



Date: 24<sup>th</sup> August, 2023

To  
The General Manager  
Department of Corporate Services  
BSE Ltd,  
P. J. Towers, Dalal Street,  
Mumbai – 400 001

Dear Sir,

**Sub: Submission of 24<sup>th</sup> Annual Report of the Company for the financial year 2022-2023.**

**Ref: Scrip code: 532407**

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Pursuant to Regulation 34 (1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith the 24<sup>th</sup> Annual Report of MosChip Technologies Limited for the financial year 2022-2023 comprising the Notice of the AGM, Audited Balance Sheet as at 31<sup>st</sup> March, 2023, Statement of Profit and Loss for the year ended on that date, Statement of Changes in Equity for the year and Cash Flows Statement together with Notes to Financial Statements for the year ended 31<sup>st</sup> March 2023 and the reports of the Board of Directors and Auditors thereon.

The 24<sup>th</sup> Annual Report was also uploaded in MosChip website under following link  
<https://moschip.com/wp-content/uploads/2023/08/MosChip-24th-Annual-Report-Final.pdf>

This is for your information and record.

**Yours faithfully,  
For MosChip Technologies Limited**

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**CS Suresh Bachalakura  
Company Secretary**

Encl: As above

**MosChip Technologies Limited**

7<sup>th</sup> Floor, My Home Twitza, TSIIC Knowledge City, Hyderabad, Telangana - 500081, India  
Tel: +91 40 6622 9292, Fax: +91 40 66229393, [www.MosChip.Com](http://www.MosChip.Com), CIN: L31909TG1999PLC032184

# MOSCHIP

Connecting The World  
Your Trusted SILICON | Product Development Partner



## 24<sup>TH</sup> ANNUAL REPORT 2022 - 23 MOSCHIP TECHNOLOGIES LIMITED

Leading Provider of Semiconductor & Embedded System Design Services

[www.moschip.com](http://www.moschip.com)

 /MosChipTech

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## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

Mr. K. Pradeep Chandra	—	Chairman
Mr. Venkata Sudhakar Simhadri	—	Managing Director & CEO
Mr. Naveed Ahmed Sherwani*	—	Non-Executive Director
Mr. D. G. Prasad	—	Independent Director
Mr. Damodar Rao Gummadapu	—	Non-Executive Director
Mrs. Madhurika Nalluri Venkat	—	Independent Director
Mr. Rajeev Krishnamoorthy	—	Independent Director

\* Mr. Naveed Ahmed Sherwani appointed as Additional Director In Non-executive Category of the Company w.e.f. 17<sup>th</sup> June, 2023.

Mr. Raja Praturi ceased to be a Director w.e.f. 12<sup>th</sup> July, 2022 and Mr. K. Ramachandra Reddy ceased to be a Director w.e.f. 01<sup>st</sup> May, 2023.

### COMMITTEES OF THE BOARD

#### Audit Committee

Mr. D. G. Prasad	—	Chairman
Mr. K. Pradeep Chandra	—	Member
Mr. Naveed Ahmed Sherwani	—	Member
Mrs. Madhurika Nalluri Venkat	—	Member

#### Nomination & Remuneration Committee

Mr. Rajeev Krishnamoorthy	—	Chairman
Mr. K. Pradeep Chandra	—	Member
Mr. D. G. Prasad	—	Member
Mr. Damodar Rao Gummadapu	—	Member

#### Stakeholders Relationship Committee

Mrs. Madhurika Nalluri Venkat	—	Chairperson
Mr. K. Pradeep Chandra	—	Member
Mr. Damodar Rao G	—	Member

#### Risk Management Committee

Mr. Naveed Ahmed Sherwani	—	Chairman
Mr. Rajeev Krishnamoorthy	—	Member
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

7<sup>th</sup> Floor, My Home Twitza,  
Plot No. – 30/A, Survey no. 83/1  
TSIIC Hyderabad 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 - 500004.

#### REGISTRAR AND SHARE TRANSFER AGENTS

KFin Technologies Limited  
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 24<sup>th</sup> Annual Report on the business and operations of your Company along with the Audited Standalone & Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023. The Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

## 1. Summary of Financial Results

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023		Year ended 31 <sup>st</sup> March 2022	
	Consolidated	Standalone	Consolidated	Standalone
Income from operations	19,835.54	17,120.28	14,764.40	12,070.32
Other Income	496.79	445.62	513.39	213.32
<b>Total Revenue</b>	<b>20,332.33</b>	<b>17,565.90</b>	<b>15,277.79</b>	<b>12,283.64</b>
Profit before exceptional item, Interest, Depreciation and Tax	3,128.45	2,433.20	2,770.56	2,269.31
Profit before Interest, Depreciation and Tax	3,128.45	2,433.20	2,770.56	2,269.31
Less: Interest	772.37	742.29	860.50	842.86
Less: Depreciation	1,732.18	1163.92	1,264.14	889.35
<b>Profit before tax</b>	<b>623.9</b>	<b>526.99</b>	<b>645.92</b>	<b>537.10</b>
Less: Tax Expenses	6.13	-	0.62	-
<b>Profit after tax</b>	<b>617.77</b>	<b>526.99</b>	<b>645.30</b>	<b>537.10</b>
<b>Net Profit for the year</b>	<b>617.77</b>	<b>526.99</b>	<b>645.30</b>	<b>537.10</b>

## 2. Performance Review

Your Company, MosChip Technologies Limited is a fabless semiconductor and embedded design services Company with focus on turn-key digital and mixed-signal ASICs, SerDes IP and system design solutions. It specializes in product design and development services ranging from Chip Design to Systems Development. It works with globally acclaimed chip design companies in the areas of Aerospace, Defence, Consumer and Industrial applications. Over the past 2 decades, MosChip has developed and shipped millions of connectivity ICs.

On consolidated basis, the income from operations grew to Rs. 19,835.54 lakhs from Rs. 14,764.40 lakhs registering a growth of 34.35 % 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.3,128.45 lakhs while that of previous year stood at Rs.2,770.56 lakhs. The Consolidated results showed a Net profit for the year at Rs.617.77 lakhs as against a Net profit of Rs.645.30 lakhs in the previous year.

On a standalone basis, income from operations for the year stood at Rs.17,120.28 lakhs as against Rs. 12,070.32 lakhs in the previous year. Standalone Net profit for the FY 2022-2023 was Rs. 526.99 lakhs as against Net Profit of Rs. 537.10 lakhs for the FY 2021-2022.

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 design services, turnkey solutions, IP& 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 ("**SEBI Listing Regulations**"),

### 3. Subsidiaries, Joint Ventures and Associate Companies

As on 31<sup>st</sup> March, 2023, the Company has 3 direct subsidiaries, namely;

- 01) MosChip Technologies, USA,
- 02) MosChip Institute of Silicon Systems Private Limited,
- 03) MosChip Technologies W.L.L.

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 Directors' Report.

Further the Board of Directors in their meeting held on 28<sup>th</sup> March, 2023 approved 100 % acquisition of Softnautics, Inc, a California based company with a focus on Product Engineering Solutions in Embedded, FPGA and VLSI. The acquisition process was completed on 07<sup>th</sup> June, 2023. Accordingly, Softnautics Inc has become wholly owned subsidiary Company.

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 the subsidiaries, are available on the website of the Company.

### 4. Dividend & Transfers to Reserves

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.

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

Pursuant to Regulation 43A of the SEBI Listing Regulations, the Board has approved and adopted a Dividend Distribution Policy. The Dividend Distribution Policy is available on the Company's website at <https://moschip.com/wp-content/uploads/2023/02/Dividend-Distribution-Policy.pdf>

### 5. Share Capital

#### (a) Increase in Authorised Share Capital

There is no change in Authorised Share Capital of the Company during the year, the Authorised Share Capital comprises of Rs.56,55,10,000 (Rupees Fifty Six Crore Fifty Five Lakhs Ten Thousand only) divided into 28,27,55,000 (Twenty Eight Crores Twenty Seven Lakhs and Fifty Five Thousand only) Equity Shares of Rs.2/- (Rupees Two only).

**(b) Increase in Paid-up Share Capital**

During the year under review, your Company issued and allotted Equity Shares as mentioned in the below table:

<b>S. No.</b>	<b>Date of allotment</b>	<b>Number of shares allotted</b>	<b>Allotment Price in Rs.</b>	<b>Particulars</b>
01	28-04-2022	18,250	18.00	pursuant to exercise of vested stock options
02	28-04-2022	33,333	16.00	pursuant to exercise of vested stock options
03	08-07-2022	96,000	18.00	pursuant to exercise of vested stock options
04	08-07-2022	1,25,329	16.00	pursuant to exercise of vested stock options
05	23-09-2022	33,250	18.00	pursuant to exercise of vested stock options
06	23-09-2022	3,75,982	16.00	pursuant to exercise of vested stock options
07	23-09-2022	1,21,250	24.00	pursuant to exercise of vested stock options
08	18-10-2022	31,12,203	61.05	Preferential issue
09	20-10-2022	18,01,801	61.05	Preferential issue
10	21-11-2022	53,250	18.00	pursuant to exercise of vested stock options
11	21-11-2022	2,01,997	16.00	pursuant to exercise of vested stock options
12	21-11-2022	75,000	16.00	pursuant to exercise of vested stock options
13	21-11-2022	43,750	24.00	pursuant to exercise of vested stock options
14	21-11-2022	2,500	31.28	pursuant to exercise of vested stock options
15	25-01-2023	35,250	18.00	pursuant to exercise of vested stock options
16	25-01-2023	74,993	16.00	pursuant to exercise of vested stock options
17	25-01-2023	6,250	18.00	pursuant to exercise of vested stock options
18	25-01-2023	52,750	24.00	pursuant to exercise of vested stock options
19	25-01-2023	8,750	40.00	pursuant to exercise of vested stock options
20	24-03-2023	77,500	18.00	pursuant to exercise of vested stock options
21	24-03-2023	1,41,831	16.00	pursuant to exercise of vested stock options
22	24-03-2023	20,125	24.00	pursuant to exercise of vested stock options
23	24-03-2023	11,250	40.00	pursuant to exercise of vested stock options

Consequent to the above, the subscribed, issued and paid-up equity share capital of your Company as on March 31, 2023 stood at Rs.33,31,33,578 /- comprising of 16,65,66,789 Equity Shares of Rs.2 /- each.

On 10.06.2023, the Company allotted 1,14,52,498 Equity Shares on preferential basis for the acquisition of Softnautics Inc.

On 16.06.2023, the Company allotted 1,83,665 Equity Shares pursuant to exercise of vested stock options by employees.

On 04.08.2023, the Company allotted 15,56,248 Equity Shares pursuant to exercise of vested stock options by employees.

**(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**

99.72% of the company's paid up Equity Share Capital is in dematerialized form as on 31<sup>st</sup> March, 2023 and balance 0.28% is in physical form. The Company's Registrars are KFin Technologies Limited, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad, Telangana- 500 032.

**6. Major events occurring after the balance sheet date**

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

There have been no material changes and commitments, affecting the financial position of the Company which occurred during the period between the end of the financial year to which the financial statements relate and the date of this report.

**(b) Change in the Nature of Business**

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

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

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

**7. Directors and Key Managerial Personnel**

**(a) Inductions, Changes & Cessations in Directorships during the year 2022-2023**

Mr. Raja Praturi (DIN: 01819707) resigned from the position of Independent Director w.e.f. 12.07.2022. The Board in its Meeting dated 14.07.2022 placed on record its appreciation for the Services, assistance and guidance provided by Mr. Raja Praturi.

On recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Rajeev Krishnamoorthy (DIN: 09542130) as an Additional Director in Independent Category with effect from 28.03.2022 and approval of members by way of special resolution was taken in the extra-ordinary general meeting held on 27.06.2022.

**Subsequent to the end of the financial year March 31, 2023**

Mr. K. Rama Chandra Reddy (DIN: 00042172) resigned from the position of Non-Executive Director w.e.f. 01.05.2023. The Board in its Meeting dated 24.05.2023 placed on record its appreciation for the Services, assistance and guidance provided by Mr. K. Rama Chandra Reddy.

On recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Naveed Ahmed Sherwani (DIN: 10199022) as an Additional Director in Non-Executive Director Category with effect from 17.06.2023. The appointment of Mr. Naveed Ahmed Sherwani as Non-Executive Director for shareholders approval is included in this 24<sup>th</sup> AGM.

*Directors retire by rotation*

Pursuant to the requirements of the Companies Act, 2013 and Articles of Association of the Company Mr. Damodar Rao Gummadapu (DIN: 07027779), Non-Executive Director retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.



### **(b) Key Managerial Personnel**

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company as on March 31, 2023 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, Mrs. Nalluri Madhurika Venkat and Mr. Rajeev Krishnamoorthy are the Independent Directors of the Company. The Company has received declaration(s) 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 in the fields of science and technology, engineering, digitalization, strategy, finance, governance, human resources, sustainability, etc. and that they hold highest standards of integrity.

All the Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

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

### **(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 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**

Details pertaining to composition of the Audit Committee are included in the Report on Corporate Governance. 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(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure – C** to this report.

Disclosures relating to remuneration and other details as required under Section 197 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure –C** to this report. Further, the Annual Report excluding the aforesaid information is being sent to the members of the Company. In terms of Section 136 of the Act, the said annexure is open for inspection at the registered office of the Company and any member interested in obtaining such information may write to the Company Secretary at [suresh.cs@moschip.com](mailto:suresh.cs@moschip.com).

**(h) Stakeholders Relationship Committee**

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

**(i) Risk Management Committee**

Details pertaining to composition of the Risk Management Committee are included in the Report on Corporate Governance.

**(j) ESOP plans**

Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Plans of the Company in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

During the year under report the company has seven 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 and Sweat Equity) Regulations, 2021.

- (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
- (g) MosChip Stock Option Plan — 2022

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 and Sweat Equity) Regulations, 2021 are annexed herewith as **Annexure-D** to this report.

The Secretarial Auditor's certificate on the implementation of share-based schemes in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be made available at the AGM, electronically.

**(k) Number of meetings of the Board**

07 meetings of the Board were held during the year 2022-2023. 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 Directors' Report.

**8. Corporate Social Responsibility (CSR) Initiatives**

Section 135 of the Companies Act, 2013 provides the threshold limit for applicability of the CSR to a Company i.e., (a) Networth of the Company to be Rs.500 crore or more; or (b) turnover of the company to be Rs.1,000 crore or more; or (c) net profit of the company to be Rs.5 crore or more. As the net profit of the Company was more than 5 Crores for the financial year 2021-2022, the Company had an obligation to spend at least 2% average net profits of the Company made during the 3 immediately preceding financial years in pursuance of the CSR policy during the year 2022-2023, however, the Company was not required to spend any amount, due to the net losses incurred by it in the 3 immediately preceding financial years. The Annual Report on CSR containing particulars as specified in Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is included in **Annexure – J**.

**9. Internal Financial Controls and its 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.

**10. Vigil Mechanism / Whistle Blower Policy**

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the SEBI Listing Regulations, a Vigil Mechanism / Whistle Blower Policy 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/wp-content/uploads/2017/02/WhistleBlowerPolicy-1.pdf>.

**11. Deposits**

The Company has not accepted any deposits from public and as such, covered under Chapter V of the Act and no amount on account of principal or interest on deposits from public was outstanding as on 31<sup>st</sup> March, 2023.

**12. Statutory Auditors and Auditors' Report**

M/s. S. T. Mohite & Co., Chartered Accountants (Firm Registration No. 011410S) were re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 23<sup>rd</sup> Annual General Meeting (AGM) held on August 26, 2022 till the conclusion of the 28<sup>th</sup> AGM of the Company to be held in the year 2027.

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 31<sup>st</sup> March, 2023 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.

### 13. 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 an Internal Auditor to conduct the internal audit of the Company for the Financial Year 2022-2023.

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 2023-2024.

### 14. 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. B S S & Associates, Company Secretaries for conducting Secretarial Audit of the Company for the financial year 2022-2023. The Secretarial Audit Report and Secretarial Compliance Report are annexed herewith as **Annexure – E**. The Secretarial Audit Report and Secretarial Compliance Report do not contain any qualifications, reservation or adverse remark.

### 15. 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.

### 16. 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**.

### 17. 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 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 SEBI Listing Regulations. This Policy was considered and approved by the Board has been uploaded on the website of the Company at <https://moschip.com/wp-content/uploads/2017/02/PolicyOnRelatedPartyTransactions-1.pdf>.

### 18. 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 is placed on the Website of the Company at <https://moschip.com/annual-reports/>.

### 19. Particulars of Loans, Guarantees or Investments

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

### 20. 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 2022-2023.

### 21. Corporate Governance and Shareholders Information

The Company is committed to good Corporate Governance in line with the provisions of SEBI Listing Regulations 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 Listing Regulations. A certificate of compliance from M/s. B S S & Associates, Company Secretaries and the report on Corporate Governance forms part of this Directors' Report as **Annexure – H**.

### 22. Secretarial Standards

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

### 23. 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.

### 24. 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.

### **25. Insider Trading**

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 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.

### **26. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year**

During the year under review, Company has not made any application under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

### **27. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof**

The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.

### **28. Business Responsibility and Sustainability Report (BRSR)**

In terms of the Regulation 34 of the SEBI Listing Regulations the BRSR is annexed as **Annexure - I** to this Report.

### **29. Disclosure of Accounting Treatment**

The financial statements have been prepared and presented under the historical cost basis except for certain financial instruments which are measured at fair value or amortized cost and accrual basis of accounting, unless otherwise stated, and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021, in so far as they are applicable to the Company.

### **30. Disclosures with respect to demat suspense account/ unclaimed suspense account**

Not applicable.

### **31. Disclosure of certain types of agreements binding the Company**

During the year 2022-2023, the Company has not entered into any agreement which is binding the Company.

**Annexures forming part of this report**

<b>Annexures</b>	<b>Particulars</b>
A	Management Discussion & Analysis Report
B	Form AOC – 1 (Report on Subsidiary companies)
C	Remuneration related disclosures as per Section 197 read with rules made thereunder
D	Statement on outstanding ESOP Plans
E	Secretarial Audit Report & Secretarial Compliance Report
F	Particulars on conservation of energy, absorption of technology and foreign exchange earnings and outgo
G	Form AOC – 2 (Related Party disclosures)
H	Report on Corporate Governance
I	Business Responsibility and Sustainability Report
J	Annual Report on CSR

**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**  
Director and Chairman  
DIN: 05345536

**Place: Hyderabad**  
**Date: 21<sup>st</sup> August, 2023**



**Annexure 'A' to the Directors' Report**

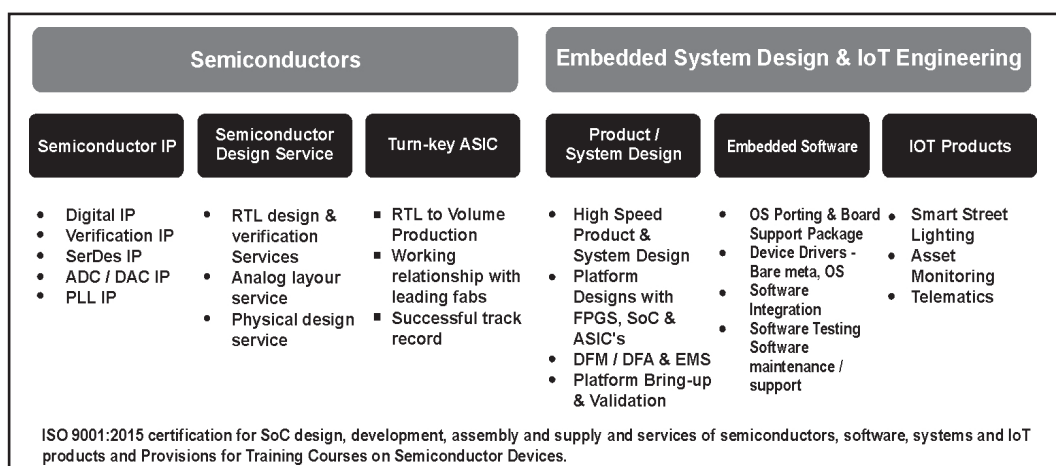
**MANAGEMENT DISCUSSION AND ANALYSIS (MDA)**

**Company Overview:**

MosChip Technologies Limited is a publicly traded semiconductor and system design services company headquartered in Hyderabad, India, with 1300+ engineers located in Silicon Valley-USA, Hyderabad, Bangalore, Ahmedabad and Pune. MosChip provides turn-key digital and mixed-signal ASICs, design services, SerDes IP, and embedded system design solutions. Over the past 2 decades, MosChip has developed and shipped millions of connectivity ICs. For more information, visit [www.moschip.com](http://www.moschip.com).

**Business units and expertise**

Moschip is currently focused on Semiconductor design services, Mixed Signal IP, Turn-key ASIC solutions and Embedded product design services.



**Performance Review:**

- 1) On consolidated basis, the income from operations grew to Rs.19,835.54 lakhs from Rs.14,764.40 lakhs registering a growth of 34.35 % year on year. The increased growth is predominately attributed to the growth of Turnkey ASICS and IP services revenue. The Profit before Interest, Depreciation and Tax stood at Rs.3,128.45 lakhs while that of previous year stood at Rs.2,770.56 lakhs. The Consolidated results showed a Net profit for the year at Rs. 617.77 lakhs as against a Net profit of Rs. 645.30 lakhs in the previous year.
- 2) On a standalone basis, income from operations for the year stood at Rs.17,120.28 lakhs as against Rs. 12,070.32 lakhs for the preceding year. Standalone Net profit for the FY 2022-23 was Rs.526.99 lakhs as against Net profit of Rs.537.10 lakhs for the FY 2021-22.

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 & Training.

The key financial ratios for the FY 2022-2023 in comparison with FY 2021-2022 are mentioned in "Annexure A of Standalone financials" forming part of standalone financials.

### Some of the key developments are:

- Acquisition of Softnautics Inc to strengthen Leadership in Product Engineering Solutions in Embedded, FPGA and VLSI.
- Member of Design Center Alliance (DCA) of TSMC, this enables us to have access to leading technology at TSMC.
- Established state of art training & innovation center to upscale the skill set of engineers.
- Significant progress with high speed SerDes IP portfolio.
- Acquisition of new customers in North America.
- New strategic initiatives into
  - Artificial Intelligence
  - Application Specific Standard Products (ASSP)
  - RISC V platform
  - other emerging areas
- Consolidation of office spaces resulting in office spaces in Hyderabad, Bangalore, Ahmedabad and Pune.

### 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.

**The global semiconductor market is predicted to experience a downturn of 10.3% in 2023. However, this is anticipated to be followed by a robust recovery, with an estimated growth of 11.9% in 2024.**

After observing a modest growth of 3.3% in the year 2022, World Semiconductor Trade Statistics (WSTS) has adjusted its forecast to reflect a more substantial, double-digit decrease in the worldwide semiconductor market for 2023. The estimated market size is projected to reach \$515 billion, indicating a decrease of 10.3%.

WSTS has adjusted its growth projections downwards in response to increasing inflation and weakening demand in end markets, particularly those relying on consumer spending. Although two primary categories, discrete and optoelectronics, are predicted to sustain single-digit year-over-year growth in 2023, at 5.6% and 4.6% respectively, other categories are anticipated to shift into negative growth. This includes Memory, which is forecasted to decline by approximately 35% year over year.

For the year 2023, the European and Japanese markets are projected to experience growth, with respective increases of 6.3 and 1.2%. Conversely, the remaining regions are anticipated to face a downturn, with the Americas expected to decline by 9.1% and the Asia Pacific region by 15.1%.

