv) 25th January, 2021.

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. Venkata Sudhakar Simhadri, MD & CEO of the Company.
- d) 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 27th November, 2020.

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, 2021, Committee comprises of three Independent Directors. The Company Secretary acts as secretary to the Committee.

The composition of the Nomination and Remuneration Committee and the attendance of the members at the meetings held during the Financial Year 2020-21 are as under:

The Nomination & Remuneration Committee comprises of the following directors

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

Meetings and attendance during the year 2020-21

Name of the Director	Category	No of Meetings held during the Tenure	No of Meetings attended
Mr. Prasad Gajjala ¹	Independent Director	01	01
Mr. Raja Praturi ²	Non-Executive Director	01	01
Mr. K. Pradeep Chandra	Independent Director	04	04
Mr. D. G. Prasad ³	Independent Director	03	03
Mrs. Madhurika Nalluri Venkat ⁴	Independent Director	03	03

1. Mr. Prasad Gajjala ceased to be Director w.e.f. 15th June, 2020 due to his sudden and sad demise.
2. Mr. Raja Praturi resigned from the Committee w.e.f. 01st July, 2020. He was designated as Independent Director w.e.f. 15.10.2020.
3. Mr. D. G. Prasad appointed as a member and chairman of the Committee w.e.f. 01st July, 2020.
4. Mrs. Madhurika Nalluri Venkat appointed as a member of the Committee w.e.f. 01st July, 2020.

During the Financial Year 2020-21, Four meetings of the Nomination and Remuneration Committee were held on (i) 20th May, 2020 (ii) 20th July, 2020 (iii) 15th October, 2020 and (iv) 25th January, 2021.

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 & variable pay 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 2020-21.

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	1,63,20,000	Nil	Nil	1,63,20,000	NA	Nil	Nil
02	Mr. K. Ramachandra Reddy	Non-Executive Director	Nil	Nil	Nil	Nil	NA	Nil	1,17,000
03	Mr. K. Pradeep Chandra	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	3,07,500
04	Mr. Prasad Gajjala ¹	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	81,000
05	Mr. D. G. Prasad	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	3,07,500
06	Mr. Raja Praturi	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	1,14,000
07	Mr. Damodar Rao Gummadapu	Non-Executive Director	Nil	Nil	Nil	Nil	NA	Nil	Nil
08	Mrs. Madhurika Nalluri Venkat	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	1,20,000
09	Mr. JA Chowdary ²	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	Nil

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

2. Mr. JA Chowdary appointed as an Independent Director w.e.f 25th January, 2021.

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 2020-21, Two meetings of the Stakeholders' Relationship Committee were held on (i) 20th May, 2020 and (ii) 20th July, 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 2020-21 are as under:

The Stakeholders' Relationship Committee comprises of the following directors

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

Meetings and attendance during the year 2020-21

Name of the Director	Category	No of Meetings held during the Tenure	No of Meetings attended
Mr. Prasad Gajjala ¹	Independent Director	01	01
Mr. Raja Praturi ²	Non-Executive Director	01	01
Mr. D. G. Prasad	Independent Director	02	02
Mr. K. Pradeep Chandra ³	Independent Director	01	01
Mrs. Madhurika Nalluri Venkat ⁴	Independent Director	01	01

1. Mr. Prasad Gajjala ceased to be Director w.e.f. 15th June, 2020 due to his sudden and sad demise.
2. Mr. Raja Praturi resigned from the Committee w.e.f. 01st July, 2020. He was designated as Independent Director w.e.f. 15.10.2020.
3. Mr. K. Pradeep Chandra appointed as a member and chairman of the Committee w.e.f. 01st July, 2020.
4. Mrs. Madhurika Nalluri Venkat appointed as member of the Committee w.e.f. 01st July, 2020.

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 2020-21, the complaints and queries received from the shareholders were general in nature and were mainly pertaining to 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, 2021, is as follows:

No. of complaints as on April 1, 2020	0
No. of complaints received during the Financial Year 2020-21	0
No. of complaints resolved upto March 31, 2021	0
No. of complaints pending as on March 31, 2021	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 has one material Indian Subsidiary Company named MosChip Technologies, USA. The policy for determining material subsidiary is available on the Company's website. https://moschip.com/investors-relations/policies-documents/Policy_on_Material_Subsiadiaries-document.pdf

GENERAL BODY MEETINGS

i) Details of last three AGMs

AGM	Venue	Time & Date	No. of Special resolutions passed
Nineteenth	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road # 02, Banjara Hills, Hyderabad – 500034	29 th September, 2018 at 10.30 hrs.	00
Twentieth	State Gallery of Art Auditorium, Road No. 1, Kavuri Hills, Madhapur, Hyderabad – 500033, Telangana	30 th December, 2019 at 10.30 hrs.	00
Twenty First	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the Members at a common venue	27 th November, 2020 at 10.30 hrs.	01

During the year under review, no resolution was put through by Postal Ballot. Further, no special resolution is being proposed to be passed 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 Exchange (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.

ANALYST / INVESTOR MEETS

During the year under review, the company has not made any presentation to institutional investors or to the analyst.

GENERAL SHAREHOLDER INFORMATION

- a. AGM – Date, Time and Venue : 13th September, 2021, at 11.00 am through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the Members at a common venue.
- b. Financial Calendar : The financial year of the Company starts from the 01st day of April and ends on 31st day of March of next year.
- c. The following is the tentative financial calendar of the Company, which is subject to change:

Un-Audited Financial Results for the FY 2021-22

- First Quarter Results : 20th July, 2021.
- Second Quarter & Half-yearly Results : Between 15th October, 2021 & 30th October, 2021.
- Third Quarter Results : Between 20th January, 2021 & 14th February, 2022
- Fourth Quarter & Annual Results : Between 20th April, 2022 & 29th May, 2022.
(Audited in lieu of un-audited results)
- d. Date of Book Closure : 06th September 2021 to 13th September, 2021
(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 2021-22.

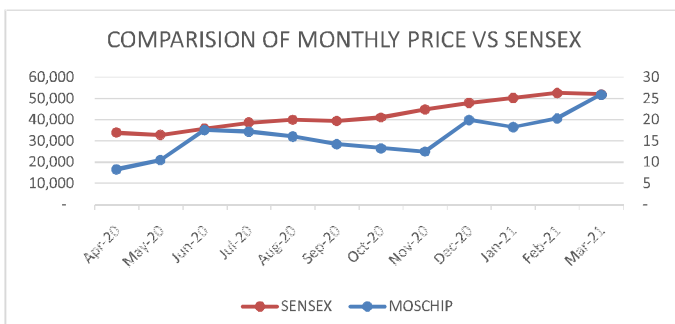
i. Market Price data High / Low during each month in the Financial Year 2020-21 and Performance in comparison to broad- based indices such as BSE Sensex.

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-20	8.3	6.61	33887.25	27500.79
May-20	10.51	7.42	32845.48	29968.45
Jun-20	17.55	10.88	35706.55	32348.1
Jul-20	17.2	12.05	38617.03	34927.2
Aug-20	16.07	11.58	40010.17	36911.23
Sep-20	14.2	10.65	39359.51	36495.98
Oct-20	13.25	11.08	41048.05	38410.2
Nov-20	12.48	10.41	44825.37	39334.92
Dec-20	20	11.05	47896.97	44118.1
Jan-21	18.2	14	50184.01	46160.46
Feb-21	20.25	16.1	52516.76	46433.65
Mar-21	25.85	16.8	51821.84	48236.35

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, 2020 to 31st March, 2021.



- 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 2021 is as below:

DISTRIBUTION SCHEDULE AS ON 31/03/2021						
S. No	Category	Cases	% of Cases	No of Shares	Amount	% Amount
1	1 – 5000	16,977	90.93	72,36,664	1,44,73,328	4.58
2	5001 – 10000	705	3.78	27,02,365	54,04,730	1.71
3	10001 – 20000	413	2.21	32,04,033	64,08,066	2.03
4	20001 – 30000	157	0.84	19,74,074	39,48,148	1.25
5	30001 – 40000	97	0.52	17,77,833	35,55,666	1.13
6	40001 – 50000	50	0.27	11,68,162	23,36,324	0.74
7	50001 – 100000	119	0.64	42,75,711	85,51,422	2.71
8	100001 & Above	152	0.81	13,56,52,560	27,13,05,120	85.86
	Total	18,670	100	15,79,91,402	31,59,82,804	100

n. Share holding Pattern as on 31st March, 2021

Shareholding Pattern as on 31st March, 2021				
S. No	Description	No. of holders	No. of Shares	% to Equity
1	RESIDENT INDIVIDUALS	17,787	4,80,33,927	30.40
2	PROMOTERS	7	84,56,752	5.35
3	EMPLOYEES	11	1,17,913	0.07
4	NON RESIDENT INDIANS	70	7,83,137	0.50
5	CLEARING MEMBERS	61	1,45,266	0.09
6	INDIAN FINANCIAL INSTITUTIONS	1	2,035	0.00
7	FOREIGN PROMOTERS	4	7,90,520	0.50
8	BANKS	1	150	0.00
9	NON RESIDENT INDIAN NON REPATRIABLE	58	1,24,869	0.08
10	BODIES CORPORATES	144	43,14,253	2.73
11	FOREIGN PROMOTERS - CORPORATE BODIES	2	8,17,27,739	51.73
12	HUF	504	9,54,068	0.60
13	FOREIGN CORPORATE BODIES	6	41,19,660	2.61
14	FOREIGN NATIONALS	13	82,23,643	5.21
15	EMPLOYEE TRUSTS	1	1,97,470	0.125
	Total:	18,670	15,79,91,402	100.00

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 2021, **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
Hyderabad	7 th Floor, My Home Twitza, TSIC Hyderabad Knowledge City, Hyderabad Telangana – 500081.
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
7th Floor, My Home Twitza, TSIC Hyderabad Knowledge City, Hyderabad, Telangana – 500081,
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@kfintech.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 share holding 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	6.04
2	Statutory Audit fees paid for Audit of the Maven Systems Private Limited including Limited Review & fee paid for any other services	1.58
3	Statutory Audit fees paid for Audit of the MosChip Institute Silicon Systems Private Limited including Limited Review & fee paid for any other services	0.62
	Total	8.25

u. 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

v. Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and likely impact on equity as of 31st March, 2021.

Your Company does not have outstanding GDR / ADR / Warrants as of 31st March, 2021.

w. 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.

OTHER 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 2020-21, 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. 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.

e. **Commodity price risks and commodity hedging activities** : Nil

f. **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

- g. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) – Nil
- h. Certificate from the Company Secretary in practice to the effect that none of the directors has been debarred or disqualified has been given in the annexure to this report
- i. None of the recommendation made by the Audit Committee at its meetings was rejected by the Board.
- j. The company has duly complied with the requirements of the Corporate Governance Report of Sub-para 2 to 10 of Part (C) of Schedule V of the SEBI Listing Regulation
- k. The company is in due compliance with 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
- l. Disclosures with respect to demat suspense account/ unclaimed suspense account : If any - Nil-

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, 2021 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 financial year ended March 31, 2020.

**Place: Hyderabad
Date: 20th July, 2021**

**Venkata Sudhakar Simhadri
CEO**

CEO & CFO CERTIFICATION

To
The Board of Directors
MosChip Technologies 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: 27th April, 2021

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,
7th Floor, My Home Twitza, Plot No.30/A, Sy.No.83/1,
TSIIC Hyderabad Knowledge City, Raidurg, Panmaktha,
Hyderabad, Telangana - 500081.

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, 2021, 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, 2021.

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: A022119C000652122

Place : Hyderabad
Date : 20th July, 2021

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,
7th Floor, My Home Twitza, Plot No.30/A, Sy.No.83/1,
TSIIC Hyderabad Knowledge City, Raidurg, Panmaktha,
Hyderabad, Telangana - 500081.

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 7th Floor, My Home Twitza, Plot No.30/A, Sy.No.83/1, TSIIC Hyderabad Knowledge City, Raidurg, Panmaktha, Hyderabad, Telangana - 500081. (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, 2021 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	Rama Chandra Reddy Kadiri	00042172	31/08/2015
04	Raja Praturi	01819707	29/09/2017
05	Govinda Prasad Dasu	00160408	28/05/2018
06	Gummadapu Damodar Rao	07027779	27/04/2018
07	Nalluri Madhurika Venkat	07147974	13/08/2019
08	Adisheshaiah Chowdary Jakkampudi	01109704	25/01/2021

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: A022119C000652177

Place : Hyderabad
Date : 20th July, 2021

**INDEPENDENT
AUDITOR'S REPORT**

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 three subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2021, 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 Consolidate 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 31 March 2021, 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 there under, 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 38 to the Consolidated Financial Statements. The carrying value of Goodwill resulting from such business combinations aggregated INR 718,563,386 as at 31st March, 2021. 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.

**INDEPENDENT
AUDITOR'S REPORT**

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.

**INDEPENDENT
AUDITOR'S REPORT**

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)(i) 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.

**INDEPENDENT
AUDITOR'S REPORT**

Other Matters

We did not audit the financial statements / financial information of one foreign subsidiary, whose financial statements / financial information (before eliminating intercompany balances) reflects total assets of Rs.113,690,174/- as at 31st March 2021, total revenues of Rs. 367,600,779 /- and net cash inflows amounting to Rs. 28,255,551/-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 profit (including other comprehensive income) of Rs.15,783,363/- for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of one foreign subsidiary, whose financial statements have been audited by other auditor, 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 this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Further, of this subsidiary 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 subsidiary 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, 2021 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, 2021 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.

**INDEPENDENT
AUDITOR'S REPORT**

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:21015635AAAACT7048

Place: Hyderabad
Date: 27 April, 2021

**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 31 March 2021, 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 incorporated 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 incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the 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 incorporated 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

**INDEPENDENT
AUDITOR'S REPORT**

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 31 March 2021, 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.