<b>WSTS Forecast summary</b>						
<b>Spring 2023</b>	<b>Amounts in US \$ M</b>			<b>Year on year growth in %</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Americas	1,41,136	1,28,236	1,50,989	16.20	-9.10	17.70
Europe	53,853	57,253	61,637	12.80	6.30	7.70
Japan	48,158	48,724	52,534	10.20	1.20	7.80
Asia Pacific	3,30,937	2,80,881	3,10,838	-3.50	-15.10	10.70
<b>Total world - \$ M</b>	<b>5,74,085</b>	<b>5,15,095</b>	<b>5,75,997</b>	<b>3.30</b>	<b>-10.30</b>	<b>11.80</b>
Discrete Semiconductors	33,993	35,904	38,192	12.00	5.60	6.40
Optoelectronics	43,908	45,949	45,881	1.20	4.60	-0.10
Sensors	21,782	20,410	21,575	13.70	-6.30	5.70
Integrated circuits	4,74,402	4,12,832	470349	2.50	-13.00	13.90
Analog	88,983	83,907	88902	20.10	-5.70	6.00
Micro	79,073	71,470	75855	-1.40	-9.60	6.10
Logic	1,76,578	1,73,413	185266	14.00	-1.80	6.80
Memory	1,29,767	84,041	120326	-15.60	-35.20	43.20
<b>Total Products \$ M</b>	<b>5,74,085</b>	<b>5,15,095</b>	<b>5,75,997</b>	<b>3.30</b>	<b>-10.30</b>	<b>11.80</b>

Note: numbers in the table are rounded of to whole millions of dollars, which may cause totals by region and totals by product group to differ slightly

Source: <https://www.electronicsspecifier.com/news/analysis/wsts-publishes-latest-semiconductor-market-forecast>

**DLI Scheme by Govt of India:**

Semiconductors are at the heart of all electronic products and constitute a significant share in the Bill of Material (BOM). The National Policy on Electronics 2019 aims to position India as a global hub for Electronics System Design and Manufacturing (ESDM) and envisions creation of a vibrant semiconductor chip design ecosystem in the country. With an exceptional talent pool of 20% of world’s semiconductor design engineers and thousands of chips designed by them every year in the country, India is poised for growth to achieve self-reliance and technology leadership in semiconductor design sector.

Ministry of Electronics and Information technology has announced the Design Linked Incentive (DLI) Scheme to offset the disabilities in the domestic industry involved in semiconductor design in order to not only move up in value-chain but also strengthen the semiconductor chip design ecosystem in the country. CDAC is responsible for implementation of the DLI Scheme as Nodal Agency.

The Design Linked Incentive (DLI) Scheme aims to offer financial incentives as well as design infrastructure support across various stages of development and deployment of semiconductor design(s) for Integrated Circuits (ICs), Chipsets, System on Chips (SoCs), Systems & IP Cores and semiconductor linked design(s) over a period of 5 years.

**Objectives**

- Nurturing and facilitating the growth of the domestic companies, startups and MSMEs.
- Achieving significant indigenization in semiconductor content and IPs involved in the electronic products deployed in the country, thereby facilitating import substitution and value addition in electronics sector.
- Strengthening and facilitating access to semiconductor design infrastructure for the startups and MSMEs.

During the year the Company has made an application to participate in DLI Scheme, the application is presently under review with CDAC.

### SerDes

The SerDes market is expected to reach USD 2540.0 million (source IP Next Market survey report) by 2025 and is projected to capture a healthy compound annual growth rate of 21.7%. SerDes combines the Serializer and Deserializer which are required for high-speed communication to convert the serial data and parallel data while reducing the data lines. Several applications involve huge data transmission operations which require efficiency and speed.

The automotive industry, the demand for the SerDes is rapidly increasing, owing to the deployment of driver safety protocols and cameras to monitor various factors such as monitoring the circumstances during the drive, monitoring the health parameters during the drivers, and so on.

**The SerDes IP 5 years forecast is very aggressive:** this segment should increase from \$114million in 2020 up to \$328 million in 2025, with 24% CAGR! (source IP Next Market Survey report) The reasons for such high growth are well-known, linked with the booming demand for more bandwidth in data center and all along the data flow: computing, storage and network.

The overall Indian economy size reaching USD 3.1 trillion and with a target of reaching USD 5.0 trillion by FY26. This growth will be predominantly dominated by manufacturing through reengineering by adopting cutting edge technology, these necessarily calls for a high demand for PAM4 SerDes technology.

We consider a SerDes to be Very High Speed (VHS) when the data rate is equal to 56 Gbps, or more (112 G). Up to 28 Gbps, a SerDes design is following NRZ or PAM2 signaling, when at 56 Gbps and above the signaling is expected to be PAM4 (4 Level Pulse Amplitude Modulation) where every 2 bits are mapped to one symbol.

In summary, the semiconductor industry is on a solid growth path fueled 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.

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

**K. Pradeep Chandra**  
Director and Chairman  
DIN: 05345536

Place: Hyderabad  
Date: 21<sup>st</sup> August, 2023

**Annexure 'B' to the Directors' Report**

**Form AOC-1**

**Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Part "A": Subsidiaries**

(Rs. in Lakhs)

		Name of the Subsidiary		
		MosChip Technologies, USA	MosChip Institute of Silicon Systems Private Limited	*MosChip Technologies W.L.L
01	Reporting period	31 March 2023	31 March 2023	31 March 2023
02	Functional Currency	USD	INR	BHD
03	Exchange Rate	82.16	NA	216.55
04	Equity Share Capital	1,397.62	1.00	2.15
05	Reserves & Surplus	(898.84)	(174.42)	(1.78)
06	Total Assets	2,694.62	684.63	0.36
07	Total Liabilities (excluding Equity Share Capital and Reserves & Surplus)	2,195.82	858.05	-
08	Investments	-	-	-
09	Turnover (Total Revenue)	8,047.75	392.37	-
10	Profit / (Loss) Before Taxation	408.49	(74.85)	(1.80)
11	Tax Expenses	6.13	-	-
12	Profit / (Loss) After Taxation	402.36	(74.85)	-
13	Proposed Dividend	-	-	-
14	% of Shareholding	100%	100%	100%

\* MosChip Technologies W.L.L., the wholly owned subsidiary of the Company is incorporated in September, 2022.

Names of Subsidiaries which are yet to commence operations: MosChip Technologies W.L.L.

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**

**K. Pradeep Chandra**  
**Director and Chairman**  
**DIN: 05345536**

Place: Hyderabad  
 Date: 21<sup>st</sup> August, 2023

**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 2022-23 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2022-23 are as under:

S. No.	Name	Designation	Ratio of Remuneration of each Director to Median Remuneration of Employees	Percentage increase in Remuneration during FY 2022-2023
1	Mr. Venkata Sudhakar Simhadri	Managing Director & CEO	40	43%
2	Mr. K. Ramachandra Reddy	Non-Executive Director	NA	NA
3	Mr. D. G. Prasad	Independent Director	NA	NA
4	Mr. Raja Praturi	Independent Director	NA	NA
5	Mrs. Madhurika Nalluri Venkat	Independent Director	NA	NA
6	Mr. Damodar Rao Gummadapu	Non-Executive Director	NA	NA
7	Mr. K. Pradeep Chandra	Independent Director	NA	NA
8	Mr. Rajeev Krishnamoorthy	Independent Director	NA	NA
9	Mr. Jayaram Susarla	Chief Financial Officer	9.94	14 %
10	Mr. Suresh Bachalakura	Company Secretary	2.89	12 %

- a) The remuneration of Directors does not include Sitting Fee, Gratuity and retirement benefits.  
 b) The remuneration of KMP does not include perquisite from ESOP.  
 c) Independent Directors are paid only sitting fee which is not included in Remuneration.

\* Mr. K. Ramachandra Reddy ceased to be a Director w.e.f 1st May 2023 and Mr. Raja Praturi ceased to be a Director w.e.f.12<sup>th</sup> July, 2022.

- (II) **The percentage increase in the Median Remuneration of the Employees of the Company for the Financial Year 2022-23 & the number of permanent employees on the rolls of the Company:**

The Median Remuneration of the Employees was Rs 8,00,000 and Rs 8,53,400 in the Financial Year 2022-23 & 2021-22 respectively. Employee head count increased to 926 from 727 as on 31 March 2023 & 31 March 2022.

- (III) **Average percentage increase already made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2022-23 with the percentage increase in the managerial remuneration:**

The average increase in the remuneration of employees excluding KMPs during FY 2022-23 was 14 % and the average increase in the remuneration of Key Managerial Personnel 34 %

\*\* The average increase in remuneration of employees is calculated based on net employee benefit expenses disclosed in P&L statement.

- (IV) **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.

- (V) **Affirmation that the remuneration is as per the remuneration policy of the Company:**

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

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

Place: Hyderabad  
 Date: 21<sup>st</sup> August, 2023

**K. Pradeep Chandra**  
**Director and Chairman**  
**DIN: 05345536**

**Annexure 'D' to the Directors report**

**Disclosure of Employee Stock options pursuant to Regulation 14 of SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021**

- 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 seven schemes under Employee Stock Option Plans in operation during the year as mentioned in below table:

S. No.	Name of ESOP Scheme	No. of ESOP's	Date of shareholders approval
01	MosChip Stock Option Plan 2005 (MI)	5,00,000	30 <sup>th</sup> September, 2005
02	MosChip Stock Option Plan 2005 (WoS)	5,00,000	30 <sup>th</sup> September, 2005
03	MosChip Stock Option Plan 2008	30,00,000	29 <sup>th</sup> August, 2008
04	MosChip Stock Option Plan 2008 (ALR)	10,00,000	29 <sup>th</sup> August, 2008
05	MosChip Stock Option Plan 2008 (DIR)	10,00,000	29 <sup>th</sup> August, 2008
06	MosChip Stock Option Plan 2018	1,00,00,000	17 <sup>th</sup> January, 2019
07	MosChip Stock Option Plan 2022	1,00,00,000	27 <sup>th</sup> June, 2022

- 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.
- f) Out of above plans the Company has granted options during the year ended 31 March 2023 in Moschip Stock Option Plan 2005 (WOS), Moschip Stock Option Plan 2008, Moschip Stock Option Plan 2018 and Moschip Stock Option Plan 2022.

Particulars	MosChip Stock Option Plan 2008	Moschip Stock Option Plan 2005 (MI)	Moschip Stock Option Plan 2005 (WOS)	Moschip Stock Option Plan 2008 (ALR)	Moschip Stock Option Plan 2008 (Director)	MosChip Stock Option Plan 2018	MosChip Stock Option Plan 2022
Options outstanding at the beginning of the year	10,55,089	1,31,619	2,86,250	6,05,334	10,00,000	79,20,449	0
Granted during the year	1,56,500	-	45,070	-	-	18,66,975	67,68,092
Forfeited during the year	76,250	-	12,000	38,585	-	13,03,233	3,46,420
Exercised during the year	2,85,872	31,666	13,750	1,98,288	-	10,79,014	-
Options outstanding at the end of the year	8,49,467	99,953	3,05,570	3,68,461	10,00,000	74,05,177	64,21,672



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

31 <sup>st</sup> March, 2023			
Grant Date	Vesting Period	Exercise price	Share options outstanding
26-Oct-18	4 Years	18.00	12,80,000
20-Jul-20	3 Years	16.00	34,85,348
25-Jan-21	4 Years	16.00	3,00,000
27-Apr-21	4 Years	18.00	1,12,500
20-Jul-21	4 Years	24.00	14,06,125
20-Oct-21	4 Years	31.28	1,07,500
17-Jan-22	4 Years	40.00	13,70,000
28-Apr-22	4 Years	40.00	2,30,575
14-Jul-22	4 Years	40.00	4,47,010
25-Oct-22	4 Years	40.00	70,21,030
25-Jan-23	4 Years	40.00	6,90,212

- h) 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 2023 included:

Grant Date	Vesting Period	Expiry Date	Excise Price	Share Price at Grant date	Expected price volatility of the company's shares	Expected dividend yield	Risk free interest rate
26-Oct-18	4 Years	26-Oct-25	18.00	23.50	53%	-	8.04%
20-Jul-20	3 Years	20-Jul-26	16.00	14.80	55%	-	4.55%
25-Jan-21	4 Years	25-Jan-28	16.00	15.00	61%	-	4.58%
27-Apr-21	4 Years	27-Apr-28	18.00	30.85	60%	-	4.58%
20-Jul-21	4 Years	20-Jul-28	24.00	44.96	68%	-	4.58%
20-Oct-21	4 Years	20-Oct-28	31.28	47.55	66%	-	4.58%
17-Jan-22	4 Years	17-Jan-29	40.00	81.05	68%	-	5.21%
28-Apr-22	4 Years	28-Apr-29	40.00	62.60	66%	-	5.31%
14-Jul-22	4 Years	14-Jul-29	40.00	54.35	67%	-	5.37%
25-Oct-22	4 Years	25-Oct-29	40.00	67.50	58%	-	7.13%
25-Jan-23	4 Years	25-Jan-30	40.00	66.33	55%	-	7.06%

- i) Exercise of Options during the year:

Number of options exercised during the year	16,08,590
Number of shares arising as a result of exercise of options	16,08,590
Money realized by exercise of options (INR), if scheme is implemented directly by the company.	₹ 2,87,98,140

j) Employee wise details of options granted to

(a) Senior Managerial Personnel and KMP:

Mr. Jayaram Susarla	:	5,00,000
Mr. Venkata Sudhakar Simhadri	:	Nil
Mr. A J N Rao	:	3,00,000
Mr. Suresh Varma	:	3,00,000
Mr. Srinivasa Rao Kakamanu	:	7,00,000
Mr. Giri Babu Kondaveeti	:	3,00,000
Mr. Suresh Bachalakura	:	42,000

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

Mr. Jayaram Susarla	:	5,00,000
Mr. Srinivasa Rao Kakamanu	:	7,00,000

(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**

The Board of Directors hereby confirms that there are no material change(s) in any of the seven schemes under Employee Stock Option Plans in operation during the year and all the scheme(s) are in compliance with SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021. The disclosures as required under Regulation 14 of SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 has been uploaded on the website of the Company at [www.moschip.com](http://www.moschip.com).

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

**K. Pradeep Chandra**  
Director and Chairman  
DIN: 05345536

**Place: Hyderabad**  
**Date: 21<sup>st</sup> August, 2023**

**Annexure 'E' to the Directors report**

**Form No. MR-3**

**Secretarial Audit Report**

For the Financial Year ended on March 31, 2023

[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,**  
7<sup>th</sup> Floor, My Home Twitza, Plot No.30/A,  
Sy.No.83/1 TSIC Hyderabad Knowledge City, Raidurg,  
Panmaktha, Hyderabad, Telangana – 500081.

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"), having CIN: L31909TG1999PLC032184. 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, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also 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, 2023 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 and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (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, 2021; (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) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:
- (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; and
  - (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 SEBI (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 except to the extent as mentioned below:

Relevant Provision for Compliance Requirement	Observation
<p>Regulation 30 read with Clause (7B) of Para A of Part A of Schedule III of SEBI LODR Regulations:</p> <p>The disclosure w.r.t. resignation of an independent director shall include names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.</p>	<p>The disclosure made w.r.t. resignation of independent director did not include names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees.</p>

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 compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there exist adequate systems and processes and control mechanism 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.

## DIRECTORS' REPORT

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Adequate notice is given to all Directors to schedule the Board and Committee Meetings. Agenda and detailed notes on agenda were sent adequately in advance of the meetings, in case of less than seven days the Company has taken shorter notice consent from Directors / Members of the Board / Committees, and a system exists for seeking and obtaining further information and clarifications as may be required by them 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, all the decisions of the Board were without any dissent.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there was no events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards except for the following:

The Company has allotted (i) 16,08,590 Equity Shares pursuant to exercise of the Option granted to the employees: (ii) 31,12,203 Equity Shares on a preferential basis upon conversion of partial outstanding unsecured loan: and (iii) 18,01,801 Equity Shares on a preferential basis for cash.

**For B S S & Associates  
Company Secretaries**

**S. Srikanth  
Partner**

**ACS No.: 22119**

**C.P. No.: 7999**

**UDIN: A022119E000834414**

**Peer Review No.: 726/2020**

**Date: 21.08.2023**

**Place: Hyderabad**

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.

To,  
The Members,  
**MosChip Technologies Limited,**  
7<sup>th</sup> Floor, My Home Twitza, Plot No.30/A,  
Sy.No.83/1 TSIIC Hyderabad Knowledge City, Raidurg,  
Panmaktha, Hyderabad, Telangana – 500081.

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**

**ACS No.: 22119**

**C.P. No.: 7999**

**UDIN: A022119E000834414**

**Peer Review No.: 726/2020**

**Date: 21.08.2023**  
**Place: Hyderabad**

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### Annual Secretarial Compliance Report of MosChip Technologies Limited for the year ended March 31, 2023

To,  
**MosChip Technologies Limited,**  
7<sup>th</sup> Floor, My Home Twitza, Plot No.30/A,  
Sy.No.83/1 TSIIIC Hyderabad Knowledge City, Raidurg,  
Panmaktha, Hyderabad, Telangana – 500081.

We have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by MosChip Technologies Limited (hereinafter referred as 'the listed entity'), having its Registered Office at 7th Floor, My Home Twitza, Plot No.30/A, Sy.No.83/1 TSIIIC Hyderabad Knowledge City, Raidurg, Panmaktha, Hyderabad, Telangana – 500081. Secretarial review was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and to provide our observations thereon.

Based on our verification of the listed entity's books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, we hereby report that the listed entity has, during the review period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder in the manner and subject to the reporting made hereinafter :

We, B S S & Associates, Company Secretaries, have examined:

- (a) all the documents and records made available to us and explanation provided by MosChip Technologies Limited ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this report,

for the year ended March 31, 2023 ("Review Period") in respect of compliance with the provisions of:

- (a) The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) The Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- Not applicable during the Review Period;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - Not applicable during the Review Period;
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/ guidelines issued thereunder; and based on the above examination, we hereby report that, during the Review Period:



i. (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

S. No.	Compliance Requirement (Regulations / circulars / guidelines including specific clause)	Regulation / Circular No.	Deviations	Action taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	The disclosure w.r.t. resignation of an independent director shall include names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.	Regulation 30 read with Clause (7B) of Part A of Schedule III of SEBI LODR Regulations	The disclosure made w.r.t. resignation of independent director did not include names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees.	BSE has given a communication in mail to ensure compliance.	BSE has given a communication in mail to ensure compliance.	The disclosure made w.r.t. resignation of independent director did not include names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees.	Nil	The Company has resubmitted the disclosure with all the information as required under Regulation 30 read with Clause (7B) of Part A of Schedule III of SEBI LODR Regulations	The Company has taken note of the same and assured to strict compliance in future.	

(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

S. No.	Compliance Requirement (Regulations / circulars / guidelines including specific clause)	Regulation / Circular No.	Deviations	Action taken by	Type of Action	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	The listed entity shall disclose to the stock exchanges not later than 24 hours from the occurrence of receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification.	Regulation 31A(8)(a) of SEBI LODR Regulations.	The Company has not disclosed within the specific time.	BSE Limited	BSE has given a communication to ensure compliance, keeping in mind not only the letter but the spirit of the requirement as laid down in the SEBI LODR Regulations, 2015. Any delay and laxity in disclosing the details as required under the Regulations in future, would attract suitable disciplinary action, as may be deemed fit.	The Company has not disclosed within the specific time.	Nil	The company placed the BSE communication before the Board of Directors in their Board Meeting held on 20.10.2021. The Directors took the communication on record and the same was informed to the BSE on 25.10.2021.	The Company has taken note of the same and assured to strict compliance in future.	-

## DIRECTORS' REPORT

- II. Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations / Remarks by PCS
<b>1.</b>	<b>Compliances with the following conditions while appointing/re-appointing an auditor</b>		
	a. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or	NA	Not Applicable during the period under review.
	b. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or	NA	
	c. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.	NA	
<b>2.</b>	<b>Other conditions relating to resignation of statutory auditor</b>		
	i. Reporting of concerns by Auditor with respect to the listed entity/its material subsidiary to the Audit Committee:		Not Applicable during the period under review.
	a. In case of any concern with the management of the listed entity/material subsidiary such as non-availability of information / noncooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.	NA	
	b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the company, the auditor has informed the Audit Committee the details of information/ explanation sought and not provided by the management, as applicable.	NA	
	c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor.	NA	
	ii. Disclaimer in case of non-receipt of information: The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the listed entity/ its material subsidiary has not provided information as required by the auditor.	NA	

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations / Remarks by PCS
3.	The listed entity / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure-A in SEBI Circular CIR/ CFD/CMD1/114/2019 dated 18 <sup>th</sup> October, 2019.	NA	Not Applicable during the period under review.

III. We hereby report that, during the review period the compliance status of the listed entity is appended as below:

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations / Remarks by PCS
1.	<b>Secretarial Standards:</b> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under section 118(10) of the Companies Act, 2013, and mandatorily applicable.	Yes	Nil
2.	<b>Adoption and timely updation of the Policies:-</b> <ul style="list-style-type: none"> <li>• All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities-</li> <li>• All the policies are in conformity with SEBI Regulations and have been reviewed &amp; updated on time, as per the regulations/circulars/guidelines issued by SEBI</li> </ul>	Yes	Nil
3.	<b>Maintenance and disclosures on Website:-</b> <ul style="list-style-type: none"> <li>• The Listed entity is maintaining a functional website-</li> <li>• Timely dissemination of the documents/ information under a separate section on the website</li> </ul> Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website	Yes	Nil
4.	<b>Disqualification of Director:</b> None of the Director(s) of the Company is / are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	Nil
5.	<b>Details related to Subsidiaries of listed entities have been examined w.r.t:</b> <ul style="list-style-type: none"> <li>(a) Identification of material subsidiary companies</li> <li>(b) Disclosure requirement of material as well as other subsidiaries</li> </ul>	Yes	Nil
6.	<b>Preservation of Documents:</b> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	Yes	Nil

## DIRECTORS' REPORT

7.	<b>Performance Evaluation:</b> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	Nil
8.	<b>Related Party Transactions:</b> (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions; or (b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	Yes	Nil
9.	<b>Disclosure of events or information:</b> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	Nil
10.	<b>Prohibition of Insider Trading:</b> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	Nil
11.	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b> No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph herein.	Yes	Nil
12.	<b>Additional Non-compliances, if any:</b> No additional non-compliance observed for any SEBI regulation/ circular/guidance note etc.	Yes	Nil

### Assumptions & Limitation of scope and Review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

**For B S S & Associates  
Company Secretaries**

**S. Srikanth  
Partner**

**ACS No.: 22119**

**C.P. No.: 7999**

**UDIN: A022119E000390278**

**Peer Review No.: P2012AP026600**

**Date: 26.05.2023  
Place: Hyderabad**

**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	NIL	NIL

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.

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Future plan of action

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

Expenditure on R&D

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

**3. Foreign Exchange Earnings and Outgo**

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

The Company has been working with multiple customers across geographies, revenues are primarily on account of providing services related to semiconductor and embedded design services.

- (b) Foreign exchange earnings and outgo

(Rs. in lakhs)

	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Foreign Exchange earnings	10,143.21	6,361.56
Foreign Exchange outgo	324.11	364.92

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

**K. Pradeep Chandra**  
Director and Chairman  
DIN: 05345536

**Place: Hyderabad**  
**Date: 21<sup>st</sup> August, 2023**



**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 2022-23.

**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 2022-23.

Appropriate approvals have been taken for all related party transactions.

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

**K. Pradeep Chandra  
Director and Chairman  
DIN: 05345536**

**Place: Hyderabad  
Date: 21<sup>st</sup> August, 2023**

**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 SEBI Listing Regulations. Your Company's Board represents a confluence of experience and expertise from diverse areas of Science & Technology, Engineering, Banking & Finance, Strategy and Planning, Laws & Policies, general management and entrepreneurship. As on March 31, 2023, the Board comprises of 07 members comprising of One Executive Director, Two Non-Executive Directors and Four Independent Directors, out of which one is a Women Independent Director and Chairman of the Board is an Independent Director.

In compliance with SEBI Listing Regulations as amended, the specific areas of focus or expertise of individual Directors have been highlighted in the table below:

<b>Key Board Qualifications &amp; Expertise</b>						
<b>Name of the Director</b>	<b>Qualification</b>	<b>Technology</b>	<b>Banking &amp; Finance</b>	<b>Strategy &amp; Planning</b>	<b>Laws &amp; Policies</b>	<b>General Management &amp; Entrepreneurship skills</b>
<b>Areas of expertise</b>						
Mr. K. Pradeep Chandra	BTech, MBA, PhD	✓	✓	✓	✓	✓
Mr. Venkata Sudhakar Simhadri	BE, MS	✓	-	✓	-	✓
Mr. K. Ramachandra Reddy	BTech, MS	✓	-	✓	-	✓
Mr. D. G. Prasad	CA	-	✓	✓	✓	✓
Mr. Damodar Rao G	CA	-	✓	✓	✓	✓
Mrs. Madhurika Nalluri Venkat	BL	-	✓	✓	✓	✓
Mr. Rajeev Krishnamoorthy	MS, PhD	✓	-	✓	✓	✓

## DIRECTORS' REPORT

None of the Directors on the Board hold directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director.

Based on the declaration(s) 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 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.

The Composition of the Board of Directors and the number of Directorships and Committee positions held by them as on March 31, 2023 are as under:

Name of the Director	Category	No. of outside Director ship(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	00	00	00	66,52,376
Mr. K. Ramachandra Reddy	Promoter Non-Executive Director	01	01	00	65,75,864
Mr. K. Pradeep Chandra	Independent, Non-Executive Director, Chairman	01	02	00	-
Mr. Damodar Rao Gummadapu	Promoter Non-Executive Director	00	00	00	2,04,000
Mr. D. G. Prasad	Independent, Non-Executive Director	03	01	02	-
Mrs. Madhurika Nalluri Venkat	Independent Director	01	01	00	-
Mr. Rajeev Krishnamoorthy	Independent Director	01	00	00	-

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

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

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, Non-Executive Director
Mr. K. Pradeep Chandra	Orient Electric Limited	Independent, Non-Executive Director
Mr. Damodar Rao Gummadapu	Nil	Not Applicable
Mr. D G Prasad	Gokak Textiles Limited	Independent, Non-Executive Director
	Suven Pharmaceuticals Limited	Independent, Non-Executive Director
	Natco Pharma Limited	Independent, Non-Executive Director
Mrs. Madhurika Nalluri Venkat	Lakshmi Finance & Industrial Corporation Limited	Independent, Non-Executive Director
Mr. Rajeev Krishnamoorthy	Nil	Not Applicable

None of the Directors are related to each other.

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

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

The Senior Management Personnel are invited to the Board/ Committee Meetings to apprise and update the members on the items being discussed at the meeting. All the relevant information as enumerated in Part A of Schedule II of the SEBI 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 2022-2023, the Board met 07 (seven) 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 2022-23	Number of Board Meetings attended during the year 2022-23	Whether attended last AGM held on 26.08.2022
Mr. K. Ramachandra Reddy <sup>1</sup>	07	07	Yes
Mr. K. Pradeep Chandra	07	07	Yes
Mr. Venkata Sudhakar Simhadri	07	06	Yes
Mr. D. G. Prasad	07	07	Yes
Mr. Damodar Rao Gummadapu	07	06	No
Mr. Raja Praturi <sup>2</sup>	03	02	No
Mrs. Madhurika Nalluri Venkat	07	07	Yes
Mr. Rajeev Krishnamoorthy	07	07	Yes

1. Mr. K Ramachandra Reddy ceased to be existed as Director w.e.f. 01<sup>st</sup> May, 2023
2. Mr. Raja Praturi ceased to be existed as Director w.e.f. 12<sup>th</sup> July, 2022.

**No. of Board Meetings held and dates on which they were held during 2022-23.**

Quarter	No. of Meetings	Dates on which held
April- June	02	28 <sup>th</sup> April, 2022 & 15 <sup>th</sup> June, 2022
July – September	02	04 <sup>th</sup> July, 2022 & 14 <sup>th</sup> July, 2022
October – December	01	25 <sup>th</sup> October, 2022
January – March	02	25 <sup>th</sup> January, 2023 & 28 <sup>th</sup> March, 2023
Total	07	

**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/wp-content/uploads/2023/02/Familiarization-Programme-for-Non-Executive-Directors.pdf> .

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

**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.

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**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 31<sup>st</sup> March, 2023. 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.

**Reason for resignation of Independent Director**

Mr. Raja Praturi, Independent Director of the company resigned from the Board w.e.f. 12.07.2022. In the resignation letter, he stated that the resignation was consequent to certain urgent personal pressing engagements and there were no material reasons for his resignation.

**Senior Management**

Particulars of Senior Management including the changes therein since the close of the previous financial year:

Name	Designation	Date of joining / Date of redesignation or resignation (if any)	Department
Mr. Srinivasa Rao Kakumanu	EVP	01-Dec-10	Semicon
Mr. AJN Rao	SVP	22-May-17	Embedded
Mr. Suresh Varma	SVP	05-Oct-17	Business Development
Mr. Giri Kondaveeti	SVP	01-Dec-10	IT & Security

**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, Nomination & Remuneration Committee and Risk Management 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 SEBI 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 Regulations or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee.

### **Terms of reference of Audit Committee.**

The terms of reference of the Audit Committee mandated by the statutory and regulatory requirements, which are also in line with the mandate given by your Board of Directors, are:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.
- ii. Recommendation for appointment, remuneration, and terms of appointment of auditors of the Company.
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to
  - 1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - 2. Changes, if any, in accounting policies and practices and reasons for the same.
  - 3. Major accounting entries involving estimates based on the exercise of judgment by management.
  - 4. Significant adjustments made to the financial statements arising out of audit findings.
  - 5. Compliance with listing and other legal requirements relating to financial statements.
  - 6. Disclosure of any related party transactions.
  - 7. Qualifications in the draft audit report, if any
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- vi. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- vii. Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
- viii. Approval or any subsequent modification of transactions of the company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding '100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing;
- xxi. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- xxii. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### **Mandatory review of information by Audit Committee**

The Audit Committee reviews the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and



5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
6. Statement of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI Listing Regulations
  - b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of SEBI Listing Regulations. The Audit Committee is also responsible for giving guidance and directions under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and to review the report of the Compliance Officer with the provisions of these regulations at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively. The Audit Committee reviewed the reports of the internal auditors including the external internal Auditors, the reports of the statutory auditors arising out of the quarterly, half yearly, and annual audit of the accounts; considered significant financial issues affecting the Company and held discussions with the internal and statutory auditors and the Company Management during the year.

### Related Party Transactions

As a part of the mandate under the SEBI Listing Regulations and the terms of reference, the Audit Committee undertakes quarterly review of related party transactions entered into by the Company with its related parties. Pursuant to Regulation 23 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013 read with rules made thereunder, the Audit Committee has granted omnibus approval in respect of transactions which are repetitive in nature, which may or may not be foreseen, not exceeding the limits specified thereunder. The transactions under the purview of omnibus approval are reviewed on quarterly basis by the Audit Committee. Pursuant to Regulation 23 of the Listing Regulations, only the Independent Directors of the Committee participate and vote in respect of Related Party Transactions.

### 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 2022-23 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. Mrs. Madhurika Nalluri Venkat — Member

Meetings and attendance during the year 2022-23

Name of the Director	Category	No of Meetings held during the year	No of Meetings attended
Mr. K. Pradeep Chandra	Independent Director	06	06
Mr. D. G. Prasad	Independent Director	06	06
Mr. Damodar Rao Gummadapu	Non-Executive Director	06	05
Mrs. Madhurika Nalluri Venkat	Independent Director	06	06

Six Meetings were held during the Financial Year 2022-2023 on (i) 28<sup>th</sup> April, 2022 (ii) 15<sup>th</sup> June, 2022 (iii) 04<sup>th</sup> July, 2022 (iv) 14<sup>th</sup> July, 2022 (v) 25<sup>th</sup> October, 2022 and (vi) 25<sup>th</sup> January, 2023

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.
- e) Other Directors of the Company as and when required.

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 26<sup>th</sup> August, 2022.

### **2. Nomination and 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**

- I. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- II. Formulation of criteria for evaluation of Independent Directors and the Board;
- III. Devising a policy on Board diversity;
- IV. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- V. Board composition and succession planning, evaluation of every Director; To recommend remuneration policy for the directors, KMP, executives and other employees of the Company;
- VI. To oversee familiarization programme for Directors, review of HR strategy, philosophy and practices and any other activities related to change as requested by the Board from time to time;
- VII. Oversee the implementation of the share-based employee benefits scheme by whatever name called as per SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, within the terms and conditions of the said Plan(s); and perform the function of overall superintendence of the scheme(s);
- VIII. To review the Company's share-based incentive-based plans and recommend changes as necessary, oversee administration of these plans, grant incentives to eligible employees, in consultation with management, and allot shares when options are exercised;
- IX. Any other matter as deemed necessary or incidental for the purpose of administration of the share based incentive Scheme.

## 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, 2023, 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 2022-23 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 2022-23

Name of the Director	Category	No of Meetings held during the year	No of Meetings attended
Mr. K. Pradeep Chandra	Independent Director	05	05
Mr. D. G. Prasad	Independent Director	05	05
Mrs. Madhurika Nalluri Venkat	Independent Director	05	05

During the Financial Year 2022-23, Five meetings of the Nomination and Remuneration Committee were held on (i) 28<sup>th</sup> April, 2022 (ii) 14<sup>th</sup> July, 2022 (iii) 25<sup>th</sup> October, 2022 (iv) 25<sup>th</sup> January, 2023 and (v) 28<sup>th</sup> March, 2023.

The Company Secretary acts as a Secretary to the Committee

### The Nomination and Remuneration Policy:

The Board 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 Directors' 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 Director

The remuneration package of the Executive Director 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 Director comprises of a fixed salary component.

- (ii) Remuneration to Non-Executive/ Independent Directors

Besides, sitting fee for attending Board and Committee meetings, no special compensation to Non-Executive directors are envisaged during the year 2022-23.

- (iii) Criteria for making payments to Non-Executive Directors

The criteria for making payments to Non-Executive Directors is available on the website of the Company at <https://moschip.com/wp-content/uploads/2023/02/Criteria-for-making-payment-to-Non-Executive-Directors.pdf>.

**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 Details if any	Sitting Fee in Rs.
01	Mr. Venkata Sudhakar Simhadri	Managing Director	2,40,00,000	40,00,000	40,00,000	3,20,00,000	NA	Nil	Nil
02	Mr. K. Ramachandra Reddy <sup>2</sup>	Non-Executive Director	Nil	Nil	Nil	Nil	NA	Nil	2,25,000
03	Mr. K. Pradeep Chandra	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	4,95,000
05	Mr. D. G. Prasad	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	4,95,000
06	Mr. Raja Praturi <sup>1</sup>	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	60,000
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	4,95,000
09	Mr. Rajeev Krishnamoorthy	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	2,10,000

1. Mr. Raja Praturi ceased to be a Director w.e.f 12<sup>th</sup> July, 2022.

2. Mr. K. Ramachandra Reddy ceased to be a Director w.e.f 01<sup>st</sup> May, 2023

**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.

The Brief description of terms of reference mandated by your Board, which is also in line with the statutory and regulatory requirements are:

- I. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- II. Review of measures taken for effective exercise of voting rights by shareholders.
- III. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- IV. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- V. Any other terms that may be assigned by the Board time to time

**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 2022-23, one meeting of the Stakeholders' Relationship Committee was held on 28<sup>th</sup> March, 2023

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 2022-23 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 2022-23

Name of the Director	Category	No of Meetings held during the year	No of Meetings attended
Mr. D. G. Prasad	Independent Director	01	01
Mr. K. Pradeep Chandra	Independent Director	01	01
Mrs. Madhurika Nalluri Venkat	Independent Director	01	01

**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 SEBI Listing Regulations, requirements of securities laws and SEBI Insider Trading Regulations.

**c) Investor Grievances Redressal Status**

During the financial year 2022-23, the status of Investors' Complaints as on March 31, 2023, is as follows:

No. of complaints as on April 1, 2022	0
No. of complaints received during the Financial Year 2022-23	0
No. of complaints resolved upto March 31, 2023	0
No. of complaints pending as on March 31, 2023	0

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

**4. Risk Management Committee**

**a) Brief description of terms of reference**

1. To formulate a detailed Risk Management Policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, Environment, Social and Governance related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

### b) Composition, Meetings and Attendance

The Risk Management Committee constituted by the Board of Directors w.e.f. 01<sup>st</sup> May, 2022 since the Company fall under top 1000 listed companies based on market capitalization as on 31-03-2022.

The composition of the Nomination and Remuneration Committee and the attendance of the members at the meetings held during the Financial Year 2022-23 are as under:

The Risk Management Committee of the following directors

Mrs. Madhurika Nalluri Venkat	—	Chairman
Mr. K. Pradeep Chandra	—	Member
Mr. D.G. Prasad	—	Member
*Mr. K Ramachandra Reddy	—	Member
**Mr. Venkata Sudhakar Simhadri	—	Member

\*Mr. K Ramachandra Reddy ceased to be existed as Director w.e.f 01<sup>st</sup> May, 2023.

\*\*Mr. Venkata Sudhakar Simhadri ceased to be existed as Member of the Committee w.e.f 14<sup>th</sup> July, 2022.

Meetings and attendance during the year 2022-23

Name of the Director	Category	No of Meetings held during the year	No of Meetings attended
Mrs. Madhurika Nalluri Venkat	Independent Director	02	02
Mr. D. G. Prasad	Independent Director	02	02
Mr. K. Pradeep Chandra	Independent Director	02	02
Mr. K. Ramachandra Reddy	Non-Executive Director	02	02

During the Financial Year 2022-23, Two meetings of the Risk Management Committee were held on (i) 25<sup>th</sup> January, 2023 and (ii) 28<sup>th</sup> March, 2023.

The Company Secretary acts as a Secretary to the Committee

The composition of Risk Management Committee is in conformity with the provisions of Companies Act, 2013 and Regulation 21 of the SEBI Listing Regulations.

### 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 policy for determining material subsidiary is available on the Company's website [https://moschip.com/wp-content/uploads/2017/02/Policy\\_on\\_Material\\_Subsiidiaries-1.pdf](https://moschip.com/wp-content/uploads/2017/02/Policy_on_Material_Subsiidiaries-1.pdf).

**GENERAL BODY MEETINGS**

**i) Details of last three AGMs**

<b>AGM</b>	<b>Venue</b>	<b>Time &amp; Date</b>	<b>No. of Special resolutions passed</b>
Twenty First	through Video Conferencing ("VC") / Other Audio Visual Means("OAVM") without the physical presence of the Members at a common venue	27 <sup>th</sup> November, 2020 at 10.30 hrs.	01
Twenty Second	through Video Conferencing ("VC") / Other Audio Visual Means("OAVM") without the physical presence of the Members at a common venue	13 <sup>th</sup> September, 2021 at 11.00 hrs.	02
Twenty Third	through Video Conferencing ("VC") / Other Audio Visual Means("OAVM") without the physical presence of the Members at a common venue	26 <sup>th</sup> August, 2022 at 11.00 hrs.	00

During the year under review, the Company has conducted two EGMs as mentioned in below table:

<b>EGM</b>	<b>Venue</b>	<b>Time &amp; Date</b>	<b>No. of Special resolutions passed</b>
01 <sup>st</sup> EGM	through Video Conferencing ("VC") / Other Audio Visual Means("OAVM") without the physical presence of the Members at a common venue	27 <sup>th</sup> June, 2022 at 10.00 a.m.	03
02 <sup>nd</sup> EGM	through Video Conferencing ("VC") / Other Audio Visual Means("OAVM") without the physical presence of the Members at a common venue	03 <sup>rd</sup> August, 2022 at 09.30 a.m.	02

No special resolution was passed through postal ballot during the financial year 2022-2023

**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 <https://moschip.com/financial-reports/>. 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](http://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 analysts.

**GENERAL SHAREHOLDER INFORMATION**

- a. AGM – Date, Time and Venue : 15<sup>th</sup> September, 2023, at 10.00 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 01<sup>st</sup> day of April and ends on 31<sup>st</sup> 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 2023-24**

- First Quarter Results : 17<sup>th</sup> July, 2023
- Second Quarter & Half-yearly Results : Between 15<sup>th</sup> October, 2023 & 30<sup>th</sup> October, 2023.
- Third Quarter Results : Between 15<sup>th</sup> January, 2024 & 30<sup>th</sup> January, 2024
- Fourth Quarter & Annual Results : Between 20<sup>th</sup> April, 2024 & 15<sup>th</sup> May, 2024.  
(Audited in lieu of un-audited results)

- d. **Date of Book Closure** : 09<sup>th</sup> September, 2023 to 15<sup>th</sup> September, 2023 (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 has been paid for the FY 2023-24.
- i. **Market Price data High / Low during each month in the Financial Year 2022-23 and Performance in comparison to broad- based indices such as BSE Sensex.**

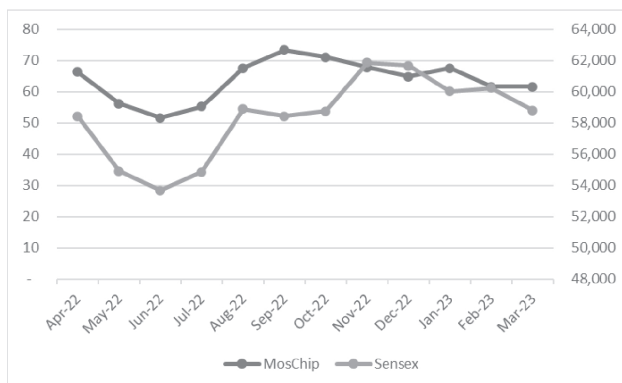
The information on market price of MosChip stock and its comparison with BSE Sensex is as below:

Month & Year	MOSCHIP		SENSEX	
	High	Low	High	Low
Apr-22	71.70	61.00	60,845.10	56,009.07
May-22	67.00	45.40	57,184.21	52,632.48
Jun-22	59.90	43.30	56,432.65	50,921.22
Jul-22	58.50	52.00	57,619.27	52,094.25
Aug-22	82.00	53.00	60,411.20	57,367.47
Sep-22	82.40	64.35	60,676.12	56,147.23
Oct-22	76.35	65.80	60,786.70	56,683.40
Nov-22	72.55	63.00	63,303.01	60,425.47
Dec-22	70.90	58.85	63,583.07	59,754.10
Jan-23	73.85	61.15	61,343.96	58,699.20
Feb-23	65.90	57.10	61,682.25	58,795.97
Mar-23	67.25	56.00	60,498.48	57,084.91



**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 01<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023.



**k. Suspension from Trading** : No securities of the Company were suspended from trading during the financial year 2022-2023.

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

**m. Share Transfer System**

The applications for transfers, transmission etc., are received by the Company at Registered Office address at Hyderabad or at KFin Technologies Limited., 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 Limited is the Common Share Transfer Agent for both Physical and Demat mode.

**n. Distribution of Shareholding:**

The Distribution of shareholding of the Company as on 31<sup>st</sup> March 2023 is as below:

<b>DISTRIBUTION SCHEDULE AS ON 31/03/2023</b>						
S. No	Category	Cases	% of Cases	No of Shares	Amount	% Amount
1	1 – 5,000	68,464	96.44%	1,47,10,091	2,94,20,182	8.83%
2	5,001 – 10,000	1,204	1.70%	47,86,844	95,73,688	2.87%
3	10,001 – 20,000	666	0.94%	49,92,353	99,84,706	3.00%
4	20,001 – 30,000	206	0.29%	25,65,534	51,31,068	1.54%
5	30,001 – 40,000	117	0.16%	20,80,461	41,60,922	1.25%
6	40,001 – 50,000	60	0.08%	14,07,478	28,14,956	0.84%
7	50,001 – 1,00,000	137	0.19%	50,36,137	1,00,72,274	3.02%
8	1,00,001 & Above	138	0.19%	13,09,87,891	26,19,75,782	78.64%
	<b>Total</b>	<b>70,992</b>	<b>100.00%</b>	<b>16,65,66,789</b>	<b>33,31,33,578</b>	<b>100.00%</b>

**o. Shareholding Pattern as on 31<sup>st</sup> March, 2023**

<b>Shareholding Pattern as on 31/03/2023</b>				
<b>S. No</b>	<b>Description</b>	<b>No. of cases</b>	<b>Total shares</b>	<b>% equity</b>
01	Promoters	4	9,16,20,204	55.01%
02	Employees	161	15,35,422	0.92%
03	Resident Individuals	69,254	5,25,78,246	31.57%
04	Non Resident Indians	395	11,39,140	0.68%
05	Non Resident Indian Non Repatriable	211	18,98,772	1.14%
06	Foreign Nationals	10	71,30,850	4.28%
07	Foreign Corporate Bodies	4	24,85,054	1.49%
08	Bodies Corporates	190	67,50,321	4.05%
09	Clearing Members	12	12,563	0.01%
10	H U F	751	14,16,217	0.85%
	<b>Total</b>	<b>70,992</b>	<b>16,65,66,789</b>	<b>100.00%</b>

**p. 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 31<sup>st</sup> March 2023, **99.72%** 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**.

**q. Plant locations**

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

<b>Plant / Design Center</b>	<b>Location</b>
Hyderabad	7 <sup>th</sup> Floor, My Home Twitza, TSIIIC Hyderabad Knowledge City, Hyderabad, Telangana – 500081.

**r. 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**  
**7<sup>th</sup> Floor, My Home Twitza,**  
**TSIIIC 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 Limited,**  
**Karvy Selenium, Tower B,**  
**Plot No. 31 & 32, Financial District,**  
**Gachibowli, Hyderabad, Telangana - 500 032.**  
**Contact Person: V Raghunath, Deputy Manager**  
**Tel: +91-40-4465-5208,**  
**Email: einward.ris@karvy.com**

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

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

**t. 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.

**u. 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 <b>MosChip Technologies Limited</b> including Limited Review & fee paid for any other services	7.18
2	Statutory Audit fees paid for Audit of the <b>MosChip Institute Silicon Systems Private Limited</b> including Limited Review & fee paid for any other services	1.00
	<b>Total</b>	<b>8.18</b>

**v. 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

**w. Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and likely impact on equity as of 31<sup>st</sup> March, 2023**

Your Company does not have outstanding GDR / ADR / Warrants as of 31<sup>st</sup> March, 2023.

**x. 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.

**y. Details of 'Loans and Advances' in the nature of loans to firms / companies in which directors of the Company are interested:**

The details pertaining to the loans and advances are disclosed in the Note no. 33 of the financial statements, which forms part of this Report.

**z. Details of material subsidiaries of the Company:**

Name of material subsidiary	Moschip Technologies, USA
Date of incorporation	07 May 2001
Place of incorporation	California, USA
Date of appointment of the statutory auditors	28 April 2022

### 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, 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/wp-content/uploads/2017/02/PolicyOnRelatedPartyTransactions-1.pdf>.

Apart from receiving director remuneration, none of the Directors has any pecuniary relationships or transactions vis-à-vis the Company. During the year 2022-23, 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 SEBI 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/wp-content/uploads/2017/02/WhistleBlowerPolicy-1.pdf>.

#### d. **Insider Trading**

In order to regulate trading in securities of the Company by the Directors and designated employees, your Company has adopted a Code of Conduct for trading in listed or proposed to be listed securities of your Company. Insider Trading Code prevents misuse of unpublished price sensitive information and it also provides for periodical disclosures and obtaining pre-clearance for trading in securities of your Company by the Directors, Designated Employees and Connected Persons of your Company. The Policy on Code of Conduct for prevention of Insider Trading has been uploaded on the website of the Company at <https://moschip.com/wp-content/uploads/2022/02/MosChip-Insider-Trading-Policy.pdf>.

#### **Compliance with the Mandatory Corporate Governance Requirements as prescribed under the SEBI 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) and (t) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations. The Company has obtained a certificate affirming the compliances from M/s. B S S & Associates, Company Secretaries and the same is appended as an Annexure to this Report.