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

Sreenivasa Rao T Mohite
Partner
Membership No.015635
ICAI:UDIN:21015635AAAACT7048

Place : Hyderabad
Date : 27 April, 2021

CONSOLIDATED

CONSOLIDATED BALANCE SHEET

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

PARTICULARS	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	58,873,341	97,290,362
Goodwill	38	718,563,386	718,563,386
Other Intangible assets	5	133,607,291	146,480,937
Intangible assets under development	5	-	33,798,979
Financial assets			
Trade receivables	7	28,672,507	34,673,546
Deferred tax assets (Net)	34	-	549,663
		939,716,525	1,031,356,873
Current Assets			
Inventories	6	21,695,367	27,659,138
Financial assets			
Trade receivables	7	275,316,388	280,826,292
Cash and cash equivalents	8 (a)	57,818,026	32,054,220
Other bank balances	8 (b)	2,866,776	1,904,516
Loans	9	102,105,764	108,539,170
Other financial assets	10	1,901,833	2,027,172
Current tax assets (net)		44,668,607	58,487,181
Other current assets	11	89,635,255	66,848,502
		596,008,016	578,346,191
Total assets		1,535,724,541	1,609,703,064
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	315,587,864	315,587,864
Other equity	13	213,820,772	307,193,273
Total equity		529,408,636	622,781,137
Non-current liabilities			
Provisions	14	46,925,673	30,023,513
Financial liabilities			
Borrowings	16	1,464,408	1,754,331
Other financial liabilities	15	37,584,034	37,584,034
		85,974,115	69,361,878
Current liabilities			
Financial liabilities			
Borrowings	16	630,142,395	621,732,035
Trade payables	17		
(a) total outstanding dues of micro and small enterprises			
(b) total outstanding dues other than (a) above		202,365,674	225,024,491
Other financial liabilities	15	729,130	803,518
Other current liabilities	18	70,578,332	50,405,005
Deferred tax liability	34	-	9,126
Provisions	14	16,526,259	19,585,874
Total current liabilities		920,341,790	917,560,049
Total liabilities		1,006,315,905	986,921,927
Total equity and liabilities		1,535,724,541	1,609,703,064
See accompanying notes forming part of the Consolidated Financial Statements	1 to 41		

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

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 27 April 2021

Place : Hyderabad
Date : 27 April 2021

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 2021	Year ended 31 March 2020
I Income			
Revenue from operations	19	1,051,934,571	993,206,996
Other income	20	17,273,828	17,825,045
Total Income		1,069,208,399	1,011,032,041
II Expenses			
Cost of material consumed	21	37,532,877	127,723,946
Other operating expenses	22	113,328,815	124,574,644
Employee benefits expenses	23	732,864,778	780,810,328
Finance costs	24	85,707,810	63,755,338
Depreciation and amortisation expense	5a	91,797,575	93,748,352
Other expenses	25	98,861,914	111,170,376
Total expense		1,160,093,769	1,301,782,984
III Loss before exceptional item and tax (I - II)		(90,885,370)	(290,750,943)
IV Exceptional Item	25(a)	-	173,695,630
V Loss before tax (III - IV)		(90,885,370)	(464,446,573)
VI Tax expense			
Current tax		81,704	1,920,275
Tax adjustments for earlier years		-	149,063
Deferred tax	34	540,537	(6,366,032)
Total tax expense		622,241	(4,296,694)
VII Loss after tax (V - VI)		(91,507,611)	(460,149,879)
VIII Other comprehensive income			
A) Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit liabilities - (gain) / loss	30	7,366,233	3,294,292
B) Items that will be reclassified to profit or loss:			
Exchange difference on translating foreign operations		(761,827)	2,531,673
Total Other Comprehensive (Income) / loss:		6,604,406	5,825,965
IX Total comprehensive loss for the year (VII - VIII)		(98,112,017)	(465,975,844)
Earnings per equity share (nominal value of INR 2) in INR	33		
Basic		(0.58)	(2.92)
Diluted		(0.56)	(2.86)
See accompanying notes forming part of the Consolidated Financial Statements	1 to 41		

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

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 27 April 2021

Place : Hyderabad
Date : 27 April 2021

CONSOLIDATED

CONSOLIDATED STATEMENT OF CASH FLOW

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

	Year ended 31 March 2021	Year ended 31 March 2020
A Cash flow from operating activities		
Loss before tax	(90,885,370)	(464,446,573)
Adjustments for:		
Depreciation of property, plant and equipment	40,266,791	38,578,855
Amortisation of intangible assets	51,530,784	55,169,497
Interest income	(1,976,154)	(3,738,023)
Finance costs	85,707,810	63,755,338
Allowances for Doubtful Receivables & Bad Debts / Inventory written off (net)	26,374,525	173,695,630
Write back of liabilities	(12,920,881)	-
Unrealized exchange (gain)/ loss (net)	3,192,054	(7,908,608)
Amorisation of share based payment cost	4,739,516	17,144,592
Provision for employee benefits	18,879,682	10,061,321
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(24,056,676)	(92,383,101)
(Increase)/ decrease in inventories	5,963,771	17,654,617
(Increase)/ decrease in Loan	6,433,406	2,540,729
(Increase)/ decrease in Other current asset	(22,786,752)	39,454,660
(Increase)/ decrease in Financial asset	140,000	-
(Increase)/ decrease in trade receivables Non Current	6,001,039	16,948,594
(Increase)/ decrease in Other non-current assets	-	1,198,936
Increase/ (decrease) in Provisions	(12,403,371)	(2,009,644)
Increase/ (decrease) in Trade Payable	(9,737,972)	7,463,335
Increase/ (decrease) in current liabilities	20,173,327	6,208,277
Cash generated from / (used in) operating activities before taxes	94,635,529	(120,611,568)
Income tax paid	13,736,870	6,452,985
Net cash flows from / (used in) operating activities (A)	108,372,399	(114,158,583)
B Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work in progress)	(1,219,119)	(8,146,852)
Purchase of other intangible assets	(5,563,198)	(45,000)
Purchase of other intangible assets under development	-	(9,678,264)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(962,261)	263,020
Interest received (finance income)	1,961,493	3,557,667
Net cash flows used in investing activities (B)	(5,783,084)	(14,049,429)
C Cash flow from financing activities		
Proceeds from Issue of Share Capital / Share warrants	-	41,798,252
Proceeds / (repayment) from long term borrowings, net	27,581,072	119,254,183
Finance cost paid	(105,168,408)	(29,059,750)
Net cash flows from / (used in) financing activities (C)	(77,587,336)	131,992,685
Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)	25,001,979	3,784,673
Cash and cash equivalents at the beginning of the year	32,054,220	30,801,220
Movement in foreign currency translation reserve	761,827	(2,531,673)
Cash and cash equivalents at the end of the year (refer note 8 (a))	57,818,026	32,054,220

See accompanying notes forming part of the Consolidated Financial Statements 1 to 41

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

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: 27 April 2021

Place: Hyderabad
Date: 27 April 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(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 2019		Change in Equity share Capital during the year		As at 31 March, 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
As of 1 April 2020		Change in Equity share Capital during the year		As at March 31, 2021	
Shares	Amount	Shares	Amount	Shares	Amount
157,793,932	315,587,864	-	-	157,793,932	315,587,864

b. Other Equity

Particulars	Money received against warrants	Reserves and Surplus			Retained Earnings	Other Comprehensive Income Foreign Currency Translation Reserve	Remeasurement of the net defined benefit plans	Total
		Capital reserve	Securities Premium	Share option outstanding				
Balance as at 1 April 2019	220,002,129	147,492,167	1,232,944,974	9,766,254	(908,186,996)	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	39,999,994	-	-	-	(460,149,879)	(2,531,673)	(3,294,292)	(465,975,844)
Issue of warrants	(100,002,148)	100,002,148	-	-	-	-	-	39,999,994
Forfeiture of warrants	-	-	-	-	-	-	-	-
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)	-	-	-	17,144,592	-	-	-	17,144,592
Conversion of equity warrants to equity shares	(159,999,975)	247,494,315	1,387,862,929	26,024,016	(1,373,142,896)	21,063,644	(2,098,735)	307,193,273
Balance as at 31 March 2020	-	247,494,315	1,387,862,929	26,024,016	(1,373,142,896)	21,063,644	(2,098,735)	307,193,273
Loss for the year	-	-	-	-	(91,507,611)	-	-	(91,507,611)
Other comprehensive income (Net)	-	-	-	-	-	761,827	(7,366,233)	(6,604,406)
Total comprehensive income for the year	-	-	-	-	(91,507,611)	761,827	(7,366,233)	(98,112,017)
Amortised amount of share based payments to employees (net)	-	-	-	4,739,516	-	-	-	4,739,516
Balance as at 31 March 2021	-	247,494,315	1,387,862,929	30,763,532	(1,464,650,507)	21,815,471	(9,464,968)	213,820,772

See accompanying notes forming part of the Consolidated Financial Statements 1 - 41

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

For and on behalf of the Board
MosChip Technologies Limited

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN: 01883241

Jayaram Susarla
Chief Financial Officer

Place : Hyderabad
Date : 27 April 2021

K. Ramachandra Reddy
Non Executive Director
DIN: 00042172

Suresh Bachalakura
Company Secretary
M.No.AGS 38381

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 7th Floor, "My Home Twitza", Hyderabad Knowledge City, Hyderabad - 500081. which is its principal place of business. As on 31 March 2021, the Company has three wholly owned subsidiary companies in India and USA, Oshin 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).

The Consolidated Financial Statements for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on 27 April 2021.

2 Significant accounting policies

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 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.

2.3 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.

The consolidated financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances, transactions including unrealized gain / loss from such transactions and cash flows are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

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

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 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 recognized directly in equity and attributed to owners of the Company.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

Following are the Subsidiary companies as on 31 March 2021 & 31 March 2020 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 2021	% Holding as on 31 March 2020
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

2.4 Business Combinations

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the date of exchange by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition.

Transaction costs incurred in connection with a business acquisition are expenses as incurred.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IND AS 109 Financial Instruments or IND AS 37 Provisions, Contingent Liabilities and Contingent Assets, with the corresponding gain or loss being recognised in profit or loss.

Business combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

2.5 Operating cycle

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

Assets :

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

- a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realized within twelve months after the reporting date; or
- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities :

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

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within twelve months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

2.6 Use of Estimates:

The preparation of consolidated financial statements requires the management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of consolidated financial statements, disclosure of contingent liabilities as at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Critical accounting estimates*(i) Revenue Recognition*

The Group applies the percentage of completion method in accounting for its fixed price development contracts. Use of the percentage of completion method requires the Group to estimate the efforts or costs expended to date (input method) as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Judgement is also required to determine the transaction price for the contract and to describe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Group exercises judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

(ii) Income taxes and deferred taxes

The major tax jurisdictions for the Company are India and the United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

(iii) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(iv) Provisions

A provision is recognised when the Company has a present obligation as a result of a 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 and adjusted to reflect the current best estimates.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

(v) Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103. Ind AS 103 requires the identifiable net assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets and their estimated useful life. These valuations are generally conducted by independent valuation experts.

(vi) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

(vii) Defined benefit plans and compensated absences

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(viii) Expected credit losses on financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

(ix) Other estimates

The share based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

(x) Estimation uncertainties relating to the COVID-19 pandemic

The Group has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used an internal and external source of information including economic forecasts. The Group based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions.

2.7 Property, plant and equipment

Recognition and measurement

Property, Plant & Equipment and intangible assets are stated at cost less accumulated depreciation/amortisation and net of impairment. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

The cost of property, plant and equipment not available for use as at each reporting date is disclosed under capital work in progress.

Depreciable amount for assets is the cost of an asset, less its estimated residual value. Depreciation on Property, Plant & Equipment (including assets taken on lease), other than freehold land, is charged based on the straight line method on the estimated useful life as prescribed in schedule II to the Companies Act, 2013 except in respect of the certain categories of assets, where the life of the assets has been assessed based on internal technical estimate, considering the nature of the asset and estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes. The estimated useful lives of assets are as follows:

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

The estimated useful life of intangible assets (software) is 3 to 5 years and these are amortised on a straight line basis. Project specific intangible assets are amortised over their estimated useful life on a straight line basis or over the period of the license/project period, whichever is lower.

Leasehold improvements are depreciated over the shorter of estimated useful life of the asset or related lease term.

Intellectual Property Rights ('IPR') comprise right to use for licensed software. The Group has recognised the IPR based on consideration paid. Subsequent to initial recognition, the intangible asset is measured at cost, less any accumulated amortization and accumulated impairment losses. The IPR's are amortised over their estimated useful life of the asset on a straight line basis.

An item of Property, Plant & Equipment and intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Leases

IndAS 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.

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

2.9 Impairment of assets

(i) Financial assets

The Group applies the expected credit loss model for recognizing impairment loss on financial assets.

Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

Loss allowances for trade receivables are 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. Lifetime expected credit loss is computed based on a provision matrix which takes in to the account historical credit loss experience adjusted for forward looking information. For other financial assets, expected credit loss is measured at the amount equal to twelve months expected credit loss unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime expected credit loss.

(ii) Non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

(iii) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows.

The Group estimates the value-in-use of the cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted average cost of capital based on the historical market returns of comparable companies.

2.10 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.

2.11 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.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

- 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.
- License agreements that require payment of license fees contain a single performance obligation that represents ongoing access to a portfolio of intellectual property over the license term since such agreements provide the licensee the right to access a portfolio of intellectual property that exists at inception of the license agreement and to updates and new intellectual property that is added to the licensed portfolio during the term of the agreement that are highly interdependent or interrelated. Since we expect to expend efforts to develop and transfer updates to our licensed portfolio on an even or specified timeline basis, license fees are recognized as revenues on a straight-line or milestone basis over the estimated period of benefit of the license to the licensee.
- Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.
- Contract liability (unearned revenue) is recognised when there is billings in excess of revenues.

Interest income

Interest income from a financial asset is recognised 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 a 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.

2.12 Foreign currency transactions

The functional currency of the Group and its Indian subsidiaries are Indian Rupees (INR) whereas the functional currency of foreign subsidiaries is the currency of their primary economic environment.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

2.13 Foreign operations

For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

2.14 Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

(i) Non-derivative financial instruments:

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate method less impairment losses, if these financial assets are held within a business model whose objective is to hold these assets in order 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.

Financial assets at fair value

Financial assets not measured at amortised cost are carried at fair value through profit or loss (FVTPL) on initial recognition, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in 'other comprehensive income', for investment in equity instruments which are not held for trading.

The Group, on initial application of IND AS 109 Financial Instruments has made an irrevocable election to present in 'other comprehensive income', subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL, are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. For financial liabilities carried at amortised cost, the carrying amounts approximate fair values due to the short term maturities of these instruments. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

(ii) Derivative financial instruments and hedge accounting

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows nominated in foreign currency. The Group uses foreign currency forward contracts / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Group designates some of these forward contracts / options as hedge instruments and accounts for them as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109.

The use of foreign currency forward contracts / options is governed by the Group's risk management policy approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Group's risk management strategy. The counter party to the Group's foreign currency forward contracts is generally a bank. The Group does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under 'effective portion of cash flow hedges' (net of taxes), and the ineffective portion is recognised immediately in the consolidated statement of profit and loss.

Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the consolidated statement of profit and loss in the same period in which gains/losses on the item hedged are recognised in the consolidated statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the consolidated statement of profit and loss as they arise.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified as effective portion of cash flow hedges is classified to consolidated statement of profit and loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in effective portion of cash flow hedges is transferred to the consolidated statement of profit and loss for the period.

(iii) Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risk and rewards of transferred financial assets, the Group continues to recognize the financial asset and also recognizes the borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or have expired.

(iv) Financial Guarantee contracts

Financial guarantee contracts issued by the Group are initially measured at fair value and subsequently measured at the higher of the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 Revenue.

2.15 Employee benefits

a Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's last drawn salary and the tenure of the employment.

b Defined contribution plans

Provident fund and ESIC: The Group's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

c Compensated absences:

The Group provides for compensated absences and long term service awards subject to Group's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each Balance Sheet date and the awards are accrued based on number years of service of an employee. It is measured at the balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

Actuarial gains and losses are recognised in full in the consolidated statement of profit and loss in the period in which they occur.

d Other short-term employee benefits

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for services rendered by employees, are recognised in the consolidated statement of profit and loss during the period when the employee renders the service.

2.16 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.17 Employee Stock Option Plans:

Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The share based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

The expense is recognized in the consolidated statement of profit and loss with a corresponding increase to the 'share option outstanding account', which is a component of equity.

2.18 Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period.

For calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

2.19 Provisions and contingent liabilities

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

3 Recent Indian Accounting Standards (Ind AS)

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

Balance Sheet:

- a Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- b Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- c Specified format for disclosure of shareholding of promoters.
- d Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- e If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- f Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- a Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS

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

4 Property, plant and equipment

Particulars	Mask Tools	Electrical Installation	Leasehold improvements	Lab Equipment's	Plant and Machinery	Furniture and fixtures	Office equipment's	Computers	Vehicles	Total Tangible Assets
Cost										
At 1 April 2019	147,909,544	777,766	10,949,071	2,150,527	1,985,164	7,449,809	4,990,269	15,967,567	5,256,393	197,436,110
Additions / (Transfer)	-	-	-	-	475,000	3,057,385	449,099	4,572,088	-	8,553,572
Less: Deletions	-	-	-	-	-	-	-	-	-	-
At 31 March 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	205,989,682
Additions / (Transfer)	-	-	-	2,694,857	-	-	-	1,838,036	-	4,532,893
Less: Deletions	-	607,790	10,949,071	-	1,816,668	6,804,244	3,552,880	6,009,023	275	29,739,951
At 31 Mar 2021	147,909,544	169,976	-	4,845,384	643,496	3,702,950	1,886,488	16,368,668	5,256,118	180,782,624
Accumulated depreciation										
At 1 April 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	70,120,465
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 31 March 2020	73,983,232	513,000	10,910,738	1,148,765	1,421,892	4,401,364	3,426,639	11,689,190	1,204,500	108,699,320
Charge for the year	29,675,018	141,354	38,335	877,446	591,591	3,294,215	1,303,699	3,697,532	647,601	40,266,791
Less: Deletions	-	607,791	10,949,073	-	1,816,668	6,692,200	3,523,680	3,467,141	275	27,056,828
At 31 Mar 2021	103,658,250	46,563	-	2,026,211	196,815	1,003,379	1,206,658	11,919,581	1,851,826	121,909,283
Carrying amount										
At 1 April 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 31 March 2020	73,926,312	264,766	38,333	1,001,762	1,038,272	6,105,829	2,012,729	8,850,465	4,051,893	97,290,362
At 31 March 2021	44,251,294	123,413	-	2,819,173	446,681	2,699,571	679,830	4,449,087	3,404,292	58,873,341

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

5 Intangible assets

Particulars	Design & Development	Software	Total Intangible assets	Intangible assets under development
Cost				
At 1 April 2019	236,576,695	858,020	237,434,715	24,120,714
Additions / (Transfer)	-	45,000	45,000	9,678,265
At 31 March 2020	236,576,695	903,020	237,479,715	33,798,979
Additions / (Transfer)	38,589,363	-	38,589,363	(33,798,979)
Less: Deletions	-	903,020	903,020	-
At 31 March 2021	275,166,058	-	275,166,058	-
Accumulated amortisation				
At 1 April 2019	35,311,525	517,756	35,829,281	-
Charge for the year	55,070,095	99,402	55,169,497	-
At 31 March 2020	90,381,620	617,158	90,998,778	-
Charge for the year	51,244,921	285,863	51,530,784	-
Deletions	67,774	903,021	970,795	-
At 31 March 2021	141,558,767	-	141,558,767	-
Carrying amount				
At 1 April 2019	201,265,170	340,264	201,605,434	24,120,714
At 31 March 2020	146,195,075	285,862	146,480,937	33,798,979
At 31 March 2021	133,607,291	-	133,607,291	-

5a Depreciation and amortisation expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation	40,266,791	38,578,855
Amortisation	51,530,784	55,169,497
Total	91,797,575	93,748,352

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

	As at 31 March 2021	As at 31 March 2020
6 Inventories *		
Inventories consist of the following:		
Hardware and Product Component for IoT	21,695,367	27,659,138
	<u>21,695,367</u>	<u>27,659,138</u>
* Inventories are carried at lower of cost and net realisable value.		
7 Trade receivables		
Non Current		
Unsecured, considered good	28,672,507	34,673,546
Less: Allowance for doubtful trade receivables	-	-
	<u>28,672,507</u>	<u>34,673,546</u>
Current		
Unsecured, considered good	315,642,387	298,627,781
Less: Allowance for doubtful trade receivables	<u>(40,325,999)</u>	<u>(17,801,489)</u>
	<u>275,316,388</u>	<u>280,826,292</u>
8 (a) Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
- in Current account	47,354,759	22,139,114
- in Deposit account	10,463,267	9,915,106
	<u>57,818,026</u>	<u>32,054,220</u>
8 (b) Other bank balances		
Term deposits with Banks with original maturities of less than 1 year*	2,866,776	1,904,516
Total Other bank balances	<u>2,866,776</u>	<u>1,904,516</u>
* Balances held as Margin Money/Security deposit represents the deposits lodged with Banks against Guarantees issued by them.		
9 Loans - current		
Unsecured, considered good		
Security deposits	102,105,764	108,539,170
	<u>102,105,764</u>	<u>108,539,170</u>

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

	As at 31 March 2021	As at 31 March 2020
10 Other current financial assets		
Unsecured, considered good		
Earnest Money Deposits	1,841,521	1,981,521
Interest accrued on deposits	60,312	45,651
	<u>1,901,833</u>	<u>2,027,172</u>
11 Other current assets		
Unsecured, considered good		
Advances to employees	31,446	1,369,228
Balance with Government Authorities	-	1,752,938
Indirect tax recoverable	40,609	1,038,756
Advance to Vendors	6,397,446	4,588,798
Prepaid expenses	8,817,827	8,330,552
Unbilled revenue	74,347,927	49,768,230
	<u>89,635,255</u>	<u>66,848,502</u>
12 Equity share capital		
Authorised Share Capital		
282,705,000 (March 31, 2020: 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, 2020: 157,991,402) equity shares of Rs.2/- each fully paid-up	315,982,804	315,982,804
Less: 197,470 (March 31, 2020: 197,470) Equity shares of Rs. 2/- each fully paid-up issued to MosChip ESOP Trust but not allotted to employees.	(394,940)	(394,940)
Adjusted: Issued, subscribed and fully paid-up	<u>315,587,864</u>	<u>315,587,864</u>

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

(a) Reconciliation of number of Equity Shares and amount outstanding

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	157,991,402	315,982,804	154,148,847	308,297,694
Issued during the year	-	-	3,842,555	7,685,110
Total	157,991,402	315,982,804	157,991,402	315,982,804
Less: Equity shares of Rs. 2/- each fully paid-up issued to MosChip ESOP Trust but not allotted to employees.	197,470	394,940	197,470	394,940
Adjusted : Issued, Subscribed and Paid up Share Capital	157,793,932	315,587,864	157,793,932	315,587,864

(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) Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

Particulars	As at 31 March 2021		As at 31 March 2020	
	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%

This percentage of holding is presented with reference to Issued, Subscribed and Paid up

(d) Of the above issued shares 81,531,739 (31 March 2020 - 81,531,739) equity shares held by holding company namely Oshin Global Pte Ltd and 196,000 (31 March 2020 - 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
CONSOLIDATED FINANCIAL STATEMENTS**

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

	As at 31 March 2021	As at 31 March 2020
13 Other equity		
a) Money received against warrants		
Opening balance	-	220,002,129
Forfeiture of share warrants		(100,002,148)
Issue of share warrants		39,999,994
Conversion of warrants to equity shares		(159,999,975)
Closing balance	<u>-</u>	<u>-</u>
b) Capital Reserve		
Opening balance	247,494,315	147,492,167
Forfeiture of share warrants	-	100,002,148
Closing balance	<u>247,494,315</u>	<u>247,494,315</u>
Capital reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on forfeiture of share warrants issued in the earlier years. The capital reserve can be utilised for issue of bonus shares.		
c) Securities Premium		
Opening balance	1,387,862,929	1,232,944,974
Conversion of warrants to equity shares	-	152,888,865
Transfer from share option outstanding account on exercise of stock options	-	886,830
Received on exercise of Stock options	-	1,142,260
Closing balance	<u>1,387,862,929</u>	<u>1,387,862,929</u>
Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued. The utilisation of the securities premium is governed by the Section 52 of the Act.		
d) Share option outstanding account		
Opening balance	26,024,016	9,766,254
Amorisation of Share based payment cost	4,739,516	17,144,592
Transfer from share option outstanding account on exercise of stock options	-	(886,830)
Closing balance	<u>30,763,532</u>	<u>26,024,016</u>
Share options outstanding account represents the fair value of services received against employees stock options outstanding as at balance sheet date. These will be transferred to securities premium account after the exercise of the underlying options.		
e) Retained earnings		
Opening balance	(1,373,142,896)	(908,186,996)
Reclassification of actuarial gain / loss to retained earnings	-	(4,806,021)
Loss for the year	(91,507,611)	(460,149,879)
Closing balance	<u>(1,464,650,507)</u>	<u>(1,373,142,896)</u>

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

	As at 31 March 2021	As at 31 March 2020
f) Other Comprehensive Income		
(i) Remeasurement of the net defined benefit plans		
Opening balance	(2,098,735)	(3,610,464)
Reclassification of actuarial gain / loss to retained earnings	-	4,806,021
Additions during the year	(7,366,233)	(3,294,292)
Closing balance	<u>(9,464,968)</u>	<u>(2,098,735)</u>
(ii) Foreign currency translation reserve (FCTR)		
Opening balance	21,053,644	23,585,317
Additions during the year	761,827	(2,531,673)
Closing balance	<u>21,815,471</u>	<u>21,053,644</u>
The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.		
Total other equity	<u>213,820,772</u>	<u>307,193,273</u>
14 Provisions		
Non-Current		
Provision for employee benefits		
- Gratuity (refer note 30)	32,198,383	22,832,211
- Compensated absences	13,128,719	5,886,111
Provision for Warranty	1,598,571	1,305,191
	<u>46,925,673</u>	<u>30,023,513</u>
Current		
Provision for employee benefits		
- Gratuity (refer note 30)	8,907,072	12,217,614
- Compensated absences	7,619,187	7,368,260
	<u>16,526,259</u>	<u>19,585,874</u>
15 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	729,130	803,518
	<u>729,130</u>	<u>803,518</u>

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

	As at 31 March 2021	As at 31 March 2020
16 Borrowings		
Non-Current		
Secured loans		
Vehicle Loans (refer note i)	1,464,408	1,754,331
	<u>1,464,408</u>	<u>1,754,331</u>
Current- Borrowings		
Unsecured Borrowings		
- From banks (refer note ii)	194,632,871	160,313,738
- From related parties (refer note 27)	435,509,524	461,418,297
	<u>630,142,395</u>	<u>621,732,035</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 Group 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. During the current year, the bank has sanctioned Rs. 2.88 crores of additional loan under the scheme of ECLGS.		
Line of Credit from bank for an amount of \$ 150k, which is secured by personally guarantee given by the director's of the Company and \$245k Payroll Protection Plan (PPP) loan from Small Business Administration (SBA) through MosChip USA, rate of Interest 1% p.a.,		
17 Trade payables		
Trade payables		
(a) total outstanding dues of micro and small enterprises (refer note 31)	-	-
(b) total outstanding dues other than (a) above	202,365,674	225,024,491
	<u>202,365,674</u>	<u>225,024,491</u>
18 Other liabilities		
Current		
Statutory liabilities	64,570,336	39,424,193
Advance from customer	815,706	9,194,800
Revenue received in advance	5,192,290	1,786,012
	<u>70,578,332</u>	<u>50,405,005</u>

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

	Year ended 31 March 2021	Year ended 31 March 2020
19 Revenue from operations		
Semiconductor services & Products	902,295,674	760,306,727
Embedded services & Products	149,638,897	232,900,269
	1,051,934,571	993,206,996
20 Other income		
Interest income	789,136	1,062,961
Interest on Income-tax refund	1,187,018	2,675,062
Foreign exchange gain / (loss) (net)	(4,306,391)	8,206,947
Interest Income on financial assets carried at fair value	4,063,308	4,527,476
Write back of liabilities	12,920,881	-
Others	2,619,876	1,352,599
	17,273,828	17,825,045
21 Cost of material consumed		
Opening stock	27,659,138	44,938,906
Add: Purchases during the year	31,569,106	110,444,178
Less: Closing stock	21,695,367	27,659,138
	37,532,877	127,723,946
22 Other operating expenses		
Outsourcing Services	54,241,881	72,129,941
Software tools cost	35,581,284	26,053,042
Installation & Data Charges	10,645,940	9,507,623
Job work Charges	12,566,330	15,460,531
Other expenses	293,380	1,423,507
	113,328,815	124,574,644
23 Employee benefits expense		
Salaries, wages and bonus	697,029,819	722,690,378
Contribution to provident and other funds	19,975,840	20,703,943
Share based payment expenses	4,739,516	17,144,592
Staff welfare expenses	11,119,603	20,271,415
	732,864,778	780,810,328
24 Finance costs		
Interest on working capital loan	15,501,434	16,128,076
Interest on other loans	68,974,604	46,493,835
Bank charges	1,231,772	1,133,427
	85,707,810	63,755,338

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

	Year ended 31 March 2021	Year ended 31 March 2020
25 Other expenses		
Software expenses	1,443,006	882,372
Power and fuel	2,879,247	7,363,126
Director sitting fee	1,194,000	1,500,000
Repairs and maintenance	364,593	1,266,110
Auditors remuneration (refer note 29)	2,374,749	2,295,124
Postage, telegram and telephone expenses	628,263	1,116,756
Lease rentals (refer note 32)	19,718,438	36,222,572
Rent on equipment's	3,152,629	3,814,250
Business promotion and advertisement expenses	9,278,385	3,190,884
Security expenses	814,544	1,873,009
Travelling and conveyance	3,367,394	15,837,157
Rates and taxes	1,295,490	326,694
Professional charges	5,286,403	13,117,656
Printing and stationary	49,743	411,491
Communication expenses	1,734,612	2,090,421
Insurance	709,985	981,674
Office maintenance	3,115,946	7,527,386
Subscription charges	3,619,212	4,638,439
General expenses	11,460,750	6,715,255
Allowances for Doubtful Receivables and Bad Debts written off (net)	26,374,525	-
	98,861,914	111,170,376
25(a)Exceptional Item (refer note 39)		
Bad debts written off	-	150,947,156
Allowances for Doubtful Receivables and Bad Debts written off (net)	-	17,801,061
Written down value of Inventory	-	4,947,413
	-	173,695,630

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

26 Contingent liabilities and commitments

Particulars	As at 31 March 21	As at 31 March 20
i) Contingent liabilities:		
- Corporate guarantees given on behalf of related parties	2,866,776	1,904,516

27 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 2021
Holding Company	
ElJI Holding Pte Limited	Ultimate Holding Company
Oshin Global Pte Limited	Holding Company
Directors and relatives *	
Mr. Damodar Rao Gummadapu	Non-Executive Director.
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
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
Others *	
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
Magica Sports Ventures Private Limited	Common Director in Holding company and Magica Sports
Blaster Sports Private Limited	Common Director in Holding company and Blaster Sports
Techwave Consulting Inc, USA	Director has significant influence
Techwave Infotech Private Limited	Director has significant influence
Techwave Infotech Pte Ltd	Director has significant influence
Jaagruthi Info Technologies Private Limited	Director has significant influence
* The above list represents only the directors, KMP's and relatives, who are having transactions with the Group.	
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 IndAS 24 Related Party Disclosures.	

**NOTES FORMING PART OF
CONSOLIDATED 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 21	Year ended 31 March 20
Loans received from		
Mapple Enterprises Private Limited	-	10,000,000
Mayuka Holdings Private Limited	10,000,000	183,000,000
Allotment of equity shares / warrants		
Mr. K Ramachandra Reddy (Preferential allotment) (3,555,555 shares @ 45 (converted warrants to shares during the year))		40,000,000
Loans - Repayment		
Jaagruthi Info Technologies Private Limited	10,000,000	40,000,000
Mr. K Ramachandra Reddy	-	40,000,000
Interest expenses		
Jaagruthi Info Technologies Private Limited	1,629,342	4,676,710
Mrs. Asha Nimmagadda	9,000,003	9,024,660
Mapple Enterprises Private Limited		6,243,616
Mayuka Holdings Private Limited	58,345,259	17,618,849
Other expenses / (Income)		
Magica Sports Ventures Private Limited	(6,144,068)	2,500,000
Blaster Sports Private Limited	9,000,000	-
Techwave Infotech Pte Ltd	36,760	-
Transactions with Key Management Personal		
Remuneration to Managing Director and CEO	16,320,000	14,400,000
Interest on loan given by Managing Director and CEO	1,086,524	888,571
Number of Stock Options Granted/outstanding to Directors	1,200,000	1,000,000
Remuneration to other Key Management Personal	6,778,039	6,101,500
Number of Stock Options Granted/outstanding to Key Management Personal	540,000	17,000
Remuneration		
Mr. Gunapati Venkata Pranav Reddy	-	3,600,000
Remuneration disclosed above does not include insurance and other employee benefits (Gratuity and compensated absences). Gratuity and compensated absences is accrued in the books of accounts on the basis of actuarial valuation for the Group as a whole and hence individual amount cannot be determined.		

c) Balances outstanding:

Particulars	As at 31 March 21	As at 31 March 20
Trade and other payables		
Techwave Infotech Private Limited	52,309,927	52,373,300
Techwave Infotech Pte Ltd	36,760	-
Magica Sports Ventures Private Limited	-	8,700,000
Loan & Interest Payable		
Mapple Enterprises Private Limited	-	10,791,415
Mayuka Holdings Private Limited	425,095,167	388,856,964
IQuest Enterprises Private Limited	-	2,442,741
Ms. Asha Nimmagadda	-	20,261,094
Jaagruthi Infotech Private Limited	-	21,310,415
Mr. Venkata Sudhakar Simhadri	10,414,357	17,755,668

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

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, 2021, 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.