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

Regulation	Particulars of Regulation	Compliance Status (Yes/No/NA)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
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) and (t)	Website	Yes

**Details of Compliances with the Non-mandatory Corporate Governance requirements as prescribed under the SEBI 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 SEBI 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](http://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 <https://moschip.com/financial-reports/>, and report the same to Stock Exchange in terms of Regulation 44 of the SEBI 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-In-charge 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.

**e. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**

The Company appointed separate persons to the post of the Chairperson and the Managing Director and the Chairperson is:

- (a) a Non-Executive Director; and
- (b) not related to the Managing Director as per the definition of the term "relative" defined under the Companies Act, 2013.

**Certificate by Practicing Company Secretary**

The Company has received a certificate from M/s. B S S & Associates, Practicing Company Secretaries, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate of Affairs or any such authority.

**Disclosure of Commodity Price Risk and Commodity Hedging Activities**

Your Company does not have commodity price risk being in the IT sector and hence no commodity hedging is done.

**Details of Utilization of Fund**

During the year your Company has raised an amount of Rs. 29.99 crores through preferential issue as per SEBI (ICDR) Regulations, the utilization of fund details are given in below table:

S. No	Date of allotment	No of equity shares	Allotment price	Amount received in Rs.	Name of the Investor	Utilization of funds
1	18-10-2022	31,12,203	61.05	18,99,99,993	Mayuka Holdings Private Limited	This issue was related to Conversion of outstanding loan into equity.
2	20-10-2022	18,01,801	61.05	10,99,99,951	Smilax Corporate Services LLP	This amount was used for the working capital requirement of the Company
			<b>Total</b>	<b>29,99,99,944</b>		

**Details of Credit rating**

Not applicable

**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 SEBI Listing Regulations, certificate duly signed by the CEO/ CFO of the Company is appended as an Annexure to this Report.

**REPORT ON CORPORATE GOVERNANCE**

This Corporate Governance Report forms part of the Annual Report. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and Clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of the SEBI 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 E 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](http://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 31<sup>st</sup> March, 2023 have affirmed compliance with their respective Codes of Conduct. A Declaration to this effect, duly signed by the CEO is as below:

### DECLARATION

As provided under the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel of MosChip Technologies Limited have confirmed compliance with the Code of Conduct for the year ended March 31, 2023.

**Venkata Sudhakar Simhadri**  
**MD &CEO**  
**DIN: 01883241**

**Place: Hyderabad**  
**Date: 21<sup>st</sup> August, 2023**

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### CEO & CFO CERTIFICATION

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: 24<sup>th</sup> May, 2023

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**Venkata Sudhakar Simhadri**  
MD & CEO  
DIN: 01883241

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**Jayaram Susarla**  
CFO



**Certificate on Corporate Governance**

To,  
The Members,  
**MosChip Technologies Limited,**  
7th Floor, My Home Twitza, Plot No.30/A,  
Sy.No.83/1, TSIIIC, Hyderabad Knowledge City,  
Raidurg, Panmaktha, Hyderabad, Rangareddi - 500081  
Telangana, India.

1. We have examined the compliance of the conditions of Corporate Governance by **MosChip Technologies Limited** (herein after called "the Company") having CIN: L31909TH1999PLC032184 for the financial year ended on March 31, 2023, as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Paras C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations').

**Management's responsibility**

2. The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

**Our responsibility**

3. Pursuant to the requirements of the SEBI Listing Regulations, our responsibility is limited to examining the procedures and implementations thereof, adopted by the Company and express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of Corporate Governance as stated in paragraph 1 above.

**Opinion**

4. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Paras C, D and E of Schedule V of the SEBI Listing Regulations, as applicable for the financial year ended on March 31, 2023.

**Other matters and restriction on use**

5. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
6. This report is addressed to and provided to the members of the Company solely for the purpose of enabling to comply with its obligations under the SEBI Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

**S. Srikanth**  
**Partner**

**ACS No.: 22119**

**C.P. No.: 7999**

**UDIN: A022119E000836152**

**Peer Review No.:726/2020**

Place: Hyderabad

Date: 21.08.2023

**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, TSIC, Hyderabad Knowledge City,  
Raidurg, Panmaktha, Hyderabad, Rangareddi - 500081  
Telangana, India.

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, TSIC, Hyderabad Knowledge City, Raidurg, Panmaktha, Hyderabad, Rangareddi – 500081, Telangana, India (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](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and 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 March 31, 2023 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 Authorities.

Sr. No.	Name of Director	DIN	Date of appointment in Company
01	Venkata Sudhakar Simhadri	01883241	26/10/2018
02	Pradeep Chandra Kathi	05345536	27/04/2018
03	Kadiri Ramachandra Reddy	00042172	31/08/2015
04	*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	Rajeev Krishnamoorthy	09542130	28/03/2022

\*Raja Praturi (DIN: 01819707) resigned on 12.07.2022

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**

**C.P. No.: 7999**

**UDIN: A022119E000836108**

**Peer Review No.:726/2020**

Place: Hyderabad

Date: 21.08.2023

**Annexure 'I' to the Directors' Report  
BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING FORMAT**

**SECTION A: GENERAL DISCLOSURES**

**I. Details of the listed entity**

1. Corporate Identity Number (CIN) of the Company	<b>L31909TG1999PLC032184</b>
2. Name of the Company	MOSCHIP TECHNOLOGIES LIMITED
3. Year of Incorporation	27-07-1999
4. Registered address	7 <sup>th</sup> Floor, My Home Twitza, Plot No.30/A,Sy.No.83/1, TSIC Hyderabad Knowledge City, Raidurg, Panmaktha Rangareddi, Hyderabad, Telangana- 500081
5. Corporate address	7 <sup>th</sup> Floor, My Home Twitza, Plot No.30/A,Sy.No.83/1, TSIC Hyderabad Knowledge City, Raidurg, Panmaktha Rangareddi, Hyderabad, Telangana- 500081
6. E-mail id	Suresh.cs@moschip.com
7. Telephone	+91 40 6622 9292
8. Website	<a href="http://WWW.MOSCHIP.COM">WWW.MOSCHIP.COM</a>
9. Financial Year reported	April 1, 2022 to March 31, 2023
10. Name of the Stock Exchange(s) where shares are listed:	BSE Limited
11. Paid-up Capital	33,31,33,378/-
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name:- Suresh Bachalakura Designation:- Company Secretary & Compliance Officer Email Id:- <a href="mailto:Suresh.cs@moschip.com">Suresh.cs@moschip.com</a> Telephone Number:- 040-66229292
13. Reporting boundaries are the disclosures under this Report made on a standalone basis (i.e., only for the Company) or on a consolidated basis (i.e., for the Company and all the entities which form a part of its consolidated financial statements, taken together):	The disclosures under this report are made on a standalone basis

**II. Products/services**

**14. Details of business activities (accounting for 90% of the turnover):**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Design Services	Semiconductor & Embedded design services	100 %

**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

S. No.	Product/Service	NIC Code	% of total contributed Turnover
1	Design Services	62011	100 %

**III. Operations**

**16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of offices
National	04
International	02

**17. Markets served by the entity:**

**a. Number of locations**

Locations	Number
National (No. of States)	04 States ( Telangana, Karnataka, Gujarat & Maharashtra)
International (No. of Countries)	01, USA

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

Exports revenue constitute more than 63.6% of the total revenue.

**c. A brief on types of customers**

The company's customers are from industries like EDA Tools, PCB's, CPU, GPU's, System-of-chips, FPGAs, and other Tier 1 and Tier 2 suppliers across the globe.

IV. **Employees**

18. **Details as at the end of Financial Year:**

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	926	640	69%	286	31%
2.	Other than Permanent (E)	188	102	54%	86	46%
3.	<b>Total employees (D + E)</b>	1114	742	67%	372	33%
<b>WORKERS</b>						
4.	Permanent (F)	-	-	-	-	-
5.	Other than Permanent (G)	-	-	-	-	-
6.	<b>Total workers (F + G)</b>	-	-	-	-	-

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total differently abled employees (D + E)</b>	-	-	-	-	-
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	<b>Total differently abled workers (F + G)</b>	-	-	-	-	-

At present, Moschip technologies Limited does not have any employee or workers with disabilities. However, the Company maintains a non-discriminatory approach towards them and applies the same policies to all employees and workers, including during the recruitment process.

19. **Participation/Inclusion/Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	7	1	14.2
Key Management Personnel	3	0	0

20. **Turnover rate for permanent employees and workers**

(Disclose trends for the past 3 years)

	FY Apr'22-Mar'23 (Turnover rate in current FY)			FY Apr'21-Mar'22 (Turnover rate in previous FY)			FY Apr'20-Mar'21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Permanent Employees</b>	10.48%	3.73%	14.21%	11.74%	5.30%	17.05%	11.98%	5.34%	17.34%
<b>Permanent Workers</b>	-	-	-	-	-	-	-	-	-

V. **Holding, Subsidiary and Associate Companies (including joint ventures)**

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary/ associate Companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Mayuka Holdings Private Limited	Holding	50.93%	No
2	MosChip Institute of Silicon Systems	Subsidiary	100%	No
3	MosChip Technologies, USA	Subsidiary	100%	No
4	MosChip Technologies WLL, Bahrain	Subsidiary	100%	No

VI. **CSR Details**

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: **(Yes/No) YES**

(ii) Turnover (in Rs.) 12,070.32 Lakhs

(iii) Net worth (in Rs.) 7,347.89 Lakhs

**VII. Transparency and Disclosures Compliances**

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	NA	NA	NA	NA	NA	NA
Investors (other than shareholders)	Yes	NA	NA	NA	NA	NA	NA
Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Yes*	NA	NA	NA	NA	NA	NA
Employees and workers	Yes**	NA	NA	NA	NA	NA	NA
Customers	Yes@	NA	NA	NA	NA	NA	NA
Other (please specify)	NA	NA	NA	NA	NA	NA	NA

# The policies guiding the Company's conduct, including the grievance redressal mechanism, are available on the Company's website at <https://moschip.com/policies-documents/>

\* The Company provides a mechanism to address grievances of its shareholders. KFin Technologies Limited has been appointed as the Share Transfer Registrars/Agents and is responsible for addressing shareholders' inquiries, requests, and complaints. The Share Transfer Registrars/Agents operate within the guidelines established by SEBI and respond to such grievances through a designated email address.

\*\* The Company's Whistle Blower Policy is available to all employees and workers. The Company offers various communication channels, including an email address, and written complaints, to address any grievances through the Whistle Blower mechanism. <https://moschip.com/wp-content/uploads/2017/02/WhistleBlowerPolicy-1.pdf>

@ Multiple communication channels are in place for customers like project reviews, periodic meetings at various levels and portal to raise issues/complaints through which company resolves the grievances of customers.

24. Overview of the entity's material responsible business conduct issues

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Employee well-being, health and Safety	Risk	The Company's people are important to it, and its vision includes 'to be a preferred employer of choice,' towards which health and well-being is essential.	Wellness & safety: We are a cognitive enterprise that values above all its human and intellectual capital as the main source of our customer value proposition and competitive advantage. We care deeply about our people's physical wellness and safety as well as emotional well-being.	Positive
2.	Data Privacy and Security	Risk & Opportunity	It is important to safeguard the enterprise data and also to fulfil the contractual responsibility to customers. The increasing landscape of data privacy laws across the globe also possess a risk of penalties on non-compliances and reputational loss. (Risk)	Enhanced cyber security measures like robust processes, policies, awareness and sensitization programmes.	Positive
			As devices become smart and connected, they also become vulnerable to attacks. This presents a good opportunity to secure equipment and create a safe environment for our operations. (Opportunity)	Developing capability and demonstrator to address potential commercial opportunity	Positive



3.	Diversity, Equity and Inclusion.	Opportunity	In line with the Company's Code of Conduct and stakeholder expectations	-	Positive
4.	Waste	Risk	Aligning with the principle of reducing resource use.	Reduction of waste by awareness and responsible disposal leading to recycling.	Positive
5.	Water	Opportunity	Though the company's operations are not water-intensive, the overall functioning of the company, including employee well-being and facility maintenance, requires a significant amount of water. From restroom facilities and kitchen areas to cooling systems for data centers, water is essential.	Implementing water-efficient fixtures, monitoring and addressing leaks promptly, and promoting water-conscious behaviors among employees are key steps in minimizing the company's water footprint. As businesses continue to embrace environmental responsibility, optimizing water usage becomes an integral part of the broader sustainability strategy of the company.	Positive
6.	Corporate Governance and Conduct	Opportunity	Corporate governance is critical for the success of MosChip and any risks can result in reputation loss and damage to stakeholder trust and business disruption.	Periodical internal reviews, audit and presentations on changes introduced by regulators.	Positive
7.	Talent risk due to huge demand for talent globally and attrition	Risk & Opportunity	<ul style="list-style-type: none"> <li>The company's ability to attract, develop, motivate, and retain talent is critical to its business success.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to organic talent development, best in class learning and development, career growth linkage to cross-skilling / upskilling, preference to internal talent for new leadership positions, all incentivize planning of longer-term careers in MosChip</li> </ul>	Positive

			<ul style="list-style-type: none"> <li>• Talent scarcity can lead to poaching of the company's employees and result in higher attrition. This can disrupt ongoing projects, slow down planned ramp ups and affect revenue growth.</li> <li>• Inability to scale up experienced professionals with niche digital skills from the market, can also impact MosChip' ability to grow.</li> </ul> <p>(Risk)</p> <ul style="list-style-type: none"> <li>• Talent scarcity in major markets is impeding enterprises' ability to staff projects, increasing the propensity to outsource.</li> <li>• Superior talent retention by MosChip can result in greater delivery certainty and therefore a differentiated positioning for the company, driving market share gains.</li> </ul>	<p>and improved retention.</p> <ul style="list-style-type: none"> <li>• Reduce talent acquisition cycle time to improve joining rates through innovative practices.</li> <li>• Focused employee engagement to reduce attrition, increase sense of belonging and build capability to capture the demand from the market.</li> <li>• Proactive pitches to clients for operating model transformations leveraging AI and automation, or managed services models to enable tapping into global talent pools.</li> <li>• Commitment to organic talent development, best in class learning and development, career</li> </ul>	
--	--	--	--	---	--

			(Opportunity)	<ul style="list-style-type: none"> <li>growth linkage to cross-skilling / upskilling, preference to internal talent for new leadership positions, all incentivize planning of longer-term careers in Moschip and best in class talent retention.</li> </ul>	
8.	Currency volatility	Risk	<ul style="list-style-type: none"> <li>Volatility in currency exchange movements results in transaction and translation exposure. Moschip functional currency is the Indian Rupee. Appreciation of the Rupee against any major currency could impact the reported revenue in Rupee terms, the profitability and also result in collection losses.</li> <li>Conversely, depreciation could optically inflate revenues and earnings, distorting stakeholder perceptions of the underlying business momentum.</li> </ul>	<ul style="list-style-type: none"> <li>Contractual Agreements: Negotiate contracts with vendors and customers that include fixed pricing in the respective currencies. This way, both parties share the currency risk, and sudden fluctuations won't directly impact.</li> </ul>	Negative

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred to as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent, and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	Y	Y	Y	Y	Y	Y	Y	Y	Y
P1 to P9 : MosChip Code of Conduct P1: Whistle Blower Policy P3 and P5 : Employee Related policies (HR policies) P4 and P8 : CSR Policy <a href="https://moschip.com/policies-documents/">https://moschip.com/policies-documents/</a>									
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 9001:2015 – Quality Management System								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	N	N	N	N	N	N	N	N	N
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	NA	NA	NA	NA	NA	NA	NA	NA	NA

<b>Governance, leadership and oversight</b>	
7.	<p>Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (<i>listed entity has flexibility regarding the placement of this disclosure</i>)</p> <p>At Moschip, we believe that responsible business practices are at the core of our mission and vision. As we present this year's Business Responsibility Report, we wish to reaffirm our commitment to Environmental, Social, and Governance (ESG) principles. Our journey towards sustainability and ethical operations has been both challenging and rewarding, underscoring our dedication to creating long-term value for all stakeholders.</p> <p>Our ESG-related targets serve as a roadmap for our business operations. We have set ambitious goals to conserve resources like energy, promote diversity and inclusion, and uphold the highest standards of governance. These targets align with global sustainability frameworks and reflect our determination to contribute positively to the world around us.</p> <p>Our commitment to ESG principles has not been without its challenges. The journey to sustainability often demands a fundamental transformation of processes, mindsets, and systems. While we have made significant strides, we acknowledge that there are hurdles to overcome complex supply chain, Behavioural change and other significant changes. We acknowledge that there is still much more to accomplish. Our unwavering commitment to accountability, equity, and responsibility motivates us to persist in our sustainability journey with unwavering determination.</p>
8.	<p>Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</p> <p><b>Name:</b> Venkata Sudhakar Simhadri  <b>Designation:</b> Managing Director &amp; CEO  <b>DIN:</b> 01883241</p>
9.	<p>Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.</p> <p>Yes, the stakeholders relationship committee constituted by the Board</p>

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	D	D	D	D	D	D	D	D	D	Q	H	Q	Q	Q	H	H	Q	Q
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	There are no statutory violations/Non-compliances with respect to each principle in the company																	

MosChip Quality Management System Integrates the Industry requirements, best practices, frame works, and standards, this includes ISO 9001:2015. The Company complies with international laws, principles and norms, including those in the Universal declaration of Human Rights, ILO Declaration on Fundamental principles and Rights at Work, and United Nations Guiding on Business and Human Rights.

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	<b>P 1</b>	<b>P 2</b>	<b>P 3</b>	<b>P 4</b>	<b>P 5</b>	<b>P 6</b>	<b>P 7</b>	<b>P 8</b>	<b>P 9</b>
	N	Y	N	N	N	N	N	N	N

MosChip Technologies is certified by ISO 9001:2015 Quality Management Systems

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

<b>Questions</b>	<b>P 1</b>	<b>P 2</b>	<b>P 3</b>	<b>P 4</b>	<b>P 5</b>	<b>P 6</b>	<b>P 7</b>	<b>P 8</b>	<b>P 9</b>
The entity does not consider the Principles material to its business (Yes/No)	NA								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

**PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

MosChip Technologies limited is a Semiconductor design services Company, the Company has established its code of conduct that encompasses employees, customers, shareholders, suppliers, partner and have the necessary systems to monitor and improve.

**Essential Indicators**

- Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

<b>Segment</b>	<b>Total number of training and awareness programmes held</b>	<b>Topics /Principles covered under the training and its impact</b>	<b>%age of persons in respective category covered by the awareness programmes</b>
Board of Directors	4	Business Responsibility and Sustainability	100
Key Managerial Personnel	4	The KMP participated in Sessions on the MosChip Code of Conduct, business ethics, strategy, risk, ESG matters, workplace conduct, Law & Compliance.	100
Employees other than BoD and KMPs	4	P1,P3,P5,P6,P8,P9	100
Workers	NA	NA	NA

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

**Monetary**

	<b>NGRBC Principle</b>	<b>Name of the regulatory/ enforcement agencies/ judicial institutions</b>	<b>Amount (In INR)</b>	<b>Brief of the Case</b>	<b>Has an appeal been preferred? (Yes/No)</b>
Penalty/ Fine	NA	NIL	NIL	NA	NA
Settlement	NA	NIL	NIL	NA	NA
Compounding fee	NA	NIL	NIL	NA	NA

**Non-Monetary**

	<b>NGRBC Principle</b>	<b>Name of the regulatory/ enforcement agencies/ judicial institutions</b>	<b>Brief of the Case</b>	<b>Has an appeal been preferred? (Yes/No)</b>
Imprisonment	NIL	NIL	NA	NA
Punishment	Nil	Nil	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

<b>Case Details</b>	<b>Name of the regulatory/ enforcement agencies/ judicial institutions</b>
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Company has formulated anti-bribery policy to ensure that appropriate and adequate procedures are in place to prevent the Companys involvement in any activity involving bribery or corruption even where the involvement may be unintentional. The policy is available at <https://secureservercdn.net/160.153.138.219/lj8.c14.myftpupload.com/wp-content/uploads/2021/02/Anti-Bribery-Policy-MosChip.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	<b>FY 2022-2023 (Current Financial Year)</b>	<b>FY 2021-2022 (Previous Financial Year)</b>
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	NIL	NIL
Workers	NIL	NIL

6. Details of complaints with regard to conflict of interest:

	FY 2022-2023 (Current Financial Year)		FY 2021-2022 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	NA	NIL	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	NA	NIL	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.  
**NA**

**PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	Nil	Nil	
Capex	Nil	Nil	

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) **No**  
 b. If yes, what percentage of inputs were sourced sustainably?
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.  
 MosChip Technologies is a design services company offering Semiconductor design services and does not manufacture any products. The Company has defined process for reuse, recycling and safe end-of-life disposal for the products used in its operations. The Company encourages reduced use of paper. E- waste like used Computers, Printers and cables are responsibly given to licensed agencies for recycling.
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same. **NA**

**PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains.**

MosChip Technologies recognizes that its employee's well-being is critical to its vision and values. The company has also developed systems to enable labour and human rights in its value chain.



1. a. Details of measures for the well-being of employees:											
Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	640	640	100%	640	100%	-	-	22	3.4%	-	-
Female	286	286	100%	286	100%	21	7.4%	-	-	-	-
<b>Total</b>	<b>926</b>	<b>926</b>	<b>100%</b>	<b>926</b>	<b>100%</b>	<b>21</b>	<b>7.4%</b>	<b>22</b>	<b>3.4%</b>	<b>-</b>	<b>-</b>
<b>Other than Permanent employees</b>											
Male	102	-	-	-	-	-	-	-	-	-	-
Female	86	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
b. Details of measures for the well-being of workers:											
Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent workers</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other than Permanent workers</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2. Details of retirement benefits, for the Current FY and Previous Financial Year.

Benefits	FY 2023-22 Current Financial Year			FY 2022-21 Previous Financial year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	99.78 %	NA	Y	99.71 %	NA	Y
Gratuity	16.95 %	NA	Y	14.24 %	NA	Y
ESI	9.29 %	NA	Y	5.32 %	NA	Y
Others – Please Specify	-	-	-	-	-	-

3. **Accessibility of workplaces**

Are the premises/offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of persons with disabilities act, 2016? If not, whether any steps are being taken by the entity in this regard:

**NA**

4. Does the entity have an equal opportunity policy as per the rights of persons with disabilities act, 2016? If so, provide a weblink to the policy.

**NA**

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100 %	100.00%	-	-
Female	100 %	85.00 %	-	-
<b>Total</b>	100 %	94.29 %		

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	<b>Yes/No( If Yes, then give details of the mechanism in brief)</b>
<b>Permanent Workers</b>	Yes, the Company has implemented an open door approach for every employee, regardless of their position.  In office various platforms to its employees for sharing their grievances and concerns, including HR helpdesk and emails to their supervisors.
<b>Other than permanent workers</b>	
<b>Permanent Workers</b>	Further the Company follows the Code of Conduct to employees encouraging employees to raise concerns about bribery and corruption, harassment and human rights issues, insider trading and many more.
<b>Other than permanent workers</b>	

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity

Category	2022-23 ( Current financial year)			2021-22 ( Previous financial year)		
	Total employees/ workers in the respective category (A)	No. of employees/ workers in the respective categories, who are part of association(s) or union (b)	%(B/A)	Total employees/ workers in the respective category ( C )	No. of employees/ workers in the respective categories, who are part of association(s) or union (b)	%(D/C)
Total permanent Employees	MosChip acknowledges and upholds the rights of its employees to peacefully associate and engage in collective bargaining. MosChip actively promotes employee participation through purpose driven group to enhance engagement and voice concerns.					
Male						
Female						
Total permanent Workers						
Male						
Female						

8. Training given to employees and workers:

Category	FY 2023 Current Financial Year					FY 2022 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees (Permanent + Direct Customers)</b>										
Male	640	370	58%	298	47%	498	246	49%	178	36%
Female	286	156	55%	115	40%	197	105	53%	95	48%
<b>Total</b>	<b>926</b>	<b>526</b>	<b>57%</b>	<b>413</b>	<b>45%</b>	<b>695</b>	<b>351</b>	<b>51%</b>	<b>273</b>	<b>39%</b>
<b>Workers</b>										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

Training is an element for safety awareness. Health and safety training is imparted to employees as a part of the induction module at the time of joining to achieve minimum mandatory awareness related to health and safety (H&S). Constant reinforcement sessions are conducted through webinars, trainings, posters, emails, and floor meetings.

9. Performance and career development reviews of employees and workers:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	%(B / A)	Total (C)	No. (D)	%(D / C)
<b>Employees</b>						
Male	640	553	86%	498	392	79%
Female	286	250	87%	197	150	76%
<b>Total</b>	<b>926</b>	<b>803</b>	<b>87%</b>	<b>695</b>	<b>542</b>	<b>78%</b>

10. Health and safety management system:

A.	<p>Whether an occupational health and safety management system has been implemented by the entity? <b>(Yes/ No)</b>. If yes, the coverage such system?</p> <p>Yes, MosChip has implemented health and safety management systems in line with ISO 9001:2015.</p>
B.	<p>What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?</p> <p>MosChip Technologies Limited has several processes in place to identify work-related hazards and assess risks on a routine and non-routine basis, including:</p> <ul style="list-style-type: none"> <li>a) Hazard Identification and Risk Analysis (HIRA) process: MosChip Technologies Limited uses a structured approach to identify and evaluate potential hazards in its operations.</li> <li>b) Incident reporting by employees and workers: MosChip Technologies Limited encourages its employees and workers to report any incidents, accidents, or near-misses that occur in the workplace.</li> <li>c) Safety walkthroughs by the leadership and senior management: MosChip Technologies Limited conducts regular safety walkthroughs of its facilities to identify potential hazards and assess their risk.</li> </ul>
C.	<p>Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)</p> <p>Yes. The Company's workers have multiple channels to report incidents and accidents through the incident reporting system, emails, verbal reporting to supervisors and ethics helpline.</p>
D.	<p>Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/no)</p> <p>Yes, MosChip Technologies has a doctor-in-campus facility and corporate tie-ups with the nearest multi-specialty hospitals for any emergencies</p>

11. Details of safety-related incidents, in the following format:

<b>Safety Incident/Number</b>	<b>Category</b>	<b>FY 2022-23 Current Financial Year</b>	<b>FY 2021-22 Previous Financial Year</b>
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	-	-
Total recordable work-related injuries	Employees	-	-
	Workers	-	-
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

12. Describe the measures taken by the entity to ensure a safe and healthy workplace:

The Company undertook various measures to ensure a safe and healthy workplace which include:

- a) Implementing Organisation Health and Safety System in line with ISO 9001:2015 standard
- b) Providing training through awareness programs on physical and mental well-being
- c) Mandating medical check-ups for high-risk categories
- d) Facilitating doctor on campus
- e) Counselling helpline one-to-one and 24\*7 telemedicine facility

13. Number of complaints on the following made by employees and workers

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	0	0	0	0
Health & Safety	0	0	0	0	0	0

14. Assessments for the year:

<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>	
Health and safety practices	Currently, no assessments have been made. However, the Company follows the process in its Risk register and does include medical conditions like Covid-19 and safety precautions.
Working Conditions	

15 Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions:-  
NA

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

<b>Essential Indicators</b>	
1.	<p>Describe the processes for identifying key stakeholder groups of the entity stakeholder analysis and the key stakeholders include shareholders, customers, employees and Government.</p> <p>The Company identifies any individual, group, or institution that contributes value to its business chain or is affected by its actions as a key stakeholder.</p> <p>The following are the key stakeholders identified by the Company:</p> <ul style="list-style-type: none"> <li>a) Shareholders</li> <li>b) Employees</li> <li>c) Customers</li> <li>d) Academic Institutions</li> <li>e) Suppliers, Vendors and Partners Communities.</li> </ul>

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

<b>Stakeholder Group</b>	<b>Whether identified as Vulnerable &amp; Marginalized Group (Yes/No)</b>	<b>Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other</b>	<b>Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)</b>	<b>Purpose and scope of engagement including key topics and concerns raised during such engagement</b>
Shareholders	No	Annual reports, earnings calls, newspaper advertisement/ notices, the Company's website, annual general meetings and press releases.	Quarterly/Yearly	To provide information and update on the companies performance.
Employees	No	Code of conduct, trainings, workshops, employee touch base and grievance mechanisms	Need-based, quarterly	Rewards, training and development, wellness and safety measures.
Customers	No	Tech days at customer premise, events, conferences, trade shows, leadership meetings, programme reviews and satisfaction surveys	Need-based, half-yearly	Product/service information, customer feedback
Academic Institutions	No	MoU's, technology meetings, conferences and seminars	Ongoing basis	Capability development and research
Suppliers, Vendors and Partners	No	Supplier code of conduct, contracts, training & awareness and appraisals	Ongoing and need-based	Supplier sustainability
Communities	Yes	CSR Policy, volunteering programs, Shiksha, Niramay, Paryavaran initiatives	Quarterly and annually	community development
Regulatory Bodies	No	Statutes and regulations	Need-based	Statutory and regulatory compliances

**PRINCIPLE 5 Businesses should respect and promote human rights**

**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. employees workers covered (D)	of / % (D / C)
<b>Employees</b>						
Permanent	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-
<b>Total Employees</b>	-	-	-	-	-	-

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-2023 Current Financial Year					FY 2021-2022 Previous Financial Year				
	Total (A)	Equal to Minimum Wage No. (B)	% (B / A)	More than Minimum Wage No. (C)	% (C / A)	Total (D)	Equal to Minimum Wage No. (E)	% (E / D)	More than Minimum Wage No. (F)	% (F / D)
<b>Employees</b>										
<b>Permanent</b>	926	-	-	926	100%	695		695		100%
Male	640	-	-	640	100%	496		496		100%
Female	286	-	-	286	100%	199		199		100%
<b>Other than Permanent</b>	188	-	-	188	100%	48		48		100%
Male	102	-	-	102	100%	28		28		100%
Female	86	-	-	86	100%	20		20		100%
<b>Workers</b>										
<b>Permanent</b>	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Other than Permanent</b>	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of the respective category (₹ in lakhs)	Median remuneration/ salary/ wages of the respective category (₹ in lakhs)	Number
Board of directors	-	-	-	-
Key Managerial Personnel	3	79.55	-	-
Employees other than BOD & KMP	636	9.51	286	5.78
Workers	All benefits extended to the contract workforce (workers) are in line with statutory provisions and are extended by the respective contractor. As a principal employer, MosChip Technologies is committed to ensuring compliance by means of frequent audits on contractors			

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Company has assigned the responsibility of addressing human rights issues or impacts to the Head of the Human Resource department.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

MosChip Technologies Limited has several internal mechanisms in place to redress grievances related to human rights issues which includes:

- a) Open-door policy: The Company has an open-door policy that allows employees to raise any human rights concerns with their managers or supervisors
- b) Grievance redressal mechanism: The Company has a grievance redressal mechanism in place that allows employees to report any human rights violations or concerns anonymously.
- c) Code of conduct: The Company has a code of conduct that sets out MosChip Technologies commitment to human rights and ethical business practices.
- d) Ethics helpline: The Company has an ethics helpline that employees and workers can use to report any concerns related to human rights violations, ethical misconduct, or other issues.
- e) HR helpdesk: The Company's HR helpdesk helps employees to approach or raise any concerns related to human rights or other issues.
- f) Employee touch base: The Company's employee touch base system allows employees to provide feedback and suggestions on various aspects of the Company's operations, including human rights. The system is designed to promote transparency and communication between employees and management.



6. Number of Complaints on the following made by employees and workers:

Category	2022-23 (Current financial year)			2021-22 ( Previous financial year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during theYear	Pending resolution as at the end of the year	Remarks
Sexual Harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child labour	-	-	-	-	-	-
Forced labour/ involuntary labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases: MosChip Technologies Limited has established multiple mechanisms to prevent adverse consequence to the complainant. This includes POSH, Grievance Redressal mechanism and ethics helpline to promote protected disclosures.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No) . Yes

9. Assessments for the year:

Child Labour	The Company follows the laws, as applicable. Although no assessment was done by the Company and no complaints were received.
Forced/Involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – Please specify	

Note: MosChip Technology design and development facilities are assessed as below ISO 9001: 2015 – For Quality Management System

10. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Question 9 above. NA

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**

MosChip technologies limited integrates sustainability into its 'Design Digital' approach. The Company advocates environmental sustainability, energy efficiency and waste reduction in its operations and products/services.

**Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

<b>Parameter</b>	<b>FY 2022-23 (Current Financial Year)</b>	<b>FY 2021-22 (Previous Financial Year)</b>
Total electricity consumption (A)	Not assessed	Not assessed
Total fuel consumption (B)	Not assessed	Not assessed
Energy consumption through other sources (C)	Not assessed	Not assessed
<b>Tota energy consumption (A+B+C)</b>		
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	Not assessed	Not assessed
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

NA

3. Provide details of the following disclosures related to water, in the following format:

<b>Parameter</b>	<b>FY 2022-23 (Current Financial Year)</b>	<b>FY 2021-22 (Previous Financial Year)</b>
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	-	-
<b>Total volume of water consumption (in kilolitres)</b>	-	-
<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	-	-
<b>Water intensity (optional) – the relevant metric may be selected by the entity</b>	-	-

Note 1: Water consumption is not significantly material for our company since it is into the IT service business. However, the Company is currently baselining its water consumption across operations

Note 2: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation. Not Applicable.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Being an IT service organisation, there are no significant air emissions from our operations.

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	Kg	NA	NA
SOx	Kg	NA	NA
Particulate matter (PM)		NA	NA
Persistent organic pollutants (POP)		NA	NA
Volatile organic compounds (VOC)		NA	NA
Hazardous air pollutants (HAP)		NA	NA
Others please specify		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>	Not assessed	Not assessed
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>	Not assessed	Not assessed
Total Scope 1 and Scope 2 emissions per rupee of turnover		Not assessed	Not assessed
<b>Total Scope 1 and Scope 2 emission intensity</b> ( <i>optional</i> ) – the relevant metric may be selected by the entity	tCO <sub>2</sub> e	Not assessed	Not assessed

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details. No

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	-	-
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-
<b>Total (A+B + C + D + E + F + G + H)</b>		
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	-	-
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
<b>Total</b>	-	-

Waste is not significantly material for the IT Service Company since it is into the service business. However, the company is currently baselining its domestic waste footprint across large offices.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Being a IT Service company, waste generation is very limited. The company has taken adequate steps to minimise the disposal waste quantum through its operations.

All recyclable waste collected at our branches is separated (dry and wet waste). The waste is then handed over to an authorised waste processor. Digitisation and automation has helped implement paperless processes, reduced consumption of paper through e-statements and e-receipts to customers and reduced paper procurements. We've adopted a strategy to radically reduce plastic consumables across our offices. We have eliminated plastic consumables and switched to reusable or sustainably sourced alternatives wherever possible

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:  
We do not have any operations or offices in or around ecologically sensitive areas.

S. No.	Location of operations/offices	Type operations of	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
NA			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, MosChip has complied with applicable environmental law/regulations/guidelines in India.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective taken if any action
NIL				

**PRINCIPLE 7 :- Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

**MosChip Technologies Limited adheres to all applicable regulatory policies and has in place the necessary systems to monitor and Improve Compliance**

Essential Indicators	
1.	a. Number of affiliations with trade and industry chambers/ associations. 2

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S.No	Name of the trade and industry chambers/associations	Reach of the trade and industry chambers/ associations(State/National)
1.	IESA - India Electronics & Semiconductor Association	National
2.	HYSEA – Hyderabad Software Enterprises Association	State

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

No, issues related to anti-competitive conduct were identified during FY2022-23, hence, no corrective action undertaken

**RINCIPLE 8 Businesses should promote inclusive growth and equitable development.**

**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
NA						

3. Describe the mechanisms to receive and redress grievances of the community.

Field Team supported by the Company identifies the concerns of the community when community members approach them. This is then resolved by NGO / CSR team independently/ mutually.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSME/small producers	-	-
Sourced directly from within the district and neighboring districts	-	-

**PRINCIPLE 9 Businesses engage with and provide value to their consumers in a responsible manner should**

Essential Indicators:

5. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:

MosChip Technologies limited has a structured process and framework to capture, analyse and take action on customer complaints and concerns. All project proposals also have a clearly defined escalation matrix to raise such complaints. This is further supplemented by regular weekly CEO meetings with BU Heads and Sales Heads.

6. Turnover of products and services as a percentage of turnover from all products/services that carry information about: **NA**

	As a percentage of total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Usage recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following:

	2022-23 (Current financial year)			2021-22 ( Previous financial year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	NIL	NIL	NIL	NIL	NIL	NIL
Advertising	NIL	NIL	NIL	NIL	NIL	NIL
Cyber-security	NIL	NIL	NIL	NIL	NIL	NIL
Delivery of essential services	NIL	NIL	NIL	NIL	NIL	NIL
Services	NIL	NIL	NIL	NIL	NIL	NIL
Restrictive trade practices	NIL	NIL	NIL	NIL	NIL	NIL
Unfair trade practices	NIL	NIL	NIL	NIL	NIL	NIL

4. Details of instances of product recalls on account of safety issues:

None

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide the weblink to the policy: Yes, Information Security Policy <https://moschip.com/policies-documents/>
6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on the safety of products/services: NA

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**“Annexure J” to the Directors Report**

Annual Report on CSR Activities

**1. Brief outline on CSR Policy of the Company**

Corporate Social Responsibility (CSR) has been a strong-standing commitment at MosChip Technologies Limited (the “Company”) and forms an integral part of our activities. Accordingly, Corporate Social Responsibility (“CSR”) Policy is rooted in the Company’s core values of quality, reliability and trust guided by best practices, and driven by our aspiration for excellence in the overall performance of our business. Through its various initiatives, the Company endeavors to play a relevant role by serving society and programmes that address gaps in basic societal requirements.

The Company recognizes that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged.

The objective of our CSR policy is to actively contribute to the social, environmental and economic development of the society in which we operate.

**2. Composition of CSR Committee**

Pursuant to the provisions of Section 135(9) of the Companies Act, 2013 and in view of the fact that the requirement to make spends on account of CSR obligations was less than Rs.50 lakh, the CSR Committee was not required to be formed, and the Board of Directors will discharge the functions of CSR Committee.

**3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

The details are available on our website at: <https://moschip.com/wp-content/uploads/2023/06/CSR-policy.pdf>

**4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:**

As the Company is not having average CSR obligation of Rs 10 Crores or more in pursuance of subsection (5) of section 135 of the Act, impact assessment is not applicable to the Company.

- 5.**
- (a). Average net profit of the company as per sub-section (5) of section 135: Rs. (792.11) Lakhs
- 
- (b). Two percent of average net profit of the company as per sub-section (5) of section 135: Rs. (15.84) Lakhs
- 
- (c). Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil
- 
- (d). Amount required to be set off for the financial year, if any: Nil
- 
- (e). Total CSR obligation for the financial year [(b)+(c)-(d)]: 0
- 
- 6.**
- (a). Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) –Nil
- 
- (b). Amount spent in Administrative Overheads: Nil
- 
- (c). Amount spent on Impact Assessment, if applicable: Nil
- 
- (d). Total amount spent for the Financial Year [(a)+(b)+(c)]: Nil
- 
- (e). CSR amount spent or unspent for the Financial Year:



## DIRECTORS' REPORT

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
Nil	—	—	—	—	—

(f) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub section 5 of section 135	Rs. (15.84) Lakhs
(ii)	Total amount spent for the Financial Year	Nil
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to unspent CSR Account under sub section (6) of Section 135(in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	FY-1	-	-	-	-	-	-	-
2	FY-2	-	-	-	-	-	-	-
3	FY-3	-	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **Not Applicable**

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: **Not Applicable**

for and on behalf of the Board of Directors of

Place: Hyderabad  
Date: 21<sup>st</sup> August, 2023

K. Pradeep Chandra  
Director and Chairman  
DIN: 05345536

**INDEPENDENT  
AUDITOR'S REPORT**

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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 (here in after referred to as the "Holding Company") and its subsidiaries (Holding Company and its three subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March, 2023, 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 2023, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

**Basis for opinion**

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

**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.

**INDEPENDENT  
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**Key Audit Matters**

Key Audit Matter	Auditor's Response
<p><b>1. Revenue Recognition</b></p> <p>Revenue of the company is mainly from information Technology services comprising software development, consulting, and related services. Revenue from these contracts are recognised over a period of time in accordance with the requirements of Ind AS 115, Revenue from contracts with customers.</p> <p>Due to nature of contracts, revenue recognition involves usage of percentage of completion method, which is determined by survey of work performed, which involves significant judgements, identification of contractual obligations and the company's right to receive payments for performance completed till date, change in scope and the consequential revised price contract price and recognition of the liability for loss making contract/onerous obligations.</p> <p>Accordingly, revenue recognition involves aforesaid significant judgement and estimation. Hence, we determine this to be a key audit matter.</p> <p>Refer note 2.11 to the Consolidated Financial Statements.</p>	<p>Our audit procedures included specific evaluation of compliance with requirements of Ind AS 115, "Revenue from Contracts with Customers" including:</p> <ul style="list-style-type: none"> <li>◆ Obtaining an understanding of the company's process and controls for revenue recognition process.</li> <li>◆ Evaluation of key controls around such process and tested those controls for the operating effectiveness.</li> <li>◆ We also carried out a combination of procedures involving enquiry and observation, and inspection of evidence in respect of operation of these controls.</li> <li>◆ Performed test of details, on a sample basis including: <ul style="list-style-type: none"> <li>• Obtaining and reading contract documents, including master service agreements, and other documents that were part of the agreement.</li> <li>• Analysed and identified the distinct performance obligations in the contracts.</li> <li>• Compared the performance obligations with those identified and recorded by the Company.</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used for recording revenue.</li> <li>• Performed analytical audit procedures for appropriateness of revenue disclosed by type.</li> <li>• Assessed the disclosures made in the financial statements as per Ind AS 115.</li> </ul> </li> </ul>
<p><b>2. Goodwill on business acquisition:</b></p> <p>As detailed in the Note 41 to the Consolidated Financial Statements the company carries a Goodwill of Rs. 6,889.80 lakhs as at 31 March, 2023.</p> <p>This Goodwill was recognised on acquisition of two subsidiaries over last two years, in terms of Ind AS 103 Business Combinations.</p> <p>The Carrying values of the Goodwill are based on the present value of future cash inflows and there exists a risk of impairment if cash flows are not in line with projections.</p> <p>As per Ind AS 36, 'Impairment of Assets', the goodwill acquired in business combination shall be tested annually for impairment. For the purpose of impairment testing, goodwill</p>	<p>We carried out the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Evaluated the design and tested the operating effectiveness of the Company's controls in assessing the recoverable value of goodwill, intangible assets and intangible assets under development.</li> <li>• Assessed the Company's methodology applied in determining the CGUs to which these assets are allocated.</li> <li>• Tested the estimated recoverable value of these assets and assessed the methodologies used by management in deriving the recoverable value and tested the significant assumptions and the underlying data used by the Company in its analysis.</li> <li>• Compared the significant assumptions to current industry, market and economic trends, relate Group's historical data.</li> <li>• Performed sensitivity analyses of the significant assumptions to evaluate the potential change in the</li> </ul>

**INDEPENDENT  
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Key Audit Matter	Auditor's Response
<p>acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units (CGU) or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.</p> <p>Valuation of goodwill subject to management assessment of recoverable amount being higher of (i) fair value less costs to sell and (ii) value in use, involving significant judgement and are based on number of variables and estimates including projection of future sales, operating costs and profit margins; appropriate discount rate and terminal value growth rate; and probability of success in applying discounted cashflow valuation methodology.</p> <p>The assessment of impairment involves significant degree of management judgements and estimates. The management has concluded that the recoverable amount of CGU is higher than its carrying amount and accordingly, no impairment provisions has been recorded as at 31 March 2023.</p> <p>Considering the materiality of the amount involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation. Accordingly, we determined impairment of such goodwill arising from business combination as Key Audit Matter for the current year audit.</p>	<p>recoverable values of these assets resulting from hypothetical changes in underlying assumptions.</p> <ul style="list-style-type: none"> <li>Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the Consolidated Financial Statements.</li> </ul>

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

The Holding 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, Sustainability 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, and the reports of the other auditors as furnished to us, 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.

**INDEPENDENT  
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**Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding 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 companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Holding Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies which are incorporated in India, has adequate internal financial controls with reference to Consolidated financial statements in place 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

## INDEPENDENT AUDITOR'S REPORT

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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 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 Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditor's regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Other Matters

We did not audit the financial statements of one subsidiary included in the consolidated financial results, whose financial statements reflect total assets of Rs. 817.26 lakhs as at 31 March 2023 and total revenues of Rs. 8,022.33 lakhs, total net Profit after tax of Rs. 402.36 lakhs, total comprehensive income of Rs. 419.11 lakhs and net cash outflows of Rs. 445.74 lakhs for the year ended 31 March 2023, as considered in the Statement. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion and conclusion on the consolidated financial results included in the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of the other auditor and the procedures performed by us are as stated in paragraph above.

Our opinion on the Consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and Financial Results/ financial information certified by the Board of Directors

We did not review the financial information of one subsidiary included in the consolidated financial results, whose financial information reflect total revenues is Nil for the year ended 31 March 2023, total net loss after tax of Rs. 1.80 lakhs, total comprehensive loss of Rs. 1.80 lakhs for the year ended 31 March 2023, as considered in the Statement. These financial statements have not been audited by their auditors. The financial information are unaudited and have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements

## INDEPENDENT AUDITOR'S REPORT

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below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss 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 and records maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards 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 Holding Company and its subsidiaries which are incorporated in India as on 31 March 2023 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 31 March 2023 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 with reference to Consolidated Financial Reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 as on 31 March 2023, on the consolidated financial position of the Group. Refer note 31 of Consolidated Financial Statements.
    - ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India
    - iv)
      - a. The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditor of such subsidiaries respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      - b. The respective Managements of the Company and its subsidiaries which are companies



**INDEPENDENT  
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incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) Dividend have not been declared/ paid during the year, by the holding company or its subsidiaries and accordingly compliance with section 123 for the Group is not applicable for the period under review.
- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- h) 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 Holding 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 Holding 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.