28 Segment information

Ind AS 108 establishes standards for the way that companies report information about their operating segments and related disclosures, as applicable about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, the management evaluates the Companies performance and allocates resources based on an analysis of various performance indicators by business segments and geographical 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 Embedded have 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.

Information on reportable segments for the year ended 31 March 2021 and 31 March 2020 is given below:

A Business Segment

	Year ended 31 March 21	Year ended 31 March 20
Revenue		
Semiconductor	902,297,000	760,306,727
Embedded	149,637,571	232,900,269
Total	1,051,934,571	993,206,996
Direct cost		
Semiconductor	640,201,875	636,437,251
Embedded	170,495,142	285,918,028
Segment operational income		
Semiconductor	262,095,125	123,869,476
Embedded	(20,857,571)	(53,017,759)
Total Operational income	241,237,554	70,851,717
Other Income	(17,273,828)	(17,825,045)
Less - Un allocated expenses	171,891,366	395,619,645
Finance charges	85,707,810	63,755,338
Depreciation and Amortisation expenses	91,797,575	93,748,352
Loss before tax	(90,885,369)	(464,446,573)
Tax expenses	622,241	(4,296,694)
Loss after tax	(91,507,610)	(460,149,879)

**NOTES FORMING PART OF
CONSOLIDATED 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 21	As at 31 March 20
Segment assets		
Semiconductor	1,034,258,006	1,034,330,025
Embedded	453,213,907	514,130,495
Un allocable segment assets	48,252,627	61,242,544
Total	1,535,724,540	1,609,703,064
Segment Liabilities		
Semiconductor	106,510,658	102,167,448
Embedded	39,797,043	72,461,533
Un allocable segment Liabilities	860,008,203	812,292,946
Total	1,006,315,904	986,921,927
Capital employed	529,408,636	622,781,137

For periods prior to 1 April 2020 the Group has identified Semiconductor and IoT segments as business segment based on nature of business. For period starting from 1 April 2020, the Group has changed the structure of internal reporting which has changed the composition of reportable segment and accordingly the Group has identified Semiconductor and Embedded as new business reportable segments. The new reportable segments are identified based on "type of technology" by considering its economic characteristics.

Accordingly, earlier year / period figures have been restated, to correspond with the current period's disclosure.

B Secondary Segment information

	Year ended 31 March 21	Year ended 31 March 20
1. Information regarding geographical revenue is as follows:		
Within India	611,981,908	560,432,804
Outside India	439,952,663	432,774,192
Total	1,051,934,571	993,206,996
	As at 31 March 21	As at 31 March 20
2. Information regarding geographical Non-Current assets is as follows:		
Within India	903,436,022	994,335,941
Outside India	36,280,503	37,020,932
Total	939,716,525	1,031,356,873

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.

29 Auditors' remuneration

Particulars	Year ended 31 March 21	Year ended 31 March 20
Statutory audit fee	1,032,160	1,091,553
Tax audit fee	130,000	120,000
Other services	1,212,589	1,083,571
Total	2,374,749	2,295,124

30 Details of employee benefits as required by the INDAS-19 – Employee Benefits are as under:

i. Defined Contribution Plans

The Company makes contributions to Provident Fund which is defined contribution plans for qualifying employees. Under these Schemes, the Company contributes a specified percentage of the payroll costs to the respective funds.

The Company has recognized as an expense in the Statement of Profit and Loss Rs. 10,822,267 (31 March 2020: 10,708,419) for Provident Fund contributions

ii. Defined Benefit Plan

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the company operates a scheme of gratuity which is a defined benefit plan. The gratuity plan is partially funded.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

The following table sets out the Changes in Defined Benefit Obligation ('DBO') and planned assets recognized in the Balance Sheet are as under.

Particulars	As at 31 March 21	As at 31 March 20
Defined benefit obligation at the beginning of the year	35,390,707	25,749,437
Service cost	6,750,448	7,766,088
Interest cost	1,540,585	1,179,741
Benefits paid	(9,495,800)	(1,668,943)
Actuarial gain	7,530,864	2,364,384
Defined benefit obligation at the end of the year	41,716,804	35,390,707
Change in Fair Value of Plan Assets		
Fair value of plan assets at the beginning of the year	340,882	1,454,442
Employer Contributions	6,621,279	541,392
Interest income on Plan Assets	(144,165)	82,209
Actuarial (gain)/loss on plan assets	164,632	908
Others (Business combinations)		806,401
Benefits Paid	(6,371,279)	(2,544,470)
Fair value of plan assets at the end of the year	611,349	340,882
Present value of projected benefit obligation at the end of the year	41,716,804	35,390,707
Fair value of plan assets at the end of the year	611,349	340,882
Net liability recognised in the balance sheet	41,105,455	35,049,825
Non Current provision	32,198,383	22,832,211
Current provision	8,907,072	12,217,614

Expenses recognised in statement of profit and loss	Year ended 31 March 21	Year ended 31 March 20
Service cost	6,750,448	7,766,088
Interest cost (Incl. Interest on asset)	1,684,750	1,179,741
Expenses recognised in statement of profit and loss	8,435,198	8,945,829
Gratuity cost		
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	-	(1,650,368)
Actuarial gain / (loss) due to financial assumption changes	799,945	1,903,110
Actuarial gain / (loss) due to experience adjustments	6,730,919	3,042,458
Return on plan assets greater (less) than discount rate	(164,631)	(908)
Total expenses routed through OCI	7,366,233	3,294,292

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

Assumptions	As at 31 March 21	As at 31 March 20
Discount rate	4.85%	5.40%
Future salary increases	7.00%	7.00%
Employee turnover		
Age Years		
21-30	32.18%	33.80%
31-40	35.96%	30.00%
41-50	15.96%	15.59%
51-59	21.86%	20.62%

Sensitivity Analysis

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

	As at 31 March 21	As at 31 March 20
Effect of + 1% change in rate of discounting	(1.92)%	(1.97)%
Effect of - 1% change in rate of discounting	2.00%	2.05%
Effect of + 1% change in rate of salary increase	1.77%	2.01%
Effect of - 1% change in rate of salary increase	(1.74)%	(1.95)%

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.

31 Dues to Micro, small and medium enterprises

The Group sought the information from all the suppliers, based on the information available with the Group, 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.

32 Leases

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 Group 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 21	Year ended 31 March 20
Cancellable operating lease expense	19,718,438	36,222,572
Non - cancellable operating lease expense	-	-
Total	19,718,438	36,222,572

33 Earnings per share

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

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

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

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

Particulars	Year ended 31 March 21	Year ended 31 March 20
Loss for the year	(91,507,611)	(460,149,879)
Loss attributable to equity share holders	(91,507,611)	(460,149,879)
Equity Shares outstanding as at the end of the year (in nos.)	157,991,402	157,991,402
Weighted average number of Equity Shares used as a denominator for calculating Basic Earnings Per Share	157,991,402	157,565,829
Add: Dilutive impact of employee stock options	5,277,299	3,271,000
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	163,268,701	160,836,829
Earnings per share of par value ₹ 2 – Basic (₹)	(0.58)	(2.92)
Earnings per share of par value ₹ 2 – Diluted (₹)	(0.56)	(2.86)

34 Deferred Tax

Computation of Deferred Tax	Year ended 31 March 21	Year ended 31 March 20
Opening Balance	540,537	(5,699,742)
On account of amalgamation / acquisitions	-	(125,754)
Depreciation	(540,537)	6,366,032
Total Timing Difference	(540,537)	6,240,278
Net Deferred Tax Asset / (Liability)	-	540,537

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

Particulars	As at 31 March 21	As at 31 March 20
Deferred Tax Asset	-	549,663
Deferred Tax Liabilities	-	(9,126)
Net Deferred Tax Assets / (Liability)	-	540,537

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

Particulars	For the year ended 31 March 2021			
	Opening Balance	Others	Recognized current year	Closing Balance
Employee Benefits	472,407	-	(472,407)	-
Depreciation	(1,260,574)	-	1,260,574	-
Provisions	1,509,144	-	(1,509,144)	-
Other items	(180,440)	-	180,440	-
Net Deferred Tax Asset / (Liability)	540,537	-	(540,537)	-

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

Particulars	For the year ended 31 March 2020			
	Opening Balance	On account of amalgamation / acquisitions	Recognized current year	Closing Balance
Employee Benefits	472,407	-	-	472,407
Depreciation	(7,500,853)	(125,753)	6,366,032	(1,260,574)
Provisions	1,509,144	-	-	1,509,144
Other items	(180,440)	-	-	(180,440)
Net Deferred Tax Asset / (Liability)	(5,699,742)	(125,753)	6,366,032	540,537

35 Employee Stock Option Plans

The Employee Option Plans are 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 seven schemes i.e., Employee Stock Option Plan, 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, 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 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 2018

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 2021					
	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)	MosChip Stock Option Plan 2018
Options outstanding at the beginning of the year	1,096,500	250,000	199,000	491,000	1,000,000	-
Granted during the year	587,000	150,000	-	509,000	-	5,611,000
Forfeited during the year	253,500	-	174,000	50,000	-	214,000
Exercised during the year	-	-	-	-	-	-
Options outstanding at the end of the year	1,430,000	400,000	25,000	950,000	1,000,000	5,397,000

The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2021 was "Not Applicable" (31 March 2020 – INR 13.34).

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

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

	31 Mar 2021			31 Mar 2020	
Grant date	20-Jul-20	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry date	19-Jul-27	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise price	₹ 16.00	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share options	6,593,000	2,609,000	20,000	2,981,500	20,000

The fair value of each option is estimated on the date of grant using Black-Scholes-Merton model with the following assumptions:

The model inputs for options granted during the year ended 31 March 2021 and 31 March 2020 included:

	31 Mar 2021			31 Mar 2020	
Grant Date	20-Jul-20	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry Date	19-Jul-27	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise Price	₹ 16.00	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share Price at Grant date	₹ 13.80	₹ 22.00	₹ 5.98	₹ 22.00	₹ 5.98
Expected price volatility of the company's shares	67.00%	58.33%	70.17%	72.67%	70.17%
Expected dividend yield	-	-	-	-	-
Risk free interest rate	5.13%	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.

36 Financial Risk Management Framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

a. Financial Instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2021 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	28,672,507	-	-	-	28,672,507
Trade receivables - Current	-	-	-	275,316,388	275,316,388
Cash and cash equivalents	-	-	-	57,818,026	57,818,026
Other bank balances	-	-	-	2,866,776	2,866,776
Loans	-	-	-	102,105,764	102,105,764
Other financial assets	-	-	-	1,901,833	1,901,833
Total	28,672,507	-	-	440,008,787	468,681,294
Financial liabilities					
Borrowings - long term	-	-	-	1,464,408	1,464,408
Other financial liabilities - Non current	-	-	-	37,584,034	37,584,034
Borrowings - short term	-	-	-	630,142,395	630,142,395
Trade payables	-	-	-	202,365,674	202,365,674
Other financial liabilities	-	-	-	729,130	729,130
Total	-	-	-	872,285,641	872,285,641

The carrying value and fair 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 fair value of cash and cash equivalents, other balances with bank, trade receivables, unbilled receivables, loans, trade payables, borrowing and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

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, 2021 and March 31, 2020. 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, 2021 and March 31, 2020.

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 exposure to the risk of changes in market interest rates relates primarily to the Group debt obligations with interest rates.

Interest rate sensitivity

If interest rates had been 1.00 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended March 31, 2021 would decrease/increase by Rs. 6,962,658 (March 31, 2020: decrease/increase by Rs. 3,983,564). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risk. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 468,536,287 and ₹ 460,024,916 as of March 31, 2021 and March 31, 2020 respectively, being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, other balance with banks, loans and other financial assets.

Trade receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

The expected credit loss allowance is based on the ageing of receivables and the rates in the provision matrix. Movement in the expected credit loss allowance is as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	17,801,489	-
Movement in the expected credit loss allowance on trade receivables and other financial assets:		
Provided during the year	24,083,920	17,801,061
Reversed/utilised during the year	(1,538,744)	-
Translation Adjustment	(20,666)	428
Balance at the end of the year	40,325,999	17,801,489

**NOTES FORMING PART OF
CONSOLIDATED 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 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 22% 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 manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2021 and 31 March 2020:

	On demand	Less than 1 year	1 to 3 years	3 to 5 years	>5 years	Total
Year ended March 31, 2021						
Borrowings - long term		366,102	1,098,306	-	-	1,464,408
Other Financial Liabilities - long term	-	28,188,026	9,396,009	-	-	37,584,034
Borrowings - short term	630,142,395	-	-	-	-	630,142,395
Trade payables	202,365,674	-	-	-	-	202,365,674
Other Financial Liabilities - current	729,130	-	-	-	-	729,130
Year ended March 31, 2020						
Borrowings - long term	-	350,866	1,052,599	350,866	-	1,754,331
Other financial Liabilities - long term	-	18,792,017	18,792,017	-	-	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

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.

37 Capital management

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

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

The capital structure as of March 31, 2021 and March 31, 2020 was as follows:

Particulars	As at 31 March 21	As at 31 March 20
Total equity attributable to the equity shareholders of the Company	529,408,636	622,781,137
As a percentage of total capital	46%	50%
Long term borrowings including current maturities	1,464,408	1,754,331
Short term borrowings	630,142,395	621,732,035
Total borrowings	631,606,803	623,486,366
As a percentage of total capital	54%	50%
Total capital (equity and borrowings)	1,161,015,439	1,246,267,503

**NOTES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

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

38 Goodwill

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

	As at 31 March 21	As at 31 March 20
Balance at the beginning of the year	718,563,386	718,563,386
On addition/ acquisition during the year	-	-
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.

- 39** For the year ended 31 March 2020, Exceptional item include 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.
- 40** 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.
- 41** Previous year figures have been regrouped wherever necessary, to correspond with the current period's 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

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 27 April 2021

Place : Hyderabad
Date : 27 April 2021

**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	FY 2020-2021		FY 2019-2020		Share in profit or loss		FY 2019-2020		FY 2020-2021		Share in other comprehensive income		FY 2019-2020		FY 2020-2021		Share in Total comprehensive Income	
	As % of consolidated Net Assets	Amount In Rs.	As % of consolidated Net Assets	Amount In Rs.	As % of consolidated Profit or loss	Amount In Rs.	As % of consolidated Profit or loss	Amount In Rs.	As % of consolidated comprehensive income	Amount In Rs.	As % of consolidated comprehensive income	Amount In Rs.	As % of consolidated comprehensive income	Amount In Rs.	As % of consolidated comprehensive income	Amount In Rs.	As % of consolidated comprehensive income	
Parent Company																		
MosChip Technologies Limited	163.57%	865,962,867	142.45%	887,137,405		(18,458,585)	59.42%	(273,416,588)	113%	7,458,468	65%	3,769,772	26.41%	(25,914,053)	59.49%	(277,166,339)		
Subsidiaries																		
Indian																		
Maven Systems Private Limited	-55.78%	(295,284,576)	-38.88%	(242,152,137)	58.16%	(53,224,709)	21.16%	(87,352,177)	-1%	(92,235)	-8%	(475,480)	54.15%	(53,132,474)	20.79%	(96,876,688)		
MosChip Institute of Silicon Systems Private Limited	-1.19%	(6,295,481)	1.01%	6,259,459	13.72%	(12,554,941)	-0.26%	1,186,751					12.80%	(12,554,941)	-0.25%	1,186,751		
Foreign																		
MosChip Technologies USA	-5.58%	(29,559,886)	-7.28%	(45,343,249)	-16.42%	(15,021,572)	5.55%	(25,520,997)	-12%	(761,827)	43%	2,531,673	-16.09%	(15,783,399)	6.02%	(28,052,670)		
Gigacom Semiconductor, LLC	0.00%	-	0.00%	-	0.00%	-	2.47%	(11,387,862)	0%	-	0%	-	0.00%	-	2.44%	(11,387,862)		
Adjustment arising out of consolidation	-1.02%	(5,414,287)	2.71%	(6,879,659)	24.36%	(22,293,948)	11.66%	(53,659,026)	0%	-	0%	-	22.72%	(22,293,948)	11.52%	(53,659,026)		
Total	100%	529,408,636	100%	622,781,137	100%	(91,307,611)	100%	(460,149,879)	100%	6,604,406	100%	5,825,965	100%	(98,112,017)	100%	(465,975,844)		

**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, 2021, 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, 2021 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 39 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, 2021. 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)(i) 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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
 - 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 III 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:21015635AAAACS6812

Place: Hyderabad
Date : 27 April, 2021

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 2021, we report the following:

SlNo.	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 thereunder. 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, 2021 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/Debenture 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. However, company has raised by way of over drafts /loans that have been applied by the company for which they were raised.
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 or 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
		During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
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 RBI 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:21015635AAAACS6812

Place : Hyderabad
Date : 27 April, 2021

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 2021 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.