With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

**For S T Mohite & Co**  
Chartered Accountants  
ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**  
Partner  
Membership No.:015635  
**ICAI UDIN: 23015635BGYJKS3149**

Place: Hyderabad  
Date: 24 May 2023



**INDEPENDENT  
AUDITOR’S REPORT**

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**Annexure A 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)*

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

We have audited the internal financial controls with reference to Consolidated financial statements of MosChip Technologies Limited (“the Company”) as of 31 March 2023 in conjunction with our audit of the consolidated 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 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 over to 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 Consolidated Financial Statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls 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

**INDEPENDENT  
AUDITOR'S REPORT**

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and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For S T Mohite & Co**  
Chartered Accountants  
ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**  
Partner  
Membership No.:015635  
**ICAI UDIN: 23015635BGYJKS3149**

Place: Hyderabad  
Date: 24 May 2023

CONSOLIDATED BALANCE SHEET

All amounts in ₹ lakhs

PARTICULARS	Notes	As at	
		31 March 2023	31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	683.93	528.91
Right-of-use assets	4 (a)	3,098.14	846.89
Goodwill	41	6,889.80	7,185.63
Other intangible assets	4 (b)	344.90	838.74
Financial assets			
Trade receivables	5	150.02	221.31
Others	6	257.62	157.17
<b>Total non-current assets</b>		<b>11,424.41</b>	<b>9,778.65</b>
<b>Current assets</b>			
Inventories	7	108.27	188.93
Financial assets			
Trade receivables	8	7,289.52	4,131.39
Cash and cash equivalents	9 (a)	206.78	648.18
Other bank balances	9 (b)	1,121.89	31.40
Other financial assets	10	763.13	763.63
Current tax assets (net)	11	351.28	470.57
Other current assets	12	216.20	194.04
<b>Total non-current assets</b>		<b>10,057.07</b>	<b>6,428.14</b>
<b>Total assets</b>		<b>21,481.48</b>	<b>16,206.79</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	3,327.39	3,196.93
Other equity	14	7,979.56	3,341.49
<b>Total equity</b>		<b>11,306.95</b>	<b>6,538.42</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	15	1,409.66	144.47
Lease liabilities	16	2,187.78	637.87
Other financial liabilities	17	80.00	375.84
Provisions	18	928.52	632.65
<b>Total non-current liabilities</b>		<b>4,605.96</b>	<b>1,790.83</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	19	2,521.36	5,739.36
Lease liabilities	20	1,075.02	239.63
Trade payables	21		
(a) total outstanding dues of micro and small enterprises		54.50	-
(b) total outstanding dues other than (a) above		1,299.53	1,413.17
Other financial liabilities	22	6.77	18.64
Other current liabilities	23	366.67	250.74
Provisions	24	244.72	216.00
<b>Total current liabilities</b>		<b>5,568.57</b>	<b>7,877.54</b>
<b>Total liabilities</b>		<b>10,174.53</b>	<b>9,668.37</b>
<b>Total equity and liabilities</b>		<b>21,481.48</b>	<b>16,206.79</b>
Corporate information and significant accounting policies	1 & 2		

See accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

for **ST Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

For and on behalf of the Board

**MosChip Technologies Limited**

**Sreenivasa Rao T Mohite**

Partner

Membership No.:015635

ICAI UDIN: 23015635BGYJKS3149

**Venkata Sudhakar Simhadri**

Managing Director & CEO

DIN : 01883241

**Jayaram Susarla**

Chief Financial Officer

**Damodar Rao Gummadapu**

Director

DIN : 07027779

**Suresh Bachalakura**

Company Secretary

M. No:ACS 39381

Place: Hyderabad  
Date: 24 May 2023

Place: Hyderabad  
Date: 24 May 2023

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

PARTICULARS	Notes	Year ended 31 March 2023	Year ended 31 March 2022
<b>I Income</b>			
Revenue from operations	25	19,835.54	14,764.40
Other income	26	496.79	513.39
<b>Total income</b>		<b>20,332.33</b>	<b>15,277.79</b>
<b>II Expenses</b>			
Raw material and operating cost	27	1,521.41	1,446.72
Employee benefits expense	28	14,724.51	10,228.13
Depreciation and amortisation expenses	4 (c)	1,732.18	1,264.14
Finance costs	29	772.37	860.50
Other expenses	30	957.96	832.38
<b>Total expenses</b>		<b>19,708.43</b>	<b>14,631.87</b>
<b>III Profit before tax ( I - II )</b>		<b>623.90</b>	<b>645.92</b>
<b>IV Tax expense</b>			
Current tax		6.13	0.62
<b>Total tax expense</b>		<b>6.13</b>	<b>0.62</b>
<b>V Profit after tax (III - IV)</b>		<b>617.77</b>	<b>645.30</b>
<b>VI Other comprehensive income</b>			
<b>A) Items that will not be reclassified to profit or loss:</b>			
Remeasurements of the defined benefit liabilities - (gain)/loss	34	150.78	101.57
<b>B) Items that will be reclassified to profit or loss:</b>			
Exchange difference on translating foreign operations		(16.75)	3.48
<b>Total other comprehensive loss</b>		<b>134.03</b>	<b>105.05</b>
<b>VII Total comprehensive income for the year (V - VI)</b>		483.74	540.25
<b>Earnings per equity share (nominal value of ₹ 2) in ₹</b>	37		
Basic		0.38	0.41
Diluted		0.35	0.39
Corporate information and significant accounting policies	1 & 2		

See accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

**for ST Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

For and on behalf of the Board

**MosChip Technologies Limited**

**Sreenivasa Rao T Mohite**

Partner

Membership No.:015635

ICAI UDIN: 23015635BGYJKS3149

**Venkata Sudhakar Simhadri**

Managing Director & CEO

DIN : 01883241

**Damodar Rao Gummadapu**

Director

DIN : 07027779

**Jayaram Susarla**

Chief Financial Officer

**Suresh Bachalakura**

Company Secretary

M. No:ACS 39381

Place: Hyderabad

Date: 24 May 2023

Place: Hyderabad

Date: 24 May 2023

**CONSOLIDATED STATEMENT OF CASH FLOW**

All amounts in ₹ lakhs

	Year ended 31 March 2023	Year ended 31 March 2022
<b>A Cash flow from operating activities</b>		
<b>Profit before tax</b>	623.90	645.92
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	1,732.18	1,264.14
Interest income	(57.05)	(7.68)
Finance costs	772.37	860.50
Allowances for doubtful receivables and bad debts written off (net)	242.50	59.49
Allowances for doubtful deposits (net)	-	264.48
Waiver of PPP loan	-	(180.89)
Write back of liabilities	(192.02)	(246.38)
Unrealized exchange (gain)/ loss (net)	(0.52)	(17.53)
Amortisation of share based payment cost	998.03	355.47
Provision for employee benefits	272.17	202.39
<b>Working capital adjustments:</b>		
(Increase)/ decrease in trade receivables	(3,328.81)	(611.11)
(Increase)/ decrease in inventories	80.66	28.02
(Increase)/ decrease in Financial asset	33.05	(159.47)
(Increase)/ decrease in Other current asset	(22.15)	119.70
Increase/ (decrease) in Provisions	52.43	(89.83)
Increase/ (decrease) in Trade Payable	(26.57)	(357.28)
Increase/ (decrease) in Current financial liabilities	(11.87)	-
Increase/ (decrease) in current liabilities	115.95	(463.62)
<b>Cash generated from / (used in) operating activities before taxes</b>	<b>1,284.25</b>	<b>1,666.32</b>
Income tax paid (net)	119.29	(24.50)
<b>Net cash flows from / (used in) operating activities (A)</b>	<b>1,403.54</b>	<b>1,641.82</b>
<b>B Cash flow from investing activities</b>		
Capital expenditure on Purchase of property, plant and equipment	(608.80)	(358.15)
Purchase of other intangible assets	-	(78.84)
Payment of security deposit	(142.11)	(157.17)
Deposits placed with banks	(1,109.35)	(13.81)
Redemption of deposits placed with banks	18.86	11.07
Interest received	24.51	7.34
<b>Net cash flows used in investing activities (B)</b>	<b>(1,816.89)</b>	<b>(589.56)</b>
<b>C Cash flow from financing activities</b>		
Shares issued on exercise of employee stock options	289.39	348.43
Shares issued on preferential basis	1,100.00	-
Proceeds / (repayment) from long term borrowings (net)	(52.80)	(251.35)
Repayment of lease liabilities	(609.02)	(215.36)
Finance cost paid	(772.37)	(860.50)
<b>Net cash flows from / (used in) financing activities (C)</b>	<b>(44.80)</b>	<b>(978.78)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>(458.15)</b>	<b>73.48</b>
Cash and cash equivalents at the beginning of the year	648.18	578.18
Movement in foreign currency translation reserve	16.75	(3.48)
<b>Cash and cash equivalents at the end of the year (refer note 9 (a))</b>	<b>206.78</b>	<b>648.18</b>
Cash flow statement has been prepared as per indirect method set out in IND AS 7, statement of cash flow		
Corporate information and Significant accounting policies 1 & 2		

See accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

**for ST Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

For and on behalf of the Board

**MosChip Technologies Limited**

**Sreenivasa Rao T Mohite**

Partner

Membership No.:015635

ICAI UDIN: 23015635BGYJKS3149

**Venkata Sudhakar Simhadri**

Managing Director & CEO

DIN : 01883241

**Jayaram Susarla**

Chief Financial Officer

**Damodar Rao Gummadapu**

Director

DIN : 07027779

**Suresh Bachalakura**

Company Secretary

M. No:ACS 39381

Place: Hyderabad

Date: 24 May 2023

Place: Hyderabad

Date: 24 May 2023

**CONSOLIDATED STATEMENT OF CHNGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ lakhs, except share and where otherwise stated)

**CONSOLIDATED**

**a. Equity share capital**

As at 1 April 2021	Change in equity share capital during the year		As at 31 March 2022	
	Amount	No. of shares	Amount	No. of shares
157,793,932	3,155.88	2,052,793	41.05	159,846,725
Change in equity share capital during the year				3,196.93
As at 1 April 2022	Amount	No. of shares	Amount	No. of shares
159,846,725	3,196.93	6,522,594	130.46	166,369,319

**b. Other equity**

Particulars	Share application money pending allotment	Reserves and surplus				Other comprehensive income	Total
		Capital reserve	Securities Premium	Share option outstanding account	Retained earnings		
Balance as at 1 April 2021	-	2,474.97	13,878.61	307.64	(14,646.52)	218.16	2,138.21
Profit for the year	-	-	-	-	645.30	-	645.30
Other comprehensive income (Net)	-	-	-	-	(3.48)	(94.65)	(101.57)
Total comprehensive income for the year	-	-	-	-	645.30	(3.48)	(101.57)
Shares issued on exercise of employee stock options	2.56	-	304.81	-	-	(101.57)	540.25
Reclassification of actuarial gain/ loss to retained earnings	-	-	-	-	-	-	307.37
Transfer from share option outstanding account on exercise of stock options	-	-	102.92	(102.92)	-	-	-
Amortised amount of share based payments to employees (net)	-	-	-	355.66	-	-	355.66
Balance as at 31 March 2022	2.56	2,474.97	14,286.34	560.38	(13,974.54)	214.68	3,341.49
Profit for the year	-	-	-	-	617.77	-	617.77
Other comprehensive income (Net)	-	-	-	-	16.75	(134.03)	(117.28)
Total comprehensive income for the year	-	-	-	-	617.77	16.75	(90.53)
Shares issued on exercise of employee stock options	(2.02)	-	3,157.53	-	-	-	3,155.51
Transfer from share option outstanding account on exercise of stock options	-	-	129.76	(129.76)	-	-	-
Amortised amount of share based payments to employees (net)	-	-	-	998.82	-	-	998.82
Balance as at 31 March 2023	0.54	2,474.97	17,573.63	1,429.44	(13,356.77)	231.43	7,979.56

See accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached  
For and on behalf of the Board  
**MosChip Technologies Limited**

Chartered Accountants  
ICAI Firm Registration Number: 0114105

**Sreenivasa Rao T Mohite**  
Partner  
Membership No.:015635  
ICAI UDIN: 23015635BGYJKS3149

**Venkata Sudhakar Simhadri**  
Managing Director & CEO  
DIN : 01883241

**Jayaram Susarla**  
Chief Financial Officer

Place: Hyderabad  
Date: 24 May 2023

**Damodar Rao Gummadapu**  
Director  
DIN : 07027779

**Suresh Bachalakura**  
Company Secretary  
M. No:ACS 39381

Place: Hyderabad  
Date: 24 May 2023

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED

All amounts in ₹ lakhs

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## 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 2023, the Company has three wholly owned subsidiary companies in India, Kingdom of Bahrain and USA. As on 31 March 2023, Mayuka Holdings Private Limited is the holding company of the Company.

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, 2023 were approved by the Board of Directors and authorised for issue on 24 May 2023.

## 2 Significant accounting policies

### 2.1 Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards ("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 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 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.

### 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 THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED

All amounts in ₹ lakhs

Following are the Subsidiary companies as on 31 March 2023 & 31 March 2022 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 2023	% Holding as on 31 March 2022
MosChip Technologies, USA (M USA)	USA	100% Subsidiary	100% Subsidiary
Moschip Institute Of Silicon Systems Private Limited (MISS)	India	100% Subsidiary	100% Subsidiary
MosChip Technologies WLL, Bahrain (M Bahrain) **	Bahrain	100% Subsidiary	-

\*\* MosChip Technologies WLL, Bahrain was incorporated in Sep'22

## 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 recognized 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:

- 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.

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

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



**2.6 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 recognized 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 recognized 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 Group 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 recognized when the Group 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 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.

## **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 THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED

All amounts in ₹ lakhs

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

## Depreciation

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 (in years)
Mask tools	5
Lab equipment	5
Plant and machinery	5
Furniture and fixtures	10
Office equipment	5
Computers	3
Vehicles	10
Other Intangible assets	3 - 5 years

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.

The estimated useful life and residual values of property, plant & equipment and intangible assets are reviewed at the end of each reporting period.

Assets acquired under leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term.

Intellectual Property Rights ('IPR') comprise right to use for licensed software. The Group has recognized 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 recognized in profit or loss.

## 2.8 Leases

At inception of the contract, the Group determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right-of-use (RoU) asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying

asset or restoring the underlying asset or site on which it is located. The RoU assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of RoU asset. The estimated useful lives of RoU assets are determined on the same basis as those of property, plant and equipment. RoU assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the remeasurement of lease liability as an adjustment to the RoU asset. Where the carrying amount of the RoU asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

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 Company. 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 recognized in consolidated statement of profit or loss.

#### **Goodwill and intangible assets**

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

## **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 recognized 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**

**Raw material:** Components and parts are valued at lower of cost or net realizable value. Cost is determined on weighted average method.

**Finished goods:** Finished goods are valued at the lower of the cost or net realisable value. Cost is determined on weighted average method.

**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**

### **Revenue from operations**

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.

- (i) Revenue from time and material and job contracts is recognised on the basis of time spent, efforts expended.
- (ii) In respect of other fixed-price contracts, revenue is recognized 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.
- (iii) Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized 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 recognized over time on a POC method.
- (iv) 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.
- (v) 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.
- (vi) Contract assets are recognized 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.
- (vii) Contract liability (unearned revenue) is recognized when there is billings in excess of revenues.
- (viii) The amount recognized as a warranty provision is based on the estimated costs that the company expects to incur to fulfil its warranty obligations. The provision is measured at its best estimate, which considers factors such as historical warranty claims, repair or replacement costs, and the experience of similar products. If the warranty costs are expected to be incurred beyond one year, the provision may be discounted to reflect the time value of money.

**Interest income**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on 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 recognized in other comprehensive income and accumulated in equity.

### **2.14 Financial instruments**

Financial assets and liabilities are recognized 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 recognized in profit or loss.

#### **(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 recognized 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 recognized 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 recognized in profit and loss.

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**(ii) 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.

**(iii) 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 recognized less, when appropriate, the cumulative amount of income recognized 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 recognized 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 statement of profit and loss as and when the services are received from the employees.

**c Compensated absences:**

The Group provides for compensated absences 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 recognized in full in the consolidated statement of profit and loss in the period in which they occur.

**d Other short-term employee benefits / bonus**

Other short-term employee benefits such as bonus overseas social security contributions and performance incentives expected to be paid in exchange for services rendered by employees, are recognized 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.



**Deferred tax**

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 recognized 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, 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 recognized 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 recognized nor disclosed in the financial statements.

**2.20 Recent pronouncements**

The Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, the MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below :

- (i) *Ind AS 1, Presentation of Financial Statements* – The amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Group's financial statements.
- (ii) *Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors* – The amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.
- (iii) *Ind AS 12, Income Taxes* – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

(a) right-of-use assets and lease liabilities

(b) decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.

Therefore, if a company has not yet recognized deferred tax on right-of-use assets and lease liabilities or has recognized deferred tax on net basis, the same need to recognize on gross basis based on the carrying amount of right-of-use assets and lease liabilities

- (iv) *Ind AS 103 – Common control Business Combination* - The amendments modify the disclosure requirement for business combination under common control in the first financial statement following the business combination. It requires to disclose the date on which the transferee obtains control of the transferor is required to be disclosed.

**Maintenance of Books of Accounts under Section 128 of the Companies Act, 2013**

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

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

**CONSOLIDATED**

All amounts in ₹ lakhs

**Property, plant and equipment**

Particulars	Mask Tools	Electrical installation	Lab equipment	Plant and Machinery	Furniture and fixtures	Office equipment	Computers	Vehicles	Total Tangible Assets
<b>Cost</b>									
<b>Balance at 1 April 2021</b>	1,479.10	1.70	48.45	6.43	37.03	18.86	163.68	52.56	1,807.81
Additions / (Transfer)	-	-	26.44	-	1.19	17.14	313.35	-	358.13
Less: Deletions	-	-	0.27	-	-	2.19	5.99	-	8.45
Exchange Fluctuation	-	-	-	-	0.03	0.05	0.21	-	0.29
<b>Balance at 31 March 2022</b>	<b>1,479.10</b>	<b>1.70</b>	<b>74.62</b>	<b>6.43</b>	<b>38.25</b>	<b>33.86</b>	<b>471.25</b>	<b>52.56</b>	<b>2,157.77</b>
Additions / (Transfer)	-	-	3.37	-	-	17.38	578.65	-	599.41
Less: Deletions	-	-	-	-	0.18	5.29	3.41	-	8.88
Exchange Fluctuation	-	-	-	-	0.09	0.13	0.35	-	0.57
<b>Balance at 31 March 2023</b>	<b>1,479.10</b>	<b>1.70</b>	<b>77.99</b>	<b>6.43</b>	<b>38.16</b>	<b>46.08</b>	<b>1,046.84</b>	<b>52.56</b>	<b>2,748.87</b>
<b>Accumulated depreciation</b>									
<b>Balance at 1 April 2021</b>	<b>1,036.58</b>	<b>0.47</b>	<b>20.26</b>	<b>1.97</b>	<b>10.03</b>	<b>12.07</b>	<b>119.19</b>	<b>18.52</b>	<b>1,219.09</b>
Charge for the year	296.09	0.78	10.15	0.89	13.31	13.21	60.52	23.02	417.97
Less: Deletions	-	-	0.26	-	-	2.19	5.98	-	8.43
Exchange Fluctuation	-	-	-	-	0.03	0.05	0.15	-	0.23
<b>Balance at 31 March 2022</b>	<b>1,332.67</b>	<b>1.25</b>	<b>30.15</b>	<b>2.86</b>	<b>23.37</b>	<b>23.14</b>	<b>173.88</b>	<b>41.54</b>	<b>1,628.86</b>
Charge for the year	146.43	0.45	16.31	3.57	14.70	10.01	234.28	9.57	435.32
Less: Deletions	-	-	-	-	-	-	-	-	-
Exchange Fluctuation	-	-	-	-	0.09	0.13	0.54	-	0.76
<b>Balance at 31 March 2023</b>	<b>1,479.10</b>	<b>1.70</b>	<b>46.46</b>	<b>6.43</b>	<b>38.16</b>	<b>33.28</b>	<b>408.70</b>	<b>51.11</b>	<b>2,064.94</b>
Carrying amount									
Balance at 31 March 2022	146.43	0.45	44.47	3.57	14.88	10.72	297.37	11.02	528.91
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>31.53</b>	<b>-</b>	<b>-</b>	<b>12.80</b>	<b>638.14</b>	<b>1.45</b>	<b>683.93</b>

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All amounts in ₹ lakhs

**4 (a) Right-of-use assets**

Particulars	Amount
<b>Cost</b>	
<b>Balance at 1 April 2021</b>	-
Additions / (Transfer)	1,107.47
Less: Deletions	-
Exchange Fluctuation	-
<b>Balance at 31 March 2022</b>	<b>1,107.47</b>
Additions / (Transfer)	3,036.96
Less: Deletions	-
Exchange Fluctuation	-
<b>Balance at 31 March 2023</b>	<b>4,144.43</b>
Accumulated amortisation	
<b>Balance at 1 April 2021</b>	-
Charge for the year	260.58
Deletions	-
Exchange Fluctuation	-
<b>Balance at 31 March 2022</b>	<b>260.58</b>
Charge for the year	784.88
Deletions	-
Exchange Fluctuation	0.83
<b>Balance at 31 March 2023</b>	<b>1,046.29</b>
Carrying amount	
Balance at 31 March 2022	846.89
<b>Balance at 31 March 2023</b>	<b>3,098.14</b>

**4 (b) Intangible assets - Design & development**

Particulars	Amount
<b>Cost</b>	
<b>Balance at 1 April 2021</b>	<b>2,751.66</b>
Additions / (Transfer)	78.84
Less: Deletions	-
Exchange Fluctuation	11.67
<b>Balance at 31 March 2022</b>	<b>2,842.17</b>
Additions / (Transfer)	-
Less: Deletions	-
Exchange Fluctuation	33.68
<b>Balance at 31 March 2023</b>	<b>2,875.85</b>
Accumulated amortisation	
<b>Balance at 1 April 2021</b>	<b>1,415.59</b>
Charge for the year	585.59
Deletions	-
Exchange Fluctuation	2.25
<b>Balance at 31 March 2022</b>	<b>2,003.43</b>
Charge for the year	511.97
Deletions	-
Exchange Fluctuation	15.55
<b>Balance at 31 March 2023</b>	<b>2,530.95</b>
Carrying amount	
Balance at 31 March 2022	838.74
<b>Balance at 31 March 2023</b>	<b>344.90</b>

**4 (c) Depreciation and amortisation expense**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation (refer note 3)	435.32	417.97
Amortisation of Right-of-Use assets (refer note 4(a))	784.88	260.58
Amortisation of intangible assets (refer note 4(b))	511.97	585.59
<b>Total</b>	<b>1,732.17</b>	<b>1,264.14</b>

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	As at 31 March 2023	As at 31 March 2022
<b>5 Trade receivables</b>		
<b>Non current</b>		
Unsecured, considered good	150.02	221.31
Less: Allowance for doubtful trade receivables	-	-
	<b>150.02</b>	<b>221.31</b>

**Trade receivables ageing schedule as on 31 March 2023**

Particulars	Not Due	Less than 6 months	6 months to 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed trade receivables - considered good	150.02	-	-	-	-	-	150.02
<b>Total</b>	<b>150.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150.02</b>

**Trade receivables ageing schedule as on 31 March 2022**

Particulars	Not Due	Less than 6 months	6 months to 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed trade receivables - considered good	221.31	-	-	-	-	-	221.31
<b>Total</b>	<b>221.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221.31</b>

	As at 31 March 2023	As at 31 March 2022
<b>6 Non current financial assets</b>		
Unsecured considered good		
Security deposit (carried at amortised cost)	257.62	157.17
	<b>257.62</b>	<b>157.17</b>
<b>7 Inventories *</b>		
Raw materials		
Hardware and product component for IoT	108.27	188.93
	<b>108.27</b>	<b>188.93</b>

\* Inventories are carried at lower of cost and net realisable value.

<b>8 Trade receivables</b>		
<b>Current</b>		
(i) Billed receivables		
Undisputed trade receivables-considered good	5,658.88	3,334.02
Considered doubtful	689.37	461.90
Less: Allowance for doubtful trade receivables	(689.37)	(461.90)
<b>Total receivables - billed</b>	<b>5,658.88</b>	<b>3,334.02</b>
(ii) Trade receivables - Unbilled	1,630.64	797.37
<b>Total receivables (i+ii)</b>	<b>7,289.52</b>	<b>4,131.39</b>

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All amounts in ₹ lakhs

**Trade receivables ageing schedule as on 31 March 2023**

Particulars	Not Due	Less than 6 months	6 months to 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed trade receivables-considered good	3,452.53	1,345.61	54.01	-	284.94	521.78	5,658.88
Undisputed trade receivables-considered doubtful	-	-	78.22	112.48	397.10	101.58	689.37
	<b>3,452.53</b>	<b>1,345.61</b>	<b>132.23</b>	<b>112.48</b>	<b>682.04</b>	<b>623.36</b>	<b>6,348.25</b>
Less: Allowance for doubtful trade receivables							(689.37)
<b>Trade receivables - billed (net)</b>							<b>5,658.88</b>
Trade receivables - unbilled							1,630.64
<b>Total receivables</b>							<b>7,289.52</b>

**Trade receivables ageing schedule as on 31 March 2022**

Particulars	Not Due	Less than 6 months	6 months to 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed Trade receivables-considered good	2,359.61	38.32	29.11	271.72	283.34	351.92	3,334.02
Undisputed Trade receivables-considered doubtful	-	-	3.04	137.25	143.43	178.18	461.90
	<b>2,359.61</b>	<b>38.32</b>	<b>32.15</b>	<b>408.97</b>	<b>426.77</b>	<b>530.10</b>	<b>3,795.92</b>
Less: Allowance for doubtful trade receivables - Billed							(461.90)
<b>Trade receivables - billed (net)</b>							<b>3,334.02</b>
Trade receivables - unbilled							797.37
<b>Total receivables</b>							<b>4,131.39</b>

**As at  
31 March 2023**      **As at  
31 March 2022**

**9 (a) Cash and cash equivalents**

Balances with banks:  
- in current account

	206.78	648.18
	<b>206.78</b>	<b>648.18</b>

**9 (b) Other bank balances**

Margin money deposits with original maturities of less than 1 year (refer note i)  
Term deposits with Banks with original maturities of less than 1 year (refer note ii)  
Other deposits  
**Total Other bank balances**

	8.69	23.85
	1,104.98	-
	8.22	7.55
	<b>1,121.89</b>	<b>31.40</b>

(i) Balances held as margin money/security deposit represents the deposits lodged with banks against guarantees issued by them.

(ii) Balances held as collateral security against bank overdraft

**10 Other financial assets - current**

Unsecured, considered good  
Security deposits (gross)  
Less: Provision for doubtful deposit  
Security deposits (net)  
Interest accrued on deposits but not due

	994.81	1,027.86
	(264.48)	(264.48)
	730.33	763.38
	32.80	0.25
	<b>763.13</b>	<b>763.63</b>

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	As at 31 March 2023	As at 31 March 2022
<b>11 Current tax assets (net)</b>		
Balances with Government Authorities		
Tax Deducted at Source (TDS)	351.28	470.57
	<b>351.28</b>	<b>470.57</b>
<b>12 Other current assets</b>		
Unsecured, considered good		
Indirect tax recoverable	3.59	7.66
Advance to vendors	22.05	20.85
Prepaid expenses	190.54	165.53
	<b>216.20</b>	<b>194.04</b>
<b>13 Equity share capital</b>		
<b>Authorised share capital</b>		
282,755,000 (March 31, 2022: 282,755,000) equity shares of ₹ 2/- each	5,655.10	5,655.10
<b>Issued, subscribed and fully paid-up</b>		
166,566,789(March 31, 2022: 160,044,195) equity shares of ₹ 2/- each fully paid-up	3,331.34	3,200.88
Less: 197,470 (March 31, 2022: 197,470) equity shares of ₹ 2/- each fully paid-up issued to MosChip ESOP Trust.	(3.95)	(3.95)
<b>Adjusted: Issued, subscribed and fully paid-up</b>	<b>3,327.39</b>	<b>3,196.93</b>

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	160,044,195	3,200.88	157,991,402	3,159.83
Issued during the year				
On account of				
(i) Preferential issue	4,914,004	98.28	-	-
(ii) ESOPs	1,608,590	32.18	2,052,793	41.05
<b>Total</b>	<b>166,566,789</b>	<b>3,331.34</b>	<b>160,044,195</b>	<b>3,200.88</b>
Less: Equity shares of ₹ 2/- each fully paid-up issued to MosChip ESOP Trust.	197,470	3.95	197,470	3.95
<b>Adjusted : Issued, subscribed and paid up share capital</b>	<b>166,369,319</b>	<b>3,327.39</b>	<b>159,846,725</b>	<b>3,196.93</b>

**(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.

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All amounts in ₹ lakhs

- (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 2023		As at 31 March 2022	
	No. of equity shares	% of total shareholding #	No. of equity shares	% of total shareholding #
Mayuka Holdings Private Limited	84,839,942	50.93%	81,727,739	51.07%

# This percentage of holding is presented with reference to issued, subscribed and paid up

- (d) Changes in Promoters Shareholding during the year

Name of the Promoter	As at 31 March 2023			As at 31 March 2022		
	No. of equity shares	% holding	% of changes during the year	No. of equity shares	% holding	% of changes during the year
Mayuka Holdings Private Limited	84,839,942	50.93%	3.81%	81,727,739	51.07%	-
Mr. Rama Chandra Reddy Kadiri	6,575,864	3.95%	-	6,575,864	4.11%	-12%
Mrs. K. Pratibha Reddy	398	0.00%	-	398	0.00%	-
Mr. Damodar Rao Gummadapu	204,000	0.12%	-	204,000	0.13%	-

- (e) Of the above, 13,599,070 equity shares issued as fully paid for consideration other than cash in connection with acquisition of subsidiaries pursuant to scheme of arrangements in preceding 5 years.

	As at 31 March 2023	As at 31 March 2022
<b>14 Other equity</b>		
<b>a) Capital reserve</b>		
Balance at the beginning of the year	2,474.97	2,474.97
Closing balance	<u>2,474.97</u>	<u>2,474.97</u>
<b>b) Share Application Money pending Allotment</b>		
Balance at the beginning of the year	2.56	-
Add: Receipts on exercise of stock options	(2.02)	2.56
Closing balance	<u>0.54</u>	<u>2.56</u>
<b>c) Securities Premium</b>		
Balance at the beginning of the year	14,286.34	13,878.61
Transfer from share option outstanding account on exercise of stock options	129.76	102.92
Receipts on exercise of stock options	3,157.53	304.81
Closing balance	<u>17,573.63</u>	<u>14,286.34</u>
<b>d) Share option outstanding account</b>		
Balance at the beginning of the year	560.38	307.64
Add: Amortisation of Share based payment cost	998.82	355.66
Less: Transfer from share option outstanding account on exercise of stock options	(129.76)	(102.92)
Closing balance	<u>1,429.44</u>	<u>560.38</u>



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	As at 31 March 2023	As at 31 March 2022
<b>e) Retained earnings</b>		
Balance at the beginning of the year	(13,974.54)	(14,646.52)
Add: Reclassification of actuarial gain / loss to retained earnings	150.78	26.68
Add: Profit for the year	617.77	645.30
<b>Closing balance</b>	<b>(13,205.99)</b>	<b>(13,974.54)</b>
<b>f) Other comprehensive income</b>		
<b>(i) Remeasurement of the net defined benefit plans</b>		
Balance at the beginning of the year	(222.90)	(94.65)
Reclassification of actuarial gain / loss to retained earnings	(150.78)	(26.68)
Additions during the year	(150.78)	(101.57)
Closing balance	<b>(524.46)</b>	<b>(222.90)</b>
<b>(ii) Foreign currency translation reserve (FCTR)</b>		
Balance at the beginning of the year	214.68	218.16
Additions during the year	16.75	(3.48)
Closing balance	<b>231.43</b>	<b>214.68</b>
Total other equity (a)+(b)+( c)+(d)+( e)+(f)	<b>7,979.56</b>	<b>3,341.49</b>

**Description of reserves**

- (a) **Capital reserve:** This reserve was created towards the forfeiture of share warrants issued in earlier years.
- (b) **Share application money pending allotment:** Represents the amount of adjustments towards issue of employee stock options.
- (c) **Securities premium:** 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:** 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:** Represents previous years undistributed profits / losses.
- (f) **Other comprehensive income:** Represents the actuarial gain / (loss) recognised on defined benefit plans and will not be reclassified to retained earnings.

**15 Borrowings**

**Non current**

Measured at amortised cost

**Secured**

**Vehicle loans**

- From banks ( refer note i) 3.79 7.67

**Unsecured**

- From banks ( refer note ii) 166.50 136.80

- From holding company ( refer note iii) 1,239.37 -

**1,409.66** **144.47**

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- i Vehicle loans are secured by hypothecation of the vehicles financed through the loan arrangements. Such loans are repayable in equal monthly instalments over a period of 7 years commenced from May'17 and carry interest rate ranging between 9.4 % per annum.
- ii The bank has sanctioned ₹ 2.88 crores in FY2020-21 and ₹ 1.29 crores in FY 2022-23 loan in under the scheme of Guaranteed Emergency Credit Line (GECL) with interest rate of 8.25%, which will be paid over a period of 36 months since Aug'21 and Jul'24.
- iii Pursuant to the loan agreement, mutually agreed between Mayuka and the company, the loan of ₹1,900 amount was converted to 3,112,203 equity shares of ₹ 2/- with the premium of ₹59.02 and the balance amount will be repaid in 42 monthly instalments from Oct'22.

	As at 31 March 2023	As at 31 March 2022
<b>16 Non current lease liabilities</b>		
Lease liability (refer note 36)	2,187.78	637.87
	<u>2,187.78</u>	<u>637.87</u>
<b>17 Other financial liabilities</b>		
<b>Non Current</b>		
Royalty payable	80.00	375.84
	<u>80.00</u>	<u>375.84</u>
<b>18 Provisions</b>		
<b>Non-Current</b>		
(i) Provision for employee benefits		
- Gratuity (refer note 34)	656.39	432.12
- Compensated absences	272.13	182.17
(ii) Provision for Warranty	-	18.36
	<u>928.52</u>	<u>632.65</u>
<b>19 Current- Borrowings</b>		
Unsecured Borrowings		
Short-term borrowings		
Working capital loans		
- From banks (refer note i)	1,908.77	1,753.60
<b>Others</b>		
- From related parties (refer note 32)	-	3,850.95
- From banks (refer note ii)	-	38.25
<b>Current maturities of long term borrowings (refer note iii)</b>		
- From banks	103.82	96.56
- From holding Company	508.77	-
	<u>2,521.36</u>	<u>5,739.36</u>
<b>Note</b>		
i) The Group has obtained over draft facility from bank for an amount of Rs.20.00 crores, which is secured by charge on time deposit as collateral security.		
ii) During the current year unsecured capital expenditure loan from HDFC for an amount of ₹ 50 lakhs for the duration of 12 months is fully repaid.		
iii) Current maturities of long term loans refer note 15.		
<b>20 Current - Lease liabilities</b>		
Lease liability (refer note 36)	1,075.02	239.63
	<u>1,075.02</u>	<u>239.63</u>
<b>21 Trade payables</b>		
(a) total outstanding dues of micro and small enterprises (refer note 35)	54.50	-
(b) total outstanding dues other than (a) above	1,299.53	1,413.17
	<u>1,354.03</u>	<u>1,413.17</u>

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**Trade payable ageing schedule for the year ended 31 March 2023**

Particulars	Not Due	Less than 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
(i) MSME	54.50	-	-	-	-	54.50
(ii) Others	142.93	157.59	2.48	16.12	468.82	787.94
<b>Total</b>	<b>197.43</b>	<b>157.59</b>	<b>2.48</b>	<b>16.12</b>	<b>468.82</b>	<b>842.45</b>
Accrued expenses						511.58
<b>Total payables</b>						<b>1,354.03</b>

**Trade payable ageing schedule for the year ended 31 March 2022**

Particulars	Not Due	Less than 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	255.91	110.92	10.19	8.81	646.91	1,032.74
<b>Total</b>	<b>255.91</b>	<b>110.92</b>	<b>10.19</b>	<b>8.81</b>	<b>646.91</b>	<b>1,032.74</b>
Accrued expenses						380.43
<b>Total payables</b>						<b>1,413.17</b>

	As at 31 March 2023	As at 31 March 2022
<b>22 Other financial liabilities</b>		
Capital creditors	6.77	18.64
	<b>6.77</b>	<b>18.64</b>
<b>23 Other liabilities current</b>		
Statutory remittances	363.87	245.39
Revenue received in advance	2.80	5.35
	<b>366.67</b>	<b>250.74</b>
<b>24 Provisions current</b>		
Provision for employee benefits		
- Gratuity (refer note 34)	133.73	115.77
- Compensated absences	110.99	100.23
	<b>244.72</b>	<b>216.00</b>

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	Year ended 31 March 2023	Year ended 31 March 2022
<b>25 Revenue from operations</b>		
Semiconductor	17,079.21	13,036.15
Embedded	2,756.33	1,728.25
	<b>19,835.54</b>	<b>14,764.40</b>
<b>26 Other income</b>		
Interest on		
Bank deposits	34.10	2.87
Income-tax refund	22.95	4.81
Financial assets	38.10	37.88
Foreign exchange gain / (loss) (net)	181.79	40.56
Write back of liabilities	194.37	241.20
Loan waive off	-	180.89
Others	25.48	5.18
	<b>496.79</b>	<b>513.39</b>
<b>27 Raw material and operating Cost</b>		
<b>Raw material consumption</b>		
Opening balance	188.93	216.95
Add: Purchases during the year	68.12	187.60
Less: closing stock	108.27	188.93
	<b>148.78</b>	<b>215.62</b>
<b>Other operating expenses</b>		
Outsourcing Services	898.71	860.76
Software tools cost	473.92	370.34
	<b>1,521.41</b>	<b>1,446.72</b>
<b>28 Employee benefits expense</b>		
Salaries, wages and bonus	13,152.35	9,454.63
Contribution to provident and other funds	332.22	242.59
Share based payment to employees	998.03	355.47
Staff welfare expenses	241.91	175.44
	<b>14,724.51</b>	<b>10,228.13</b>
<b>29 Finance costs</b>		
Interest on		
Working capital loan	134.75	129.68
Other loans	475.82	667.14
Leased liabilities	145.97	54.64
Bank charges	15.83	9.04
	<b>772.37</b>	<b>860.50</b>

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	Year ended 31 March 2023	Year ended 31 March 2022
<b>30 Other expenses</b>		
Professional charges	196.26	75.09
Travelling and conveyance	145.71	57.23
Lease rentals (refer note 36)	54.49	93.74
Software expenses	51.63	22.31
Rent on equipment	42.81	58.97
Office maintenance	41.87	24.25
Rates and taxes	32.21	41.01
Communication expenses	26.25	25.12
Auditors remuneration (refer note below)	26.23	25.00
Subscription charges	24.69	23.64
Director sitting fee	20.10	12.45
Business promotion and advertisement expenses	18.67	11.75
Repairs and maintenance	9.10	11.36
Insurance	8.03	7.01
Power and fuel	6.77	8.55
Printing and stationery	4.81	2.79
Postage, telegram and telephone expenses	3.67	3.76
Security expenses	2.16	4.38
Allowances for Doubtful Receivables	234.27	58.50
Bad debts written off	8.23	0.99
Allowances for Doubtful deposits (net)	-	264.48
	<b>957.96</b>	<b>832.38</b>
<b>Remuneration to Auditors</b>		
Statutory audit fee	11.47	10.62
Tax audit fee	1.25	1.13
Other services (incl. limited reviews)	13.51	13.25
<b>Total</b>	<b>26.23</b>	<b>25.00</b>

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**31 Contingent liabilities and commitments**

Particulars	As at 31 March 2023	As at 31 March 2022
Contingent liabilities:		
- Bank guarantees issued	8.69	23.85
- Claims against the Company not acknowledged as debt (refer note below)	1,057.93	1,057.93

The Company disputed demand raised by income tax authorities for the Assessment Year 2019-20 which are pending Commissioner (Appeals). The aggregate amount of disputed tax not provided for is ₹ 1,057.93 (31 March 2022 - ₹ 1,057.93 ).

**32 Related party disclosures**

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

Name	Relation as on 31 March 2023
<b>Holding Company</b>	
Mayuka Holdings Private Limited	Holding company
<b>Directors and relatives*</b>	
Mr. Damodar Rao Gummadapu	Non-Executive Director
Mr. K Ramachandra Reddy **	Non-Executive Director
Mr. K.Pradeep Chandra	Independent Director
Mr. D.G.Prasad	Independent Director
Mr. Raja Praturi **	Independent Director
Mrs. Madhurika Nalluri Venkat	Independent Director
Mr. Rajeev Krishnamoorthy	Independent Director
Mrs. Asha Nimmagadda	Relative of KMP of Holding company
<b>Key Management Personnel and relatives *</b>	
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
<b>Others *</b>	
Smilax Corporate Services LLP	Common Director in Holding company
Techwave Infotech Private Limited	Director has significant influence
Techwave Holdings PTE LTD	Director has significant influence
* In terms of Para 18 of Ind AS 24, the above list represents only the Companies, directors, KMP's and relatives, who are having transactions with the Group.	
** Mr.K.Ram Chandra Reddy resigned effective from 1 May 2023 & Mr.Raja Praturi resigned effective from 12 July 2022	
The above related parties are identified as per the terms and meaning assigned in Ind AS 24 Related Party Disclosures.	

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>Loans repayment</b>		
Mayuka Holdings Private Limited	202.81	400.00
<b>Issue of equity shares</b>		
Mayuka Holdings Private Limited (Conversion of loan) *	1,900.00	-
Smilax Corporate Services LLP	1,100.00	-
<b>Interest expenses</b>		
Mrs. Asha Nimmagadda	62.70	90.00
Mayuka Holdings Private Limited	413.12	577.14
<b>Other expenses / (Income)</b>		
Techwave Infotech Private Limited	191.65	-
Techwave Holdings PTE LTD	0.37	-
<b>Transactions with Key Management Personal</b>		
Remuneration to Managing Director and CEO	320.00	224.00
Interest on loan given by Managing Director and CEO	-	4.40
Number of Stock Options Granted/outstanding to Managing Director and CEO	12.00	12.00
Remuneration to other Key Management Personal (including perquisite on exercise of ESOP options)	110.65	131.42
Number of Stock Options Granted/outstanding to other Key Management Personnel	8.91	3.63
* Pursuant to the loan agreement, mutually agreed between Mayuka and the company, the loan of ₹ 1,900 amount was converted to 3,112,203 equity shares of ₹ 2/- with the premium of ₹ 59.02 and the balance amount will be repaid in 42 monthly instalments from Oct'22.		

**c) Balances outstanding: (Payable) / Receivable**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>Trade and other payables</b>		
Techwave Infotech Private Limited	(300.00)	(492.64)
Techwave Holdings PTE LTD	-	(0.37)
<b>Loan &amp; Interest Payable</b>		
Mayuka Holdings Private Limited	(1,748.14)	(3,850.95)

**d) Terms and conditions of transactions with related parties:**

The transactions with related parties are made on terms equivalent to those that prevail at arm's length and in ordinary course of business. Outstanding balances at the year-end are unsecured.

**33 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 company's 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 consolidated 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

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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 2023 and 31 March 2022 is given below

**A Business Segment**

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Revenue</b>		
Semiconductor	17,079.21	13,036.15
Embedded	2,756.33	1,728.25
<b>Total</b>	<b>19,835.54</b>	<b>14,764.40</b>
<b>Direct cost</b>		
Semiconductor	11,569.59	8,534.22
Embedded	3,084.86	1,936.77
<b>Segment operational income</b>		
Semiconductor	5,509.62	4,501.93
Embedded	(328.53)	(208.52)
<b>Total operational income</b>	<b>5,181.09</b>	<b>4,293.41</b>
Other income	496.79	513.39
Un allocated expenses	(2,549.43)	(2,036.24)
Finance charges	(772.37)	(860.50)
Depreciation and amortisation expenses	(1,732.18)	(1,264.14)
<b>Profit before tax</b>	<b>623.90</b>	<b>645.92</b>
Tax expenses	6.13	0.62
<b>Profit after tax</b>	<b>617.77</b>	<b>645.30</b>

**Statement of Segment assets and segment liabilities**

	As at 31 March 2023	As at 31 March 2022
<b>Segment assets</b>		
Semiconductor	12,757.53	10,667.18
Embedded	3,452.14	3,916.20
Un allocable segment assets	5,271.81	1,623.41
<b>Total</b>	<b>21,481.48</b>	<b>16,206.79</b>
<b>Segment Liabilities</b>		
Semiconductor	701.98	882.70
Embedded	59.06	92.34
Un allocable segment Liabilities	9,413.49	8,693.33
<b>Total</b>	<b>10,174.53</b>	<b>9,668.37</b>
<b>Capital employed</b>	<b>11,306.95</b>	<b>6,538.42</b>



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**B. Secondary Segment information**

<b>1. Information regarding geographical revenue is as follows:</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
Within India	10,645.63	7,842.85
Outside India	9,189.91	6,921.55
<b>Total</b>	<b>19,835.54</b>	<b>14,764.40</b>
<b>2. Information regarding geographical non-current assets is as follows:</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Within India	11,268.28	9,527.18
Outside India	156.13	251.47
<b>Total</b>	<b>11,424.41</b>	<b>9,778.65</b>

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.

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

**i. Defined contribution plans**

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

The Group has recognized an expense in the Statement of Profit and Loss ₹ 180.89 ( 31 March 2022: ₹ 134.63) for Provident Fund contributions.

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**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.

Changes in Defined benefit obligation ('DBO') and planned assets recognized in the Balance Sheet are as under.

Particulars	As at 31 March 2023	As at 31 March 2022
Defined benefit obligation at the beginning of the year	570.21	417.17
Service cost	113.31	83.35
Interest cost	26.35	17.50
Benefits paid	(56.38)	(50.28)
Actuarial gain	152.09	102.47
<b>Defined benefit obligation at the end of the year</b>	<b>805.58</b>	<b>570.21</b>

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Change in Fair Value of Plan Assets</b>		
<b>Fair value of plan assets at the beginning of the year</b>	<b>22.32</b>	<b>6.11</b>
Employer Contributions	48.21	65.58
Interest income on Plan Assets	-	-
Actuarial (gain)/loss on plan assets	1.31	0.90
Benefits Paid	(56.38)	(50.27)
<b>Fair value of plan assets at the end of the year</b>	<b>15.46</b>	<b>22.32</b>
Present value of projected benefit obligation at the end of the year	805.58	570.21
Fair value of plan assets at the end of the year	15.46	22.32
<b>Net liability recognised in the balance sheet</b>	<b>790.12</b>	<b>547.89</b>
Non Current provision	656.39	432.12
Current provision	133.73	115.77

**Expenses recognised in statement of profit and loss**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Service cost	113.31	83.35
Interest cost (Incl. Interest on asset)	26.35	17.50
Expenses recognised in statement of profit and loss	<b>139.66</b>	<b>100.85</b>
<b>Gratuity cost</b>		
Actuarial gain / (loss) due to financial assumption changes	(87.66)	(10.71)
Actuarial gain / (loss) due to change in Demographic assumptions	58.83	
Actuarial gain / (loss) due to experience adjustments	180.92	113.18
Return on plan assets greater (less) than discount rate	(1.31)	(0.90)
<b>Total expenses routed through OCI</b>	<b>150.78</b>	<b>101.57</b>

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<b>Assumptions</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Discount rate	7.55%	5.35%
Future salary increases	7.00%	7.00%
Employee turnover		
Age Years		
21-30	15.00%	32.00%
31-40	23.00%	36.00%
41-50	19.00%	16.00%
51-59	24.00%	22.00%

**Sensitivity analysis**

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

<b>Particulars</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Effect of + 0.5% change in rate of discounting	-2.23%	-1.84%
Effect of - 0.5% change in rate of discounting	2.16%	1.91%
Effect of + 0.5% change in rate of salary increase	2.32%	1.70%
Effect of - 0.5% change in rate of salary increase	-2.11%	-1.67%

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.

The expected maturity analysis of undiscounted defined benefit obligation (Funded and Unfunded) is as follows:

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Within 1 year	149.18	138.09
Between 1 - 2 years	141.19	126.07
Between 2 - 3 years	130.61	97.54
Between 3 - 4 years	120.05	76.69
Between 4 - 5 years	107.36	58.51
Beyond 5 years	543.89	204.94

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**35 Dues to Micro, small and medium enterprises**

The disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) for dues to micro enterprises and small enterprises as at, March 31, 2023 and March 31, 2022 is as under:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Dues remaining unpaid to any supplier		
Principal amount remaining unpaid	54.50	-
Interest due thereon for the year	-	-
Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
Amount of interest accrued and remaining unpaid.	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006*	-	-

**36 Leases**

- a 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.