**INDEPENDENT
AUDITOR'S REPORT**

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 2021, 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:21015635AAAACS6812

Place: Hyderabad

Date : 27 April, 2021

STANDALONE BALANCE SHEET

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

PARTICULARS	Note No.	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	56,960,102	90,083,153
Goodwill	39	444,150,372	444,150,372
Other Intangible assets	5	8,072,582	15,269,398
Financial assets			
Investment	6	338,853,023	338,853,023
Trade receivables	8	28,672,507	34,673,546
Deferred tax assets (Net)	36	-	312,681
		876,708,586	923,342,173
Current Assets			
Inventories	7	-	1,352,176
Financial assets			
Trade receivables	8	379,353,766	328,762,170
Cash and cash equivalents	9 (a)	21,087,529	30,478,393
Other bank balances	9 (b)	2,866,776	1,904,516
Loans	10	348,444,437	342,361,436
Other financial assets	11	1,441,833	1,427,172
Current tax assets (net)		44,325,500	57,842,070
Other current assets	12	88,201,443	58,539,733
		885,721,284	822,667,666
Total assets		1,762,429,870	1,746,009,839
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	315,587,864	315,587,864
Other equity	14	550,375,003	571,549,541
Total equity		865,962,867	887,137,405
Non-current liabilities			
Provisions	15	41,673,450	26,076,465
Financial Liabilities			
Borrowings	17	1,464,408	1,754,331
Other financial liabilities	16	37,584,034	37,584,034
		80,721,892	65,414,830
Current Liabilities			
Financial Liabilities			
Borrowings	17	593,009,727	592,210,154
Trade payables	18	-	-
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (a) above		143,297,787	147,687,503
Other financial liabilities	16	729,130	803,518
Other current liabilities	19	62,268,361	36,835,708
Provisions	15	16,440,106	15,920,721
		815,745,111	793,457,604
Total liabilities		896,467,003	858,872,434
Total equity and liabilities		1,762,429,870	1,746,009,839
See accompanying notes forming part of the Standalone Financial Statements	1 to 41		

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

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Sreenivasa Rao T Mohite
Partner
Membership No. 015635
Place : Hyderabad
Date : 27 April 2021

Jayaram Susarla
Chief Financial Officer
Place : Hyderabad
Date : 27 April 2021

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

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 2021	Year ended 31 March 2020
I Income			
Revenue from operations	20	840,847,154	633,516,544
Other income	21	33,682,882	30,739,216
Total Income		874,530,036	664,255,760
II Expenses			
Cost of material consumed	22	7,017,657	9,243,823
Other operating expenses	23	66,295,247	57,790,064
Employee benefits expenses	24	617,100,819	600,578,048
Finance costs	25	83,282,377	52,446,205
Depreciation and amortisation expense	5a	45,996,391	47,330,055
Other expenses	26	72,980,449	66,171,843
Total expense		892,672,940	833,560,038
III Loss before exceptional item and tax (I - II)		(18,142,904)	(169,304,278)
IV Exceptional Item	27	-	103,963,226
V Loss before tax (III - IV)		(18,142,904)	(273,267,504)
VI Tax expense			
Tax adjustments for earlier years		-	149,063
Deferred tax	36	312,681	-
Total tax expense		312,681	149,063
VII Loss after tax (V - VI)		(18,455,585)	(273,416,567)
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit liabilities-(gain)/ loss	32	7,458,468	3,769,772
Total other comprehensive expenses		7,458,468	3,769,772
IX Total comprehensive loss for the year (VII - VIII)		(25,914,053)	(277,186,339)
Earnings per equity share (nominal value of INR 2) in INR	35		
Basic		(0.12)	(1.74)
Diluted		(0.11)	(1.70)
See accompanying notes forming part of the Standalone Financial Statements	1 to 41		

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

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 27 April 2021

Place : Hyderabad
Date : 27 April 2021

STANDALONE STATEMENT OF CASH FLOW

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

	Year ended 31 March 2021	Year ended 31 March 2020
A Cash flow from operating activities		
Loss before tax	(18,142,904)	(273,267,504)
Adjustments for :		
Depreciation of property, plant and equipment	37,354,487	35,123,200
Amortisation of intangible assets	8,641,904	12,206,855
Interest income	(22,703,819)	(20,123,450)
Write back of liabilities	(9,144,068)	-
Finance costs	83,282,377	52,446,205
Allowances for Doubtful Receivables and Bad Debts written off (net)	18,335,499	103,963,226
Unrealized Exchange (Gain)/ Loss (net)	2,888,500	(4,464,723)
Amortisation of Share based payment cost	4,739,515	17,144,592
Provision for employee benefits	16,807,055	8,678,530
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(71,815,595)	2,976,241
(Increase)/ decrease in inventories	1,352,176	1,683,697
(Increase)/ decrease in Loan	14,655,424	(60,294,958)
(Increase)/ decrease in trade receivables Non Current	6,001,039	12,421,118
(Increase)/ decrease in Other current assets	(29,661,710)	(11,312,774)
Increase/ (decrease) in Provisions	(8,149,153)	(2,131,908)
Increase/ (decrease) in Trade Payable	4,754,352	2,032,125
Increase/ (decrease) in current liabilities	25,432,653	9,476,220
Cash generated from / (used in) operating activities before taxes	64,627,732	(113,443,308)
Income tax paid	13,516,570	517,103
Net cash flows from / (used in) operating activities (A)	78,144,302	(112,926,205)
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work in progress)	(4,305,824)	(7,648,878)
Purchase of intangibles assets	(1,445,088)	(45,000)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(962,260)	263,020
Interest received (finance income)	1,950,733	3,445,942
Net cash flows used in investing activities (B)	(4,762,439)	(3,984,916)
C. Cash flow from financing activities		
Proceeds from issue of share capital	-	41,798,256
Proceeds / (repayment) from short term borrowings, net	19,077,112	108,790,583
Finance cost paid	(101,849,839)	(18,638,755)
Net cash flows from/ (used in) financing activities (C)	(82,772,727)	131,950,084
Net (Decrease)/ increase in cash and equivalents during the year (A+B+C)	(9,390,864)	15,038,963
Cash and cash equivalents at the beginning of the year	30,478,393	15,439,430
Cash and cash equivalents at the end of the year (refer note 9(a))	21,087,529	30,478,393

See accompanying notes forming part of the Standalone Financial Statements 1 to 41

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

Sreenivasa Rao T Mohite
Partner
Membership No. 015635

Venkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241

Jayaram Susarla
Chief Financial Officer

K. Ramachandra Reddy
Non Executive Director
DIN : 00042172

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 27 April 2021

Place : Hyderabad
Date : 27 April 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(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 2019		Change in Equity share Capital during the year		As at 31 March, 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
As of 1 April 2020		Change in Equity share Capital during the year		As at March 31, 2021	
Shares	Amount	Shares	Amount	Shares	Amount
157,793,932	315,587,864	-	-	157,793,932	315,587,864

b. Other Equity

Particulars	Money received against warrants	Reserves and Surplus				Other Comprehensive Income		Total
		Capital reserve	Securities Premium	Share option outstanding	Retained Earnings benefit plans	Remeasurement of the net defined		
Balance as at 1 April 2019	220,002,129	8,687,407	1,232,944,974	9,766,252	(667,468,855)	(6,371,765)	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	(159,999,975)	-	-	-	(273,416,567)	(3,769,772)	(277,186,339)	
Conversion of warrants to Equity shares	(100,002,148)	100,002,148	152,888,865	-	-	-	(7,111,110)	
Forfeiture of amount received on warrants	-	-	-	-	-	-	-	
Received on exercise of stock options	-	-	1,142,260	-	-	-	1,142,260	
Reclassification of actuarial gain / loss to retained earnings	-	-	886,830	(886,830)	(5,466,427)	5,466,427	-	
Transfer from share option outstanding account on exercise of stock options	-	-	886,830	17,144,594	-	-	17,144,594	
Amortised amount of share based payments to employees	-	-	-	-	-	-	-	
Issue of warrants	39,999,994	-	-	-	-	-	39,999,994	
Loss for the year	-	-	-	-	-	-	-	
Balance as at 31 March 2020	-	108,689,555	1,387,862,929	26,024,016	(946,351,849)	(4,675,110)	571,549,541	
Other comprehensive income (Net)	-	-	-	-	(18,455,585)	-	(18,455,585)	
Total comprehensive income for the year	-	-	-	-	(18,455,585)	(7,458,468)	(25,914,053)	
Amortised amount of share based payments to employees (net)	-	-	-	-	-	-	-	
Balance as at 31 March 2021	-	108,689,555	1,387,862,929	30,763,531	(964,807,434)	(12,133,578)	550,375,003	

See accompanying notes forming part of the Standalone Financial Statements 1 to 41

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 LimitedVenkata Sudhakar Simhadri
Managing Director & CEO
DIN : 01883241Jayaram Susarla
Chief Financial OfficerK. Ramachandra Reddy
Non Executive Director
DIN : 00042172Suresh Bachalakura
Company Secretary
M.No. ACS 39381Sreenivasa Rao T Mohite
Partner
Membership No. 015635Place : Hyderabad
Date : 27 April 2021Place : Hyderabad
Date : 27 April 2021

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 7th Floor, "My Home Twitza", Hyderabad Knowledge City, Hyderabad, Telangana 500081. which is its principal place of business. Oshin 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).

The Standalone Financial Statements for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on 27 April 2021.

2 Significant accounting policies

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 Basis for preparation of standalone financial statements:

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

These standalone 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 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:

- It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within twelve months after the reporting date; or
- 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:

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the 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)

Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

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

2.4 Use of Estimates:

The preparation of standalone financial statements requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of standalone financial statements, disclosure of contingent liabilities as at the date of the standalone financial statements, and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Critical accounting estimates

(i) Revenue Recognition

The Company applies the percentage of completion method in accounting for its fixed price development contracts. Use of the percentage of completion method requires the Company to estimate the efforts or costs expended to date (input method) as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Judgement is also required to determine the transaction price for the contract and to describe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

(ii) Income taxes and deferred taxes

"The major tax jurisdictions for the Company are India and the United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced."

(iii) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

(iv) Provisions

A provision is recognised when the Company has a present obligation as a result of a 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 and adjusted to reflect the current best estimates.

(v) Business combinations and intangible assets

"Business combinations are accounted for using Ind AS 103. Ind AS 103 requires the identifiable net assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets and their estimated useful life. These valuations are generally conducted by independent valuation experts."

(vi) Impairment of Goodwill

"Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell.

The goodwill impairment test is performed at the level of the cash-generating unit or Companies of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments."

(vii) Defined benefit plans and compensated absences

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(viii) Expected credit losses on financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

(ix) Other estimates

The share based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

(x) Estimation uncertainties relating to the COVID-19 pandemic

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used an internal and external source of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions.

2.5 Property, plant and equipment

Recognition and measurement

Property, Plant & Equipment and intangible assets are stated at cost less accumulated depreciation/

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

amortisation and net of impairment. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost of property, plant and equipment not available for use as at each reporting date is disclosed under capital work in progress.

Depreciable amount for assets is the cost of an asset, less its estimated residual value. Depreciation on Property, Plant & Equipment (including assets taken on lease), other than freehold land, is charged based on the straight line method on the estimated useful life as prescribed in schedule II to the Companies Act, 2013 except in respect of the certain categories of assets, where the life of the assets has been assessed based on internal technical estimate, considering the nature of the asset and estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes. The estimated useful lives of assets are as follows:

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

The estimated useful life of intangible assets (software) is 3 to 5 years and these are amortised on a straight line basis. Project specific intangible assets are amortised over their estimated useful life on a straight line basis or over the period of the license/project period, whichever is lower.

Leased improvements are amortized over the shorter of estimated useful life of the asset or related lease term.

Intellectual Property Rights ('IPR') comprise right to use for licensed software. The Company has recognised the IPR based on consideration paid. Subsequent to initial recognition, the intangible asset is measured at cost, less any accumulated amortization and accumulated impairment losses. The IPR's are amortised over their estimated useful life of the asset on a straight line basis.

An item of Property, Plant & Equipment and intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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.

2.7 Impairment of assets

(i) Financial assets

The Group applies the expected credit loss model for recognizing impairment loss on financial assets

Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

Loss allowances for trade receivables are 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. Lifetime expected credit loss is computed based on a provision matrix which takes in to the account historical credit loss experience adjusted for forward looking information. For other financial assets, expected credit loss is measured at the amount equal to twelve months expected credit loss unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime expected credit loss.

(ii) Non-financial assets

"Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs."

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

(iii) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows.

The Group estimates the value-in-use of the cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted average cost of capital based on the historical market returns of comparable companies.

2.8 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.

2.9 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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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 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.
- License agreements that require payment of license fees contain a single performance obligation that represents ongoing access to a portfolio of intellectual property over the license term since such agreements provide the licensee the right to access a portfolio of intellectual property that exists at inception of the license agreement and to updates and new intellectual property that is added to the licensed portfolio during the term of the agreement that are highly interdependent or interrelated. Since we expect to expend efforts to develop and transfer updates to our licensed portfolio on an even or specified timeline basis, license fees are recognized as revenues on a straight-line or milestone basis over the estimated period of benefit of the license to the licensee.
- Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.
- Contract liability (unearned revenue) 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.

2.10 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.

2.11 Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

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

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

(i) Non-derivative financial instruments:*Cash and cash equivalents*

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate method less impairment losses, if these financial assets are held within a business model whose objective is to hold these assets in order 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.

Financial assets at fair value

Financial assets not measured at amortised cost are carried at fair value through profit or loss (FVTPL) on initial recognition, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in 'other comprehensive income', for investment in equity instruments which are not held for trading.

The Group, on initial application of IND AS 109 Financial Instruments has made an irrevocable election to present in 'other comprehensive income', subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL, are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. For financial liabilities carried at amortised cost, the carrying amounts approximate fair values due to the short term maturities of these instruments. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

(ii) Derivative financial instruments and hedge accounting

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows nominated in foreign currency. The Group uses foreign currency forward contracts / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Group designates some of these forward contracts / options as hedge instruments and accounts for them as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109.

The use of foreign currency forward contracts / options is governed by the Group's risk management policy approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Group's risk management strategy. The counter party to the Group's foreign currency forward contracts is generally a bank. The Group does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under 'effective portion of cash flow hedges' (net of taxes), and the ineffective portion is recognised immediately in the consolidated statement of profit and loss.

Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the consolidated statement of profit and loss in the same period in which gains/losses on the item hedged are recognised in the consolidated statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the consolidated statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified as effective portion of cash flow hedges is classified to consolidated statement of profit and loss

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in effective portion of cash flow hedges is transferred to the consolidated statement of profit and loss for the period.

(iii) Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risk and rewards of transferred financial assets, the Group continues to recognize the financial asset and also recognizes the borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or have expired.

(iv) Financial Guarantee contracts

Financial guarantee contracts issued by the Group are initially measured at fair value and subsequently measured at the higher of the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 Revenue.

2.12 Employee benefits

a Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's last drawn salary and the tenure of the employment.

b Defined contribution plans

Provident fund and ESIC: The Group's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

c Compensated absences:

The Group provides for compensated absences and long term service awards subject to Group's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each Balance Sheet date and the awards are accrued based on number years of service of an employee. It is measured at the balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

Actuarial gains and losses are recognised in full in the consolidated statement of profit and loss in the period in which they occur.

d Other short-term employee benefits

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for services rendered by employees, are recognised in the consolidated statement of profit and loss during the period when the employee renders the service.

2.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.14 Employee Stock Option Plans:

Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The share based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

The expense is recognized in the consolidated statement of profit and loss with a corresponding increase to the 'share option outstanding account', which is a component of equity.

2.15 Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period.

For calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

2.16 Provisions and Contingent liabilities & contingent assets

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

3 Recent Indian Accounting Standards (Ind AS)

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- a Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- b Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- c Specified format for disclosure of shareholding of promoters.

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

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

- d Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- e If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- f Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- a Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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

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

Property, plant and equipment		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 1 April 2019	147,909,544	448,025	10,912,544	2,150,527	1,571,997	4,788,978	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	
Additions	-	-	-	2,694,857	-	-	-	1,822,667	-	4,517,524	
Deletions	-	448,025	10,912,544	-	1,541,222	5,598,352	3,346,639	1,366,126	275	23,213,183	
At 31 March 2021	147,909,544	-	-	4,845,384	493,700	2,161,744	1,861,526	11,358,200	5,256,120	173,886,218	
Accumulated depreciation											
At 1 April 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	678,393	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	3,514,104	3,256,025	6,797,642	1,204,499	102,498,724	
Charge for the year	29,662,955	-	38,308	877,446	381,774	2,423,167	1,282,742	2,040,494	647,601	37,354,487	
Deletions	-	448,025	10,912,546	-	1,541,222	5,314,452	3,344,457	1,366,118	275	22,927,095	
At 31 March 2021	103,658,250	-	-	2,026,211	100,683	622,819	1,194,310	7,472,018	1,851,825	116,926,116	
Carrying amount											
At 1 April 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	4,245,992	1,952,140	4,104,017	4,051,896	90,083,153	
At 31 March 2021	44,251,294	-	-	2,819,173	393,017	1,538,925	667,216	3,886,182	3,404,295	56,960,102	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

5 Intangible assets

Particulars	Design & Development	Software	Total Intangible assets
Cost			
At 1 April 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
Additions / (Transfer)	1,445,088	-	1,445,088
Deletions	-	745,699	745,699
At 31 March 2021	42,344,668	-	42,344,668
Accumulated amortisation			
At 1 April 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
Charge for the year	8,382,667	259,237	8,641,904
Deletion	-	745,699	745,699
At 31 March 2021	34,272,086	-	34,272,086
Carrying amount			
At 1 April 2019	27,117,614	313,639	27,431,253
At 31 March 2020	15,010,161	259,237	15,269,398
At 31 March 2021	8,072,582	-	8,072,582

5a Depreciation and amortisation expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation	37,354,487	35,123,200
Amortisation	8,641,904	12,206,855
Total	45,996,391	47,330,055

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

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

	As at 31 March 2021	As at 31 March 2020
6 Investments		
Non-current		
Carried at cost		
Unquoted fully paid equity shares		
Investments in subsidiaries		
8,325,770 (31 March 2020: 8,325,770) equity shares in MosChip Technologies, USA	262,053,023	262,053,023
10,000 (31 March 2020: 10,000) equity shares of ₹10 each in Maven Systems Private Limited	56,800,000	56,800,000
10,000(31 March 2020: 10,000) equity share of Rs.10 each in MosChip Institute of Silicon Systems Private Limited	20,000,000	20,000,000
	<u>338,853,023</u>	<u>338,853,023</u>
7 Inventories*		
Inventories consist of the following :		
Hardware and Product Component for IoT	-	1,352,176
	<u>-</u>	<u>1,352,176</u>
*Inventories are carried at the lower of cost and net realisable value.		
8 Trade receivables		
Non Current		
Unsecured, considered good	28,672,507	34,673,546
	<u>28,672,507</u>	<u>34,673,546</u>
Less: Allowance	-	-
	<u>28,672,507</u>	<u>34,673,546</u>
Current		
Unsecured, considered good*	490,534,086	424,325,830
	<u>490,534,086</u>	<u>424,325,830</u>
Less : Allowance	(111,180,320)	(95,563,660)
	<u>379,353,766</u>	<u>328,762,170</u>
* Includes dues from subsidiaries (refer note 29)	258,006,398	250,363,399
9 (a) Cash and bank balance		
Cash and cash equivalents		
Balance with banks:		
- in Current account	10,624,262	20,563,286
- in Deposit account	10,463,267	9,915,107
	<u>21,087,529</u>	<u>30,478,393</u>

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

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

	As at 31 March 2021	As at 31 March 2020
9. (b) Other bank balance		
Term deposit with Banks with original maturities of less than 1 year*	2,866,776	1,904,516
	<u>2,866,776</u>	<u>1,904,516</u>
* Balances held as Margin Money/Security deposit represents the deposits lodged with Banks against Guarantees issued by them.		
10. Loans - current		
Unsecured, considered good		
Security deposits	100,068,982	104,785,981
Loans to subsidiaries (refer note 29)	248,375,455	237,575,455
	<u>348,444,437</u>	<u>342,361,436</u>
11. Other current financial assets		
Unsecured, considered good		
Earnest Money Deposits	1,381,521	1,381,521
Interest accrued on deposits	60,312	45,651
	<u>1,441,833</u>	<u>1,427,172</u>
12. Other current assets		
Unsecured, considered good		
Advances to employees	31,446	-
Balances with Government Authorities	-	1,517,890
Indirect tax recoverable	34,262	1,239
Advance to Vendors	5,674,555	1,792,171
Prepaid Expenses	8,113,253	7,435,203
Unbilled revenue	74,347,927	47,793,230
	<u>88,201,443</u>	<u>58,539,733</u>

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

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

	As at 31 March 2021		As at 31 March 2020	
13. Equity share capital				
Authorised Share Capital				
282,705,000 (31 March 2020: 282,705,000) equity shares of Rs.2 each	565,410,000		565,410,000	
Issued, subscribed and fully paid-up				
157,991,402(31 March 2020: 157,991,402) equity shares of Rs.2/- each fully paid-up	315,982,804		315,982,804	
Less: 197,470 (March 31, 2020: 197,470) Equity shares of Rs. 2/- each fully paid-up issued to MosChip ESOP Trust but not allotted to employees.	(394,940)		(394,940)	
Adjusted : Issued, subscribed and fully paid-up	315,587,864		315,587,864	
(a) Reconciliation of number of equity shares and amount outstanding				
Particulars	31 March 2021		31 March 2020	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	157,991,402	315,982,804	154,148,847	308,297,694
Issued during the year	-	-	3,842,555	7,685,110
Total	157,991,402	315,982,804	157,991,402	315,982,804
Less: Equity shares of Rs. 2/- each fully paid-up issued to MosChip ESOP Trust but not allotted to employees.	197,470	394,940	197,470	394,940
Adjusted: Issued, Subscribed and Paid up Share Capital	157,793,932	315,587,864	157,793,932	315,587,864
(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) Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:				
Particulars	31 March 2021		31 March 2020	
	No. of equity shares held	% holding #	No. of equity shares held	% holding #
Oshin Global Pte Ltd	81,531,739	51.61%	81,531,739	51.61%
EIJI Holdings Pte Limited (Ultimate holding Company)	196,000	0.12%	196,000	0.12%
# This percentage of holding is presented with reference to Issued, Subscribed and Paid up				
(d) Of the above issued shares 81,531,739(31March2020-81,531,739) equity shares held by holding company namely Oshin Global Pte Ltd and 196,000 (31 March 2020 - 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)

	As at 31 March 2021	As at 31 March 2020
14 Other equity		
a) Money received against warrants		
Opening balance	-	220,002,129
Forfeiture of amount received on warrants	-	(100,002,148)
Issue of share warrants	-	39,999,994
Conversion of warrants to equity shares	-	(159,999,975)
Closing balance	<u>-</u>	<u>-</u>
b) Capital Reserve		
Opening balance	108,689,555	8,687,407
Forfeiture of amount received on warrants	-	100,002,148
Closing balance	<u>108,689,555</u>	<u>108,689,555</u>
Capital reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on forfeiture of share warrants issued in the earlier years. The capital reserve can be utilised for issue of bonus shares.		
c) Securities Premium		
Opening balance	1,387,862,929	1,232,944,974
Conversion of warrants to equity shares	-	152,888,865
Transfer from share option outstanding account on exercise of stock options	-	886,830
Received on exercise of stock options	-	1,142,260
Closing balance	<u>1,387,862,929</u>	<u>1,387,862,929</u>
Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued. The utilisation of the securities premium is governed by the Section 52 of the Act.		
d) Share option outstanding account		
Opening balance	26,024,016	9,766,252
Amortisation of Share based payment cost	4,739,515	17,144,594
Transfer from share option outstanding account on exercise of stock options	-	(886,830)
Closing balance	<u>30,763,531</u>	<u>26,024,016</u>
Share options outstanding account represents the fair value of services received against employees stock options outstanding as at balance sheet date. These will be transferred to securities premium account after the exercise of the underlying options		

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

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

	As at 31 March 2021	As at 31 March 2020
e) Retained earnings		
Opening balance	(946,351,849)	(667,468,855)
Reclassification of actuarial gain / (loss) to retained earnings	-	(5,466,427)
Loss for the year	(18,455,585)	(273,416,567)
Closing balance	<u>(964,807,434)</u>	<u>(946,351,849)</u>
f) Other Comprehensive Income		
Re measurement of the net defined benefit plans		
Opening balance	(4,675,110)	(6,371,765)
Reclassification of actuarial (gain) / loss to retained earnings	-	5,466,427
Additions during the year	(7,458,468)	(3,769,772)
Closing balance	<u>(12,133,578)</u>	<u>(4,675,110)</u>
Total other equity	<u>550,375,003</u>	<u>571,549,541</u>
15 Provisions		
Non-Current		
Provision for employee benefits		
- Gratuity (refer note 32)	31,344,677	22,147,776
- Compensated absences	10,328,773	3,928,689
	<u>41,673,450</u>	<u>26,076,465</u>
Current		
Provision for employee benefits		
- Gratuity (refer note 32)	8,883,877	9,040,813
- Compensated absences	7,556,229	6,879,908
	<u>16,440,106</u>	<u>15,920,721</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	729,130	803,518
	<u>729,130</u>	<u>803,518</u>

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

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

	As at 31 March 2021	As at 31 March 2020
17 Borrowings		
Non Current - Borrowings		
Measured at amortised cost		
Secured		
Vehicle loans (refer note i)	1,464,408	1,754,331
	<u>1,464,408</u>	<u>1,754,331</u>
Current - Borrowings		
Measured at amortised cost		
Unsecured		
- From banks (refer note ii)	167,914,560	148,547,525
- From related parties (refer note 29)	425,095,167	443,662,629
	<u>593,009,727</u>	<u>592,210,154</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. During the current year, the bank has sanctioned Rs.2.88 crores of additional loan under the scheme of ECLGS.		
18 Trade payables		
(a) total outstanding dues of micro and small enterprises (refer note 33)	-	-
(b) total outstanding dues other than (a) above	143,297,787	147,687,503
	<u>143,297,787</u>	<u>147,687,503</u>
19 Other current liabilities		
Statutory liabilities	61,452,655	35,847,126
Revenue received in advance	815,706	988,582
	<u>62,268,361</u>	<u>36,835,708</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 2021	Year ended 31 March 2020
20 Revenue from operations		
Semiconductor services & Products	728,756,156	551,220,213
Embedded services & Products	112,090,998	82,296,331
	840,847,154	633,516,544
21 Other income		
Interest income	21,527,561	16,859,924
Interest on Income-tax refund	1,176,258	3,263,526
Interest Income on financial assets carried at fair value	4,063,308	4,527,476
Foreign Exchange Gain / (Loss) (Net)	(3,928,313)	4,801,210
Write back of liabilities	9,144,068	-
Others	1,700,000	1,287,080
	33,682,882	30,739,216
22 Cost of material consumed		
Opening stock	1,352,176	3,035,873
Add: Purchases during the year	5,665,481	7,560,126
Less: Closing stock	-	1,352,176
	7,017,657	9,243,823
23 Other operating expenses		
Outsourcing Services	17,302,388	21,137,843
Software tools cost	32,351,969	18,962,550
Installation & data charges	8,372,178	7,826,603
Job work charges	8,268,712	9,744,752
Other expenses	-	118,316
	66,295,247	57,790,064
24 Employee benefits expense		
Salaries, wages and bonus	585,741,815	551,100,210
Contribution to provident, gratuity and other funds	19,524,516	19,023,371
Share based payment expenses	4,739,515	17,144,592
Staff welfare expenses	7,094,973	13,309,875
	617,100,819	600,578,048
25 Finance costs		
Interest on working capital loan	13,473,427	14,115,065
Interest on other loans	68,974,604	37,563,835
Bank charges	834,346	767,305
	83,282,377	52,446,205

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

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

	Year ended 31 March 2021	Year ended 31 March 2020
26 Other expenses		
Software expenses	900,014	614,799
Power and fuel	2,113,471	4,588,444
Director sitting fee	1,194,000	1,500,000
Repairs and maintenance	309,592	1,096,211
Auditors remuneration (refer note 31)	604,700	344,500
Postage, telegram and telephone expenses	290,584	321,481
Lease rentals (refer note 34)	14,294,662	20,324,749
Rent on equipment's	3,045,470	3,675,275
Business promotion and advertisement expenses	9,085,160	2,602,063
Security expenses	451,596	937,329
Travelling and conveyance	1,172,511	7,281,650
Rates and taxes	1,039,684	304,102
Professional charges	4,193,231	8,910,043
Printing and stationary	48,043	304,952
Communication expenses	1,698,782	1,795,674
Insurance	336,455	432,226
Office maintenance	3,764,460	3,950,586
General expenses	9,655,035	5,835,708
Subscriptions to trade and other associations	447,500	1,352,051
Allowances for Doubtful Receivables and Bad Debts written off (net)	18,335,499	-
	72,980,449	66,171,843
27 Exceptional Item (refer note 40)		
Bad debts written off	-	48,399,566
Allowances for Doubtful Receivables and Bad Debts written off (net)	-	55,563,660
	-	103,963,226

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

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

28 Contingent liabilities and commitments

Particulars	As at 31 March 21	As at 31 March 20
i) Contingent liabilities:		
- Corporate guarantees	2,866,776	1,904,516

29 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 2021
Holding and Subsidiary Companies	
EIJI Holding Pte Limited	Ultimate Holding Company
Oshin 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
Directors and relatives *	
Mr. K Ramachandra Reddy	Non-Executive Director.
Mr. Damodar Rao Gummadapu	Non-Executive Director.
Mrs. Asha Nimmagadda	Relative of Promoter of Holding company
Mr. Gunapati Venkata Pranav Reddy	Relative of Promoter of Holding company
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
Others *	
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
Magica Sports Ventures Private Limited	Common Director in Holding company and Magica Sports
Blaster Sports Private Limited	Common Director in Holding company and Blaster Sports
Techwave Consulting Inc, USA	Director has significant influence
Techwave Infotech Private Limited	Director has significant influence
Techwave Infotech Pte Ltd	Director has significant influence
Jaagruthi Info Technologies Pvt Ltd	Director has significant influence
*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 21	Year ended 31 March 20
Revenue from operations		
MosChip Technologies, USA	186,045,951	99,269,459
Gigacom Semiconductor, LLC	-	56,494,810
Maven Systems Private Limited	-	876,142
Reimbursement of expenses		
Maven Systems Private Limited (Purchases)	-	286,143
Loans received from		
Mapple Enterprises Private Limited	-	10,000,000
Mayuka Holdings Private Limited	10,000,000	183,000,000
Allotment of equity shares / warrants		
Mr. K Ramachandra Reddy (Preferential allotment) (3,555,555 shares @ 45)	-	40,000,000
Loans - Repayment		
Jaagruthi Info Technologies Private Limited	10,000,000	40,000,000
Mr. K Ramachandra Reddy	-	40,000,000
Loans given to		
Maven Systems Private Limited (net)	10,800,000	53,823,717
Interest Income		
Maven Systems Private Limited	20,738,425	16,764,157
Interest expenses		
Jaagruthi Info Technologies Private Limited	1,629,342	4,676,710
Ms. Asha Nimmagadda	9,000,003	9,024,660
Mapple Enterprises Private Limited	-	6,243,616
Mayuka Holdings Private Limited	58,345,259	17,618,849
Other expenses / (Income)		
Magica Sports Ventures Private Limited	(6,144,068)	2,500,000
Blaster Sports Private Limited	9,000,000	-
Techwave Infotech Pte Ltd	36,760	-
Remuneration		
Mr. Gunapati Venkata Pranav Reddy	-	3,600,000
Transactions with Key Management Personnel		
Remuneration to Managing Director and CEO	16,320,000	14,400,000
Number of Stock Options Granted/outstanding to Key Management Personal	1,200,000	1,000,000
Remuneration to other Key Management Personal	6,778,039	6,101,500
Number of Stock Options Granted/outstanding to Key Management Personal	540,000	17,000
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.		

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

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

c) Balances outstanding:

Particulars	As at 31 March 21	As at 31 March 20
Techwave Infotech Private Limited (Payable - trade advance)	49,263,975	49,263,975
Techwave Infotech Pte Ltd (payable)	36,760	-
MosChip Technologies, USA (Receivables (Net))	157,147,920	172,814,706
Maven Systems Private Limited (Receivables)	100,858,478	77,548,693
MosChip Institute of Silicon Systems Pvt. Ltd, Advance / (Payable)	8,447,774	(2,608,766)
Maven Systems Private Limited (Loan given)	248,375,455	237,575,455
Magica Sports Ventures Private Limited (Trade payable)	-	8,700,000
Loan and Interest Payable		
Mapple Enterprises Private Limited	-	10,791,415
Mayuka Holdings Private Limited	425,095,167	388,856,964
Jaagruthi Infotech Private Limited	-	21,310,415
Ms. Asha Nimmagadda	-	20,261,094
IQuest Enterprises Private Limited	-	2,442,741

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, 2021, 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.

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 and geographical 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 Embedded have 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.

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

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

Information on reportable segments for the year ended 31 March 2021 and 31 March 2020 is given below

Business Segment	Year ended 31 March 2021	Year ended 31 March 2020
Revenue		
Semiconductor	728,756,138	551,220,213
Embedded	112,091,016	82,296,331
Total	840,847,154	633,516,544
Direct cost		
Semiconductor	486,895,185	454,132,213
Embedded	133,246,032	143,753,331
Segment operational income		
Semiconductor	241,860,953	97,088,242
Embedded	(21,155,016)	(61,456,869)
Total Operational income	220,705,937	35,631,373
Other Income	(33,682,882)	(30,739,216)
Less - Un allocated expenses	143,252,955	239,861,833
Finance charges	83,282,377	52,446,205
Depreciation and amortisation expenses	45,996,391	47,330,055
Loss before tax	(18,142,904)	(273,267,504)
Tax expenses	312,681	149,063
Loss after tax	(18,455,585)	(273,416,567)

Statement of Segment assets and Segment liabilities

	As at 31 March 2021	As at 31 March 2020
Segment assets		
Semiconductor	1,011,161,028	1,039,359,185
Embedded	703,082,968	645,668,330
Un allocable segment assets	48,185,874	60,982,324
Total	1,762,429,870	1,746,009,839
Segment Liabilities		
Semiconductor	55,803,693	65,176,288
Embedded	12,878,706	12,188,608
Un allocable segment Liabilities	827,784,604	781,507,538
Total	896,467,003	858,872,434
Capital employed	865,962,867	887,137,405

For periods prior to 1 April 2020 the Company has identified Semiconductor and IoT segments as business segment based on nature of business. For period starting from 1 April 2020, the Company has changed the structure of internal reporting which has changed the composition of reportable segment and accordingly the Company has identified Semiconductor and Embedded as new business reportable segments. The new reportable segments are identified based on "type of technology" by considering its economic characteristics. Accordingly, earlier year / period figures have been restated, to correspond with the current period's disclosure.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

31 Auditors' remuneration

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Statutory audit fee	300,000	250,000
Tax audit	90,000	75,000
Other services	214,700	19,500
Total	604,700	344,500

32 Details of employee benefits as required by the IND AS-19 – Employee Benefits are as under:

i. Defined Contribution Plans

The Company makes contributions to Provident Fund which is defined contribution plans for qualifying employees. Under these Schemes, the Company contributes a specified percentage of the payroll costs to the respective funds.

The Company has recognized as an expense in the Statement of Profit and Loss Rs. 10,624,033(31 March 2020:Rs.9,932,892) for Provident Fund contributions.

ii. Defined Benefit Plan

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the company operates a scheme of gratuity which is a defined benefit plan. The gratuity plan is partially funded

The following table sets out the Changes in Defined Benefit Obligation ('DBO') and planned assets recognized in the Balance Sheet are as under

Particulars	As at 31 March 2021	As at 31 March 2020
Defined benefit obligation at the beginning of the year	31,529,471	22,192,174
Service cost	6,590,102	7,134,540
Interest cost	1,468,512	976,550
Benefits paid	(6,371,279)	(2,544,473)
Actuarial gain	7,623,099	3,770,680
Defined benefit obligation at the end of the year	40,839,905	31,529,471
Change in Fair Value of Plan Assets		
Fair value of plan assets at the beginning of the year	340,882	1,454,442
Employer Contributions	6,621,279	541,392
Interest income on Plan Assets	(144,165)	82,209
Actuarial (gain)/loss on plan assets	164,632	908
Others (Business combinations)	-	806,401
Benefits Paid	(6,371,277)	(2,544,470)
Fair value of plan assets at the end of the year	611,351	340,882
Present value of projected benefit obligation at the end of the year	40,839,905	31,529,471
Fair value of plan assets at the end of the year	611,351	340,882
Net liability recognised in the balance sheet	40,228,554	31,188,589
Non Current provision	31,344,677	22,147,776
Current provision	8,883,877	9,040,813

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

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

Expenses recognised in statement of profit and loss	Year ended 31 March 2021	Year ended 31 March 2020
Service cost	6,590,102	7,134,540
Interest cost	1,612,677	976,550
Total expenses routed through statement of profit and loss	8,202,779	8,111,090
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes		(1,506,935)
Actuarial gain / (loss) due to financial assumption changes	794,865	1,746,628
Actuarial gain / (loss) due to experience adjustments	6,828,234	3,530,987
Return on plan assets greater / (less) than discount rate	(164,631)	(908)
Total expenses routed through OCI	7,458,468	3,769,772

Assumptions	As at 31 March 2021	As at 31 March 2020
Discount rate	4.85%	5.40%
Future salary increases	7%	7%
Employee turnover		
Age Years		
21-30	32.18%	33.80%
31-40	35.96%	30.00%
41-50	15.96%	15.59%
51-59	21.86%	20.62%

Sensitivity Analysis

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

	As at 31 March 2021	As at 31 March 2020
Effect of + 1% change in rate of discounting	(1.92)%	(1.97)%
Effect of - 1% change in rate of discounting	2.00%	2.05%
Effect of + 1% change in rate of salary increase	1.77%	2.01%
Effect of - 1% change in rate of salary increase	(1.74)%	(1.95)%

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 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 it 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

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 2021	Year ended 31 March 2020
Cancellable operating lease expense	14,294,662	20,324,749
Non - cancellable operating lease expense	-	-
Total	14,294,662	20,324,749

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.

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

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Loss for the year	(18,455,585)	(273,416,567)
Loss attributable to equity share holders	(18,455,585)	(273,416,567)
Equity Shares outstanding as at the end of the year (in nos.)	157,991,402	157,991,402
Weighted average number of Equity Shares used as a denominator for calculating Basic Earnings Per Share	157,991,402	157,565,829
Add: Dilutive impact of employee stock options	5,277,299	3,271,000
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	163,268,701	160,836,829
Earnings per share of par value ₹ 2 – Basic (₹)	(0.12)	(1.74)
Earnings per share of par value ₹ 2 – Diluted (₹)	(0.11)	(1.70)

36 Deferred Tax

Computation of Deferred Tax	Year ended 31 March 21	Year ended 31 March 20
Opening Balance	312,681	312,681
Other items	312,681	-
Net Deferred Tax Asset / (Liability)	-	312,681

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

Particulars	As At 31 March 2021	As At 31 March 2020
Deferred Tax Asset	-	312,681
Deferred Tax Liabilities	-	-
Deferred Tax Assets (Net)	-	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 2021			
	Opening Balance	For the year	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 2020			
	Opening Balance	For the year	Recognized in OCI	Closing Balances
Other Items	312,681	-	-	312,681
Net Deferred Tax	312,681	-	-	312,681

* Other Items include Opening Balance of Deferred Tax Assets of amalgamating companies

37 Employee Stock Option Plans

The Employee Stock Option Plans are 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 seven schemes i.e., Employee Stock Option Plan, 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, 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 above plans the Group has granted options during the year ended 31 March 2021 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 2018.

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 2021					
	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)	MosChip Stock Option Plan 2018
Options outstanding at the beginning of the year	1,096,500	250,000	199,000	491,000	1,000,000	-
Granted during the year	587,000	150,000	-	509,000	-	5,611,000
Forfeited during the year	253,500	-	174,000	50,000	-	214,000
Exercised during the year	-	-	-	-	-	-
Options outstanding at the end of the year	1,430,000	400,000	25,000	950,000	1,000,000	5,397,000

The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2021 was INR "Not Applicable" (31 March 2020-INR 13.34) as there are no options have been exercised.

During the current year we have made reserve towards outstanding of ESOP's and Share based payment expenses for the year ended 31 March 2021 of Rs. 4,739,515 (31 March 2020 Rs. 17,144,592).

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

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

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

	31 Mar 2021			31 Mar 2020	
Grant date	20-Jul-20	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry date	19-Jul-27	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise price	₹ 16.00	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share options	6,593,000	2,609,000	20,000	2,981,500	20,000

The fair value of each option is estimated on the date of grant using Black-Scholes-Merton model with the following assumptions:

The model inputs for options granted during the year ended 31 March 2021 and 31 March 2020 included:

	31 Mar 2021			31 Mar 2020	
Grant Date	20-Jul-20	26-Oct-18	12-Aug-15	26-Oct-18	12-Aug-15
Expiry Date	19-Jul-27	24-Oct-25	11-Aug-22	24-Oct-25	11-Aug-22
Excise Price	₹ 16.00	₹ 18.00	₹ 5.98	₹ 18.00	₹ 5.98
Share Price at Grant date	₹ 13.80	₹ 22.00	₹ 5.98	₹ 22.00	₹ 5.98
Expected price volatility of the company's shares	67.00%	58.33%	70.17%	72.67%	70.17%
Expected dividend yield	-	-	-	-	-
Risk free interest rate	5.13%	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)

38 Financial Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

a. Financial assets and liabilities

The carrying value and fair value of financial instruments by categories as at March 31, 2021 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	28,672,507	-	-	28,672,507
Trade receivables - Current	-	-	379,353,766	379,353,766
Cash and cash equivalents	-	-	21,087,529	21,087,529
Other bank balances	-	-	2,866,776	2,866,776
Loans	-	-	348,444,437	348,444,437
Other financial assets	-	-	1,441,833	1,441,833
Total	28,672,507	-	1,092,047,364	1,120,719,871
Financial liabilities				
Borrowings - long term	-	-	1,464,408	1,464,408
Long term Other financial liabilities			37,584,034	37,584,034
Borrowings - short term	-	-	593,009,727	593,009,727
Trade payables	-	-	143,297,787	143,297,787
Other financial liabilities	-	-	729,130	729,130
Total	-	-	776,085,086	776,085,086

The carrying value and fair 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				
Investments	-	-	338,853,023	338,853,023
Trade receivables - Non current	34,673,546	-	-	34,673,546
Trade receivables - Current	-	-	328,762,170	328,762,170
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	-	1,043,786,710	1,078,460,256
Financial liabilities				
Borrowings - long term			1,754,331	1,754,331
Other financial liabilities - non current			37,584,034	37,584,034
Borrowings	-	-	592,210,154	592,210,154
Trade payables	-	-	147,687,503	147,687,503
Other financial liabilities	-	-	803,518	803,518
Total	-	-	780,039,540	780,039,540

*The fair value of cash and cash equivalents, other balances with bank, trade receivables, unbilled receivables, loans, trade payables, borrowing and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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 2021 and 31 March 2020. 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 2021 and 31 March 2020.

Interest rate risk

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

Interest rate sensitivity

If interest rates had been 1 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2021 would decrease/increase by Rs. 5,931,213 (March 31, 2020: decrease/increase by Rs. 3,762,988). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings:

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risk. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 781,866,847 and ₹ 739,607,233 as of March 31, 2021 and March 31, 2020 respectively, being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, other balance with banks, loans and other financial assets.

Trade receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

The expected credit loss allowance is based on the ageing of receivables and the rates in the provision matrix. Movement in the expected credit loss allowance is as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	95,563,660	-
Movement in the expected credit loss allowance on trade receivables and other financial assets:		
Provided during the year	15,616,660	95,563,660
Reversed/utilised during the year	-	-
Balance at the end of the year	111,180,320	95,563,660

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 18% 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 Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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, 2021						
Borrowings - long term	-	366,102	1,098,306	-	-	1,464,408
Other Financial Liabilities - long term	-	28,188,026	9,396,008	-	-	37,584,034
Borrowings - short term	593,009,727	-	-	-	-	593,009,727
Trade payables	143,297,787	-	-	-	-	143,297,787
Other Financial Liabilities - short term	729,130	-	-	-	-	729,130
Year ended March 31, 2020						
Borrowings - long term	-	350,866	1,052,599	350,866	-	1,754,331
Other Financial Liabilities - long term	-	18,792,017	18,792,017	-	-	37,584,034
Borrowings - short term	592,210,154	-	-	-	-	592,210,154
Trade payables	147,687,503	-	-	-	-	147,687,503
Other Financial Liabilities - current	803,518	-	-	-	-	803,518

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 Company 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 2021 and 31 March 2020 was as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Total equity attributable to the equity shareholders of the Company	865,962,867	887,137,405
As a percentage of total capital	59%	60%
Long term borrowings including current maturities	1,464,408	1,754,331
Short term borrowings	593,009,727	592,210,154
Total borrowings	594,474,135	593,964,485
As a percentage of total capital	41%	40%
Total capital (equity and borrowings)	1,460,437,002	1,481,101,890

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

39 Goodwill

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

	As at 31 March 21	As at 31 March 20
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.

- 40 For the year ended 31 March 2020, Exceptional item included 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.
41. 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

Jayaram Susarla
Chief Financial Officer

Suresh Bachalakura
Company Secretary
M.No. ACS 39381

Place : Hyderabad
Date : 27 April 2021

Place : Hyderabad
Date : 27 April 2021

NOTICE OF 22nd ANNUAL GENERAL MEETING

NOTICE OF 22nd ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd (Twenty Second) Annual General Meeting (AGM) of the members of MosChip Technologies Limited will be held on Monday, the 13th day of September, 2021 at 11.00 a.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended 31st March, 2021 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 financial year ended 31st March, 2021 together with the reports of the Auditors and Directors thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2021 together with the report of the auditors thereon be and are hereby received, considered, approved and adopted."

2. To re-appoint the retiring director, Mr. K. Ramachandra Reddy (DIN:00042172), who retires by rotation as director and being eligible, offers herself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. K. Ramachandra Reddy (DIN: 00042172), who retires by rotation in accordance with Section 152 of the Companies Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation."

SPECIAL BUSINESS:

3. **Appointment of Mr. Adisheshaiah Chowdary Jakkampudi (DIN:01109704) 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, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-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. Adisheshaiah Chowdary Jakkampudi (DIN: 01109704), who was appointed as an Additional Director in Independent category of the Company by the Board of Directors at its meeting held on 25th January, 2021, whose term of office expires at this Annual General Meeting ('AGM'), and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 05 (Five) consecutive years with effect from 25th January, 2021 to 24th January, 2026, not subject to retirement by rotation."

4. **Revision in the terms of remuneration of Mr. Venkata Sudhakar Simhadri, Managing Director & CEO 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 196, 197, 198 203 and Schedule V to the Companies Act, 2013 ("the Act") read with Companies (Appointment and Remuneration to Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Rules made there under to the extent applicable, and such other approvals, permissions and sanctions of such authorities and/or agencies as may be required in this subject and subject to the provisions of the Articles of Association of the Company, approvals of the members be and is hereby accorded to the revision in payment of remuneration of Mr. Venkata Sudhakar Simhadri (DIN:01883241), Managing Director of the Company on following terms & conditions effective from 1st April, 2021 for remaining tenure of his appointment as Managing Director of the Company i.e. upto 25th October, 2023.

NOTICE OF 22nd ANNUAL GENERAL MEETING

Particulars	Amount
Term	2 years 07 months (w.e.f. 01-04-2021 to 25-10-2023)
Fixed pay	INR 2,00,00,000 per annum
Variable pay	INR 40,00,000 per annum shall be payable on achieving the targets as fixed by the Board of Directors.
Sales Commission	2% commission on additional sales achieved more than Rs 155 crores with an overall EBIDTA of 12% .
Perquisites	Perquisites will be allowed in addition to salary as under:
	Provident Fund: The Company shall contribute towards provident fund as per the rules of the Company.
	Gratuity: Gratuity payable shall be in accordance with the provisions of the payment of Gratuity Act
Employee benefits	Insurance: Medical insurance and Personal accidental insurance along with all other employees.
	ESOP: Is eligible to participate in ESOP scheme as decided by the NRC committee of the Board of Directors.

“RESOLVED FURTHER THAT in the event in any financial year during the tenure of the Managing Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to the Managing Director, the above remuneration excluding commission amount payable on the minimum remuneration by way of salary, perquisites and other terms & conditions as specified above and subject to receipt of the requisite approvals.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Mr. Jayaram Susarla, Chief Financial Officer and/or Mr. Suresh Bachalakura, Company Secretary of the Company be and is hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company.”

By Order of the Board of Directors

CS Suresh Bachalakura
Company Secretary
(A39381)

Place: Hyderabad
Date: 20th July, 2021

NOTICE OF 22nd ANNUAL GENERAL MEETING

Notes:

1. In view of the massive ongoing 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 and Circular No. 02/2020 dated January 13, 2021, 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. In compliance with applicable provisions of the Companies Act, 2013 ("Act") read with the MCA Circulars and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79, dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, the 22nd Annual General Meeting of the Company is being conducted through Video Conferencing or Other Audio Visual Means ("VC / OAVM") (hereinafter referred to as "AGM" or "e-AGM"). In accordance with the Secretarial Standard -2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification dated 15th April, 2020 issued by ICSI, 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 e-AGM.
3. Pursuant to the Circular No. 14/2020 dated April 08, 2020 read with Circular No. 02/2020 dated January 13, 2021 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.
4. 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.
5. 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.
6. 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) ('Regulations'), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 2021, the Company is providing facility of 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 venuee-voting on the date of the AGM will be provided by NSDL.
7. 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.nsdl.com.
8. The AGM will be 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 and MCA Circular No. 02/2020 dated January 13, 2021.
9. 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.
10. Brief profile of Mr. K. Ramachandra Reddy and Mr. J A Chowdary 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 36(3) of the Regulations are also annexed to this notice.

NOTICE OF 22nd ANNUAL GENERAL MEETING

11. 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. September 13, 2021. Members seeking to inspect such documents can send an email to investorrelations@moschip.com.
12. 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.
13. 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.
14. 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.
15. Nomination facility: As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form SH-14. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the Registrar in case the shares are held in physical form, quoting their folio no.
16. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 06th day of September, 2021 to Monday, the 13th day of September, 2021 (both days inclusive).
17. 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).
18. Only those Members, whose names appear in Register of Members / List of beneficial owners as on Friday, September 03, 2021 ("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.
19. 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.
20. 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. September 13, 2021.
21. 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.

NOTICE OF 22nd ANNUAL GENERAL MEETING

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

22. 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 22nd 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.
23. The remote e-voting period begins on 10th September, 2021 at 9:00 A.M. and ends on 12th September, 2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.
24. The Instructions for remote voting are as under:
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/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL e-services 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.

NOTICE OF 22nd ANNUAL GENERAL MEETING

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.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- 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.
 - Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - 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.
 - 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?

- 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.
- 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.
- Select "EVEN" of company for which you wish to cast your vote.
- Now you are ready for e-Voting as the Voting page opens.
- 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.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- 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.
- 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.
- 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

NOTICE OF 22nd ANNUAL GENERAL MEETING

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

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 voting.
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 investorrelations@moschip.com.
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 investorrelations@moschip.com. 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 22nd 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: 20th July, 2021 convening the 22nd Annual General Meeting of the Company scheduled for 13th September, 2021.]

Item No. 3:

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at the meeting held on 25th January, 2021 appointed Mr. Adisheshaiah Chowdary Jakkampudi (DIN: 01109704) as an Additional Director in the category of Independent.

In terms of the provisions of Section 161 of the Act, Mr. Adisheshaiah Chowdary Jakkampudi holds the office till the date of ensuing Annual General Meeting and is eligible for appointment.

Notices under the provisions of Section 160 of the Act have been received from members signifying their intention to propose the candidature of Mr. Adisheshaiah Chowdary Jakkampudi as Director of the Company.

In the opinion of the Board, Mr. Adisheshaiah Chowdary Jakkampudi fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management and possesses appropriate skills, experience and knowledge.

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. Adisheshaiah Chowdary Jakkampudi 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. Adisheshaiah Chowdary Jakkampudi 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:

Item No. 4:

Mr. Venkata Sudhakar Simhadri was appointed as Managing Director w.e.f. 26th October, 2018 for a period of 05 years with a remuneration of Rs. 168 lakhs p.a. (payable for a period of 03 years). Considering the contribution of Mr. Venkata Sudhakar Simhadri and the progress made by the Company under his leadership and guidance and as per the recommendation of the Nomination & Remuneration Committee the Board at its meeting held on 27th April, 2021 approved the revision in remuneration of Mr. Venkata Sudhakar Simhadri for the remaining period of his tenure i.e. w.e.f. 01st April, 2021 to 25th October, 2023 on terms and conditions enumerated in the resolution.

Pursuant to Section 197 read with Schedule V of the Companies Act, 2013, the revised remuneration of Mr. Venkata Sudhakar Simhadri as decided by the Board is required to be approved by the members at their meeting.

It is hereby confirmed that the Company has not committed any default in respect of any of its debt or interest payable thereon for a period of 30 days in the preceding the financial year and in the current financial year.

NOTICE OF 22nd ANNUAL GENERAL MEETING

The statement containing information required to be furnished under Section II of Part II of Schedule V to the Companies Act, 2013 is given below:

I General Information				
(1)	Nature of Industry	Semiconductor Services and IoT		
(2)	Date or expected date of commencement of commercial production	August 01, 2000		
(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not Applicable		
(4)	Financial performance based on given indicators	Description		
		Rs. in Lakhs		
		2020-2021	2019-20	
		Total revenue	10,692.08	10,110.32
		Total expenses	11,600.94	13,017.83
	Loss before tax	(908.85)	(4,644.47)	
	Loss after tax	(915.08)	(4,601.50)	
(5)	Foreign investments or collaborators, if any	<p>As per the shareholding pattern as on June 30, 2021:</p> <p>i. 8,17,27,739 Equity Shares representing 51.70 % was held by OSHIN GLOBAL PTE LTD & EIJI HOLDINGS PTE LTD, holding Company.</p> <p>ii. 92,96,457 Equity Shares representing 5.88 % was held by Foreign Nationals & NRIs.</p> <p>iii. 36,31,357 Equity Shares representing 2.30% was held by overseas corporate bodies.</p> <p>The Company has not entered into any foreign collaboration.</p>		
II Information about the appointee				
(1)	Background details	<p>Mr. Venkata Sudhakar Simhadri is a serial entrepreneur and proven executive in the semiconductor industry. He is the Founder, President & CEO of Gigacom Semiconductor LLC & Founder / Director of Gigacom India (where Gigacom Semiconductor LLC was merged with MosChip Technologies, USA and Gigacom India was merged with the Company) and the driving force behind establishing IP licensing and design services business with leading semiconductor companies. Earlier to Gigacom, Mr. Venkata Sudhakar Simhadri was the Founder, President & CEO of Time-to-Market (TTM) from 1998 till its acquisition by Cyient in 2008 and was its head of Hi-tech Business Unit till 2012. Mr. Venkata Sudhakar Simhadri has 30 years of experience, primarily working in the USA and India region. He did his B.E. from Andhra University and MS from New Jersey Institute of Technology (NJIT).</p>		
(2)	Past remuneration	The Past Remuneration as Managing Director of the Company is Rs.168 lakhs per annum.		

NOTICE OF 22nd ANNUAL GENERAL MEETING

(3)	Recognition or awards	-
(4)	Job profile and suitability	As Managing Director & CEO of the Company he is responsible for the complete operations of the Company. He is entrusted with to perform such duties and exercise such powers as have been or may from time to time be entrusted or conferred upon him by the Board. Taking into account his previous experience, educational background, knowledge about the industry and the nature and size of operations of the Company, he is a fit and proper person as the Managing Director of the Company.
(5)	Remuneration proposed	<p><u>a. Period</u> 01st April, 2021 to 25th October, 2023.</p> <p><u>b. Remuneration</u> Remuneration is only for the remaining period of his tenure as Managing Director i.e.01st April, 2021 to 25th October, 2023.</p> <p>i) Fixed Salary: Annual salary of Rs.2,00,00,000/- (Rupees Two crores only) by way of Salary, Dearness Allowance and any other allowances and perquisites with annual or mid-term increments as approved by the Board/Committee of the Board.</p> <p>ii) Variable Pay: Shall be paid Annual Variable pay of Rs. 40,00,000 /- subject to achieving the targets as fixed by the Board of Directors.</p> <p><u>c. Sales Commission</u> 2% commission on additional sales achieved more than Rs 155 crores with an overall EBIDTA of 12%.</p> <p><u>d. Employment benefits:</u> During the term of his employment, Mr. Venkata Sudhakar Simhadri will be entitled to participate in the employee benefit plans of the Company including Employee Stock options, medical insurance, personal accidental insurance, employer's contribution to provident fund, contribution to retirement benefits such as contribution to Gratuity fund over and above the amounts mentioned in clause b above.</p>
(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration being proposed to be paid to Mr. Venkata Sudhakar Simhadri is on par with the remuneration prevailing in the company of similar size in the same industry and the remuneration to be paid would be restricted to the ceiling prescribed under Schedule V of the Companies Act, 2013.
(7)	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Mr. Venkata Sudhakar Simhadri & together his relatives holding 69,36,725 number of equity shares, constituting 4.39 % voting power in the Company as on 20.07.2021.

NOTICE OF 22nd ANNUAL GENERAL MEETING

III Other Information		
(1)	Reasons for loss or inadequate profits	The Company has invested considerable amounts in new business areas. In view of the gestation period involved in these initiatives, the Company incurred losses.
(2)	Steps taken or proposed to be taken for improvement	The Company restructuring measures, focus on core competencies along with operational efficiencies yielded positive results during previous year. This is expected to set the stage for a long term sustained growth. The Company steady improvement for the last couple of quarters. The performance is the testament to the strategic changes and tremendous hard work and dedication. The Company investments into IP and world-class engineering team puts us in a position to address the growth opportunities.
(3)	Expected increase in productivity and profits	The Company is working to increase the revenue with emphasis on increasing IP portfolio and focusing on IP enabled services.

Pursuant to the applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) consent of the members is being sought by way of Special Resolution.

Except Mr. Venkata Sudhakar Simhadri, none of the promoters, directors, key managerial personnel and their relatives is considered to be concerned or interested financially or otherwise, in the resolution.

The Board of Directors recommend passing of the Special Resolution set out in Item No. 03 & item No. 04 of the Notice for the approval of the shareholders.

By Order of the Board of Directors

Place: Hyderabad
Date: 20th July, 2021

CS Suresh Bachalakura
Company Secretary
(A39381)

Registered office address:
7th Floor, My Home Twitza,
TSIIC Hyderabad Knowledge City,
Hyderabad, Telangana – 500081.

NOTICE OF 22nd 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 and Secretarial Standard-2

Particulars	Mr. K. Ramachandra Reddy	Mr. Adiseshaiah Chowdary Jakkampudi	Venkata Sudhakar Simhadri
Date of Birth & Age	04/01/1949 72 years	18 th February, 1955 66 years	21/07/1963 57 years
Date of First Appointment	27/01/1999	25/01/2021	26/10/2018
Qualifications	Electrical Engineering From IIT, Madras. M.S.E.E. degree from University of Wisconsin	M.TECH from IIT Madras and M.SC from SV University	BE, MS
Nature of Expertise in specific functional areas	Experience in Design, Manufacturing and Marketing of Various Integrated Chips (ICs), Semiconductor and Systems	Information Technology, Business Strategy, Administration, corporate advisory services	Experience in Design, Manufacturing and Marketing of Various Integrated Chips (ICs), Semiconductor & Systems
Terms and conditions of appointment or re-appointment	In terms of Section 152(6) of the Companies Act, 2013, Mr. Kadiri Ramachandra Reddy 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. J A Chowdary is proposed to be appointed as an Independent Director for 5 years.	As approved by the Shareholders through Postal Ballot dated 15.01.2019 and as set out in the resolution number 05.
Directorships held in other listed Entities	1	1	0
Member of the Committees of other Companies on which he/she is a Member	1	Nil	0
Number of equity shares held in the Company	74,98,592	Nil	68,52,376
Number of Board Meetings attended during the last year	4	0	04
Disclosure of Inter-relationship between Directors and KMP's.	Nil	Nil	Nil

MOSCHIP TECHNOLOGIES LIMITED

Leading Provider of Semiconductor
and Embedded System Design
Services

www.moschip.com

The MosChip logo consists of the word "moschip" in a bold, sans-serif font. The "m" is purple, and the "o" is orange. The remaining letters "s", "c", "h", "i", "p" are purple.

HEADQUARTERS:

MosChip Technologies Limited
7th Floor, My Home Twitza,
TSIIC Knowledge City, Hyderabad,
Telangana - 500081
Tel: +91-40-6622-9292

CIN: L31909TG1999PLC032184

BANGALORE OFFICE:

MosChip Technologies Limited
Fortune Summit, 6th Floor,
6th Sector, HSR Layout,
Hosur Main Road,
Roopena Agrahara,
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: investorrelations@moschip.com / Tel: +91-40-6622-9292

 / MosChipTech

<https://moschip.com>