As a lessee, the Group determines 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. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

**b Lease expenses recognised in Profit and Loss statement**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Variable lease payments	-	-
Expenses relating to Short term Leases	54.49	93.74
Expenses relating to low value assets, excluding short term leases low value assets	-	-
	<b>54.49</b>	<b>93.74</b>

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**c The movement in lease liabilities is as follows:**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Balance at the beginning	877.50	-
Additions	2,994.32	1,092.86
Finance cost accrued during the year	145.97	54.64
Payment of lease liabilities	(754.99)	(270.00)
<b>Balance at the end</b>	<b>3,262.80</b>	<b>877.50</b>

**d The details of the contractual maturities of lease liabilities on an undiscounted basis are as follows:**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Less than one year	1,075.02	239.63
One to five years	2,187.78	637.87
<b>Total</b>	<b>3,262.80</b>	<b>877.50</b>

e The total Cash outflow for leases (excluding short term leases) for the year ended 31 March 2023 is ₹ 754.99 (31 March 2022: ₹ 270.00 )

**37 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 2023	Year ended 31 March 2022
Profit for the year	617.77	645.30
Profit attributable to equity share holders	617.77	645.30
Equity Shares outstanding as at the end of the year (in nos.)	166,566,789	160,044,195
Weighted average number of Equity Shares used as a denominator for calculating Basic Earnings Per Share	162,904,220	158,840,879
Add: Dilutive impact of employee stock options	11,749,763	8,881,974
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	174,653,983	167,722,853
Earnings per share of par value ₹ 2 – Basic (₹)	0.38	0.41
Earnings per share of par value ₹ 2 – Diluted (₹)	0.35	0.39

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**38 Employee stock option plans (ESOP)**

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 eight 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), MosChip Stock Option Plan 2018 and MosChip Stock Option Plan 2022 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, 10,000,000 and 10,000,000 equity shares respectively.

Out of above plans the Company has granted options during the year ended 31 March 2023 in Moschip Stock Option Plan 2008, Moschip Stock Option Plan 2005 (WOS) and Moschip Stock Option Plan 2018, Moschip Stock Option Plan 2022.

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:

For Year Ended 31 March 2023						
Particulars	Options outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the period	Options outstanding at the end of the year
MosChip Stock Option Plan 2008	1,055,089	156,500	76,250	285,872	-	849,467
Moschip Stock Option Plan 2005 (MI)	131,619	-	-	31,666	-	99,953
Moschip Stock Option Plan 2005 (WOS)	286,250	45,070	12,000	13,750	-	305,570
Moschip Stock Option Plan 2008 (ALR)	605,334	-	38,585	198,288	-	368,461
Moschip Stock Option Plan 2008 (Director)	1,000,000	-	-	-	-	1,000,000
MosChip Stock Option Plan 2018	7,920,449	1,866,975	1,303,233	1,079,014	-	7,405,177
MosChip Stock Option Plan 2022	-	6,768,092	346,420	-	-	6,421,672

Out of above plans the Company has granted options during the year ended 31 March 2022 in Moschip Stock Option Plan 2008, Moschip Stock Option Plan 2005 (WOS) and Moschip Stock Option Plan 2008 (ALR), Moschip Stock Option Plan 2018.

Options granted during the year

For Year Ended 31 March 2022						
Particulars	Options outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the period	Options outstanding at the end of the year
MosChip Stock Option Plan 2008	1,430,000	215,000	60,584	529,327	-	1,055,089
Moschip Stock Option Plan 2005 (MI)	400,000	-	-	268,381	-	131,619
Moschip Stock Option Plan 2005 (WOS)	25,000	295,000	15,000	18,750	-	286,250
Moschip Stock Option Plan 2008 (ALR)	950,000	244,500	197,501	391,665	-	605,334
Moschip Stock Option Plan 2008 (Director)	1,000,000	-	-	-	-	1,000,000
MosChip Stock Option Plan 2018	5,397,000	3,888,500	520,381	844,670	-	7,920,449

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During the year a reserve was made towards outstanding of ESOP's and Share based payment expenses for the year ended 31 March 2022 of ₹ 998.03 lakhs (31 March 2022 ₹ 355.47 lakhs ).

The Weighted average grant date fair value of the options granted during the years ended 31 March 2023 and 31 March 2022 was ₹ 77.77 and ₹ 65.72 per option respectively.

The weighted average share price at the date of exercise of options exercised during the years ended 31 March 2023 was ₹ 61.82 (31 March 2022 – ₹ 43.29) per share, respectively.

The aggregate intrinsic value of options exercised during the years ended 31 March 2023 and 31 March 2022 was ₹ 43.74 and ₹ 41.30, respectively.

Share options outstanding at the end of the year have the following expiry date and exercise prices as on 31 March 2023

Grant date	Vesting Period	Excise price	Share options	Weighted average remining useful life (months)
26-Oct-18	4 Years	18.00	1,280,000	-
20-Jul-20	3 Years	16.00	3,485,348	4
25-Jan-21	4 Years	16.00	300,000	22
27-Apr-21	4 Years	18.00	112,500	25
20-Jul-21	4 Years	24.00	1,406,125	28
20-Oct-21	4 Years	31.28	107,500	30
17-Jan-22	4 Years	40.00	1,370,000	34
28-Apr-22	4 Years	40.00	230,575	37
14-Jul-22	4 Years	40.00	447,010	40
25-Oct-22	4 Years	40.00	7,021,030	43
25-Jan-23	4 Years	40.00	690,212	46

Share options outstanding at the end of the year have the following expiry date and exercise prices as on 31 March 2022

Grant date	Vesting Period	Excise price	Share options	Weighted average remining useful life (months)
26-Oct-18	4 Years	18.00	1,570,000	6
20-Jul-20	3 Years	16.00	4,645,741	16
25-Jan-21	4 Years	16.00	400,000	34
27-Apr-21	4 Years	18.00	425,000	37
20-Jul-21	4 Years	24.00	2,093,000	40
20-Oct-21	4 Years	31.28	125,000	42
17-Jan-22	4 Years	40.00	1,740,000	46

**Valuation of stock options:**

The fair value of services received in return for stock options granted to employees is measured by reference to the fair value of stock options granted. The fair value of stock options granted under various schemes have been measured using the Black–Scholes–Merton model at the date of the grant.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of par value options granted, the expected term of an option (or "option life") is estimated based on the vesting term and contractual term, as well as the expected exercise behaviour of the employees receiving the option. In respect of fair market value options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of the Company's

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publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock-based compensation expense could be materially impacted in future years.

The estimated fair value of stock options is recognised in the statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards.

The model inputs for options granted during the year ended 31 March 2023 included:

Grant Date	Vesting Period	Expiry Date	Excise Price	Share Price at Grant date	Expected price volatility of the company's shares	Expected dividend yield	Risk free interest rate
26-Oct-18	4 Years	26-Oct-25	18.00	23.50	53%	-	8.04%
20-Jul-20	3 Years	20-Jul-26	16.00	14.80	55%	-	4.55%
25-Jan-21	4 Years	25-Jan-28	16.00	15.00	61%	-	4.58%
27-Apr-21	4 Years	27-Apr-28	18.00	30.85	60%	-	4.58%
20-Jul-21	4 Years	20-Jul-28	24.00	44.96	68%	-	4.58%
20-Oct-21	4 Years	20-Oct-28	31.28	47.55	66%	-	4.58%
17-Jan-22	4 Years	17-Jan-29	40.00	81.05	68%	-	5.21%
28-Apr-22	4 Years	28-Apr-29	40.00	62.60	66%	-	5.31%
14-Jul-22	4 Years	14-Jul-29	40.00	54.35	67%	-	5.37%
25-Oct-22	4 Years	25-Oct-29	40.00	67.50	58%	-	7.13%
25-Jan-23	4 Years	25-Jan-30	40.00	66.33	55%	-	7.06%

The model inputs for options granted during the year ended 31 March 2022 included:

Grant Date	Vesting Period	Expiry Date	Excise Price	Share Price at Grant date	Expected price volatility of the company's shares	Expected dividend yield	Risk free interest rate
26-Oct-18	4 Years	26-Oct-25	18.00	23.50	53%	-	8.04%
20-Jul-20	3 Years	20-Jul-26	16.00	14.80	55%	-	4.55%
25-Jan-21	4 Years	25-Jan-28	16.00	15.00	61%	-	4.58%
27-Apr-21	4 Years	27-Apr-28	18.00	30.85	60%	-	4.58%
20-Jul-21	4 Years	20-Jul-28	24.00	44.96	68%	-	4.58%
20-Oct-21	4 Years	20-Oct-28	31.28	47.55	66%	-	4.58%
17-Jan-22	4 Years	17-Jan-29	40.00	81.05	68%	-	5.21%

As of 31 March 2023 and 31 March 2022, there was ₹ 24.55 and ₹ 2,626.34 respectively of total unrecognised compensation cost related to unvested stock options this cost is expected to be recognised over a weighted average period of 28.73 months and 25.65 months, respectively.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED

All amounts in ₹ lakhs

### 39 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 analyse 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.

#### (a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2023 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	At Cost	Amortised cost	Total carrying value *
<b>Financial asset</b>					
Trade receivables - Non current	-	-	-	150.02	150.02
Other financial asset - Non current	-	-	-	257.62	257.62
Trade receivables - current	-	-	-	7,289.52	7,289.52
Cash and cash equivalents	-	-	-	206.78	206.78
Other bank balances	-	-	-	1,121.89	1,121.89
Other financial assets	-	-	-	763.13	763.13
<b>Total</b>	-	-	-	<b>9,788.96</b>	<b>9,788.96</b>
<b>Financial liabilities</b>					
Borrowings - long term	-	-	-	1,409.66	1,409.66
Lease liabilities - Non current	-	-	-	2,187.78	2,187.78
Other financial liabilities - Non current	-	-	-	80.00	80.00
Borrowings - short term	-	-	-	2,521.36	2,521.36
Lease liabilities - current	-	-	-	1,075.02	1,075.02
Trade payables	-	-	-	1,354.03	1,354.03
Other financial liabilities - Current	-	-	-	6.77	6.77
<b>Total</b>	-	-	-	<b>8,634.62</b>	<b>8,634.62</b>

The carrying value and fair value of financial instruments by categories as at March 31, 2022 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	At Cost	Amortised cost	Total carrying value *
<b>Financial asset</b>					
Trade receivables - Non current	-	-	-	221.31	221.31
Other financial asset - Non current	-	-	-	157.17	157.17
Trade receivables - Current	-	-	-	4,131.39	4,131.39
Cash and cash equivalents	-	-	-	648.18	648.18
Other bank balances	-	-	-	31.40	31.40
Other financial assets	-	-	-	763.63	763.63
<b>Total</b>	-	-	-	<b>5,953.08</b>	<b>5,953.08</b>
<b>Financial liabilities</b>					
Borrowings long term	-	-	-	144.47	144.47
Lease liabilities - Non current	-	-	-	637.87	637.87
Other financial liabilities - Non current	-	-	-	375.84	375.84
Borrowings short term	-	-	-	5,739.36	5,739.36
Current liabilities - Lease liabilities	-	-	-	239.63	239.63
Trade payables	-	-	-	1,413.17	1,413.17
Other financial liabilities - Current	-	-	-	18.64	18.64
<b>Total</b>	-	-	-	<b>8,568.98</b>	<b>8,568.98</b>

\*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.

**(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, 2023 and March 31, 2022. 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, 2023 and March 31, 2022.

**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 31 March 2023 would decrease/increase by ₹ 43.38 (31 March 2022: decrease/increase by ₹ 65.30 ). 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 ₹ 9,788.96 and ₹ 5,953.08 as of 31 March 2023 and 31 March 2022 respectively, being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, other balance with banks 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:

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All amounts in ₹ lakhs

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Balance at the beginning of the year</b>	461.90	403.26
Movement in the expected credit loss allowance on trade receivables and other financial assets:		
Provided during the year	234.27	58.50
Reversed/utilised during the year	(8.23)	-
Translation Adjustment	1.44	0.14
<b>Balance at the end of the year</b>	<b>689.37</b>	<b>461.90</b>

**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 36% 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 following are the details of contractual maturities of significant financial liabilities

	On demand	Less than 1 year	1-3 years	3 to 5 years	> 5 years	Total
<b>Year ended March 31, 2023</b>						
Borrowings - long term	-	-	1,397.64	12.02	-	1,409.66
Lease liabilities - non-current	-	-	2,063.03	124.75	-	2,187.78
Other financial liabilities - long term	-	80.00	-	-	-	80.00
Borrowings - short term	1,908.77	612.59	-	-	-	2,521.36
Lease liabilities	-	1,075.02	-	-	-	1,075.02
Trade payables	-	1,354.03	-	-	-	1,354.03
Other financial liabilities - current	-	6.77	-	-	-	6.77
<b>Year ended March 31, 2022</b>						
Borrowings - long term	-	104.88	39.59	-	-	144.47
Lease liabilities - non current	-	265.77	372.09	-	-	637.87
Other financial liabilities - long term	-	375.84	-	-	-	375.84
Borrowings - short term	5,604.55	134.81	-	-	-	5,739.36
Lease liabilities	-	239.63	-	-	-	239.63
Trade payables	-	1,413.17	-	-	-	1,413.17
Other financial liabilities - current	-	18.64	-	-	-	18.64

**40 Capital Management**

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio. For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

**NOTES FORMING PART OF THE  
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All amounts in ₹ lakhs

The capital structure as of March 31, 2023 and March 31, 2022 was as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Total equity attributable to the equity shareholders of the Company	11,306.95	6,538.42
As a percentage of total capital	74%	53%
Long term borrowings including current maturities	1,409.66	144.47
Short term borrowings	2,521.36	5,739.36
Total borrowings	3,931.02	5,883.83
As a percentage of total capital	26%	47%
Total capital (equity and borrowings)	15,237.97	12,422.25

**41 Goodwill**

Goodwill arising upon business combinations is not amortised but tested for impairment at least annually or more frequently if there is any indication that the cash generating unit to which goodwill is allocated is impaired.

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Gross carrying value</b>		
Opening balance	7,185.63	7,185.63
Adjustments on account of business combination	(295.83)	-
Disposals	-	-
<b>Closing balance</b>	<b>6,889.80</b>	<b>7,185.63</b>

For the purpose of impairment testing, goodwill is allocated to a cash generating unit, representing the lowest level within the Group at which goodwill is monitored for internal management purposes and which is not higher than the Group's operating segment.

The recoverable amounts of the above cash generating units have been assessed using a value-in-use model. Value-in-use is generally calculated as the net present value of the projected cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially, a discount rate is applied to calculate the net present value of the cash flows. Key assumptions upon which the Group has based its determinations of value-in-use include:

- 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.
- 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.
- A terminal value arrived at by extrapolating the last forecasted year cash flows to perpetuity, using a constant long-term growth rate. This long-term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.
- The after tax discount rates used are based on the Group's weighted average cost of capital.
- The after tax discount rates used for various cash generating units.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED

All amounts in ₹ lakhs

## 42. Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the years ended March 31, 2023 and March 31, 2022, respectively. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations		
- Time and material	15,246.36	13,025.42
- Fixed bid contracts	4,589.18	1,738.98
<b>Total Revenue</b>	<b>19,835.54</b>	<b>14,764.40</b>

## 43 Deferred tax asset / liability

As per Ind AS 12 Income tax - A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. However, the existence of unused tax losses is strong evidence that future taxable profit may not be available. Accordingly, no deferred tax has been created during the current year.

## 44 Acquisition details

Pursuant to Share Purchase Agreement ('SPA') dated 28 March 2023, the Company has proposed to acquire 100% of the issued capital of Softnaotics Inc for USD 17.25 million to be paid \$ 9.08 (52.6%) in Swap Shares and \$ 8.17 (47.4%) in cash over a period. The same was approved by the shareholders in their meeting held on 26 April 2023, the Company is awaiting for in-principle approval from BSE to complete the acquisition.

## 45 Additional regulatory information

### a. Details of benami property held

The Group does not hold any benami property as defined under the Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder. No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.

### b. Relationship with struck off Companies

The Group doesn't have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

### c. Revaluation of property, plant and equipment, intangible assets and investment property

The Group has not done revaluation of property, plant and equipment / intangible assets/ investment property.

### d. The Company has not been declared as wilful defaulter by any bank or financial institution or RBI or other lenders.

### e. Undisclosed income

The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the income Tax Act, 1961 (Such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**f. Details of crypto currency or virtual currency**

The Company has not traded or invested in crypto currency or virtual currency during the financial year.

**g. Registration of charges or satisfaction with registrar of companies**

The company does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period.

**h. Compliance with number of layers of companies**

The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017

**i. For ratios refer Note 49**

**46 Corporate Social Responsibility** - As per section 135 of the Companies Act 2013, The Group is not required to spend any amount towards CSR during the year ended 31 March 2023.

**47** The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

**48** 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.

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

**CONSOLIDATED**

All amounts in ₹ lakhs

**49 The following are analytical ratios for the year ended 31 March 2023 and 31 March 2022**

Particulars	Numerator	Denominator	Year ended 31-Mar-23	Year ended 31-Mar-22	Variance	Remarks
Current ratio: (no. of times)	Current assets	Current liabilities	1.81	0.82	121%	Note i
Debt – Equity Ratio (no. of times)	Total Debt (represents lease liabilities) <sup>(1)</sup>	Shareholder's Equity	0.64	1.03	-38%	Note ii
Debt service coverage ratio: (no. of times)	Earnings available for debt service <sup>(2)</sup>	Debt Service <sup>(3)</sup>	1.02	0.50	104%	Note iii
Return on Equity (ROE)	Net Profits after taxes	Average Shareholder's Equity	6.92%	10.91%	-37%	Note ii
Trade receivables turnover ratio	Revenue	Average Trade Receivable	3.36	3.63	-7%	
Trade payables turnover ratio	Purchases of services and other expenses	Average Trade Payables	1.79	1.33	35%	
Net capital turnover ratio	Revenue	Working Capital	4.42	-10.19	-143%	Note i
Net profit ratio	Net Profit	Revenue	3.11%	4.37%	-29%	Note iv
Return on capital employed (ROCE)	Earning before interest and taxes	Capital Employed <sup>(4)</sup>	30.47%	-244.31%	-112%	Note i & iii
Return on Investment(ROI) <sup>(5)</sup>	Income generated from investments	Time weighted average investments	NA	NA	NA	

- 1 Total Debts = Borrowings + Leased Liabilities
- 2 Earnings available for Debts Service = Net Profit after taxes + Non-cash operating expenses + Interest - Non-cash operating incomes
- 3 Debt Services = Borrowings + Leased Liabilities
- 4 Capital Employed = Tangible net worth + Lease Liabilities
- 5 Return on investments of the company "Not Applicable" as the company doesn't have traded investments

**Notes**

- i. Increase in current ratio is due to restructuring of loan
- ii. Decrease is due to conversion of loan to equity
- iii. Increase is due to restructuring of loan
- iv. Decline in net profit ratio is due to decrease in profit

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

**CONSOLIDATED**

All amounts in ₹ lakhs

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**50** Figures have been rounded off to nearest lakhs 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 Registration Number: 011410S

For and on behalf of the Board  
**MosChip Technologies Limited**

**Sreenivasa Rao T Mohite**  
Partner  
Membership No.:015635  
ICAI UDIN: 23015635BGYJKS3149

**Venkata Sudhakar Simhadri**  
Managing Director & CEO  
DIN : 01883241

**Damodar Rao Gummadapu**  
Director  
DIN : 07027779

**Jayaram Susarla**  
Chief Financial Officer

**Suresh Bachalakura**  
Company Secretary  
M. No:ACS 39381

Place: Hyderabad  
Date: 24 May 2023

Place: Hyderabad  
Date: 24 May 2023



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

**CONSOLIDATED**

All amounts in ₹ lakhs

**Annexure A**

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

Name of the entity	Net Assets, i.e., total assets minus total liabilities				Share in profit or loss				Share in other comprehensive income				Share in Total comprehensive income			
	FY 2022-2023		FY 2021-2022		FY 2022-2023		FY 2021-2022		FY 2022-2023		FY 2021-2022		FY 2022-2023		FY 2021-2022	
	As % of consoli- dated Net Assets	Amount in Rs.	As % of consoli- dated 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 other 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	
<b>Parent Company</b>																
MosChip Technologies Ltd	106.21%	12,008.89	112.38%	7,347.89	85.30%	526.99	83.23%	537.10	11.2%	150.78	97%	101.57	77.77%	376.21	80.62%	435.53
<b>Subsidiaries</b>																
<b>Indian</b>																
MosChip Institute of Silicon Systems Private Limited	-1.53%	(173.44)	-1.51%	(98.58)	-12.12%	(74.86)	-5.52%	(35.62)	-	-	-	-	-15.48%	(74.86)	-6.59%	(35.62)
<b>Foreign</b>																
MosChip Technologies, USA	4.41%	498.78	1.22%	79.69	65.13%	402.36	58.70%	378.77	-1.2%	(16.75)	3%	3.48	86.64%	419.11	69.47%	375.29
MosChip Technologies, WILL	0.00%	0.37	0.00%	-	-0.29%	(1.80)	-	-	-	-	-	-	-0.37%	(1.80)	-	-
Adjustment arising out of consolidation	-9.09%	(1,027.65)	-12.09%	(790.58)	-38.03%	(234.92)	-36.41%	(234.95)	0%	-	0%	-	-48.56%	(234.92)	-43.49%	(234.95)
<b>Total</b>	<b>100%</b>	<b>11,306.95</b>	<b>100%</b>	<b>6,538.42</b>	<b>100%</b>	<b>617.77</b>	<b>100%</b>	<b>645.30</b>	<b>100%</b>	<b>134.03</b>	<b>100%</b>	<b>105.05</b>	<b>100%</b>	<b>483.74</b>	<b>100%</b>	<b>540.25</b>

**INDEPENDENT  
AUDITOR'S REPORT**

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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 31 March, 2023, 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 forming part of 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 31 March, 2023 and its profit, total 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 ethical 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><b>1. Revenue Recognition</b></p> <p>Revenue of the company is mainly from information Technology services comprising software development, consulting, and related services. Revenue from these contracts are recognised over a period of time in accordance with the requirements of Ind AS 115, Revenue from contracts with customers.</p> <p>Due to nature of contracts, revenue recognition involves usage of percentage of completion method, which is determined by survey of work performed, which involves significant judgements, identification of contractual obligations and the company's right to receive payments for performance completed till date, change in scope and the consequential revised price contract price and recognition of the liability for loss making contract/onerous obligations.</p> <p>Accordingly, revenue recognition involves aforesaid significant judgement and estimation. Hence, we determine this to be a key audit matter.</p> <p>Refer note 2.11 to the Standalone Financial Statements.</p>	<p>Our audit procedures included specific evaluation of compliance with requirements of Ind AS 115, "Revenue from Contracts with Customers" including:</p> <ul style="list-style-type: none"> <li>◆ Obtaining an understanding of the company's process and controls for revenue recognition process.</li> <li>◆ Evaluation of key controls around such process and tested those controls for the operating effectiveness.</li> <li>◆ We also carried out a combination of procedures involving enquiry and observation, and inspection of evidence in respect of operation of these controls.</li> <li>◆ Performed test of details, on a sample basis including: <ul style="list-style-type: none"> <li>● Obtaining and reading contract documents, including master service agreements, and other documents that were part of the agreement.</li> <li>● Analysed and identified the distinct performance obligations in the contracts.</li> <li>● Compared the performance obligations with those identified and recorded by the Company.</li> <li>● Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used for recording revenue.</li> <li>● Performed analytical audit procedures for appropriateness of revenue disclosed by type.</li> <li>● Assessed the disclosures made in the financial statements as per Ind AS 115.</li> </ul> </li> </ul>
<p><b>2. Goodwill on business acquisition:</b></p> <p>As detailed in the Note 41 to the Standalone Financial Statements the company carries a Goodwill of Rs. 5,215.16 lakhs as at 31 March, 2023.</p> <p>This Goodwill was recognised on acquisitions over a period, in terms of Ind AS 103 Business Combinations. The Carrying values of the Goodwill are based on the present value of future cash inflows and there exists a risk of impairment if cash flows are not in line with projections.</p> <p>As per Ind AS 36, 'Impairment of Assets', the goodwill acquired in business combination shall be tested annually for impairment. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units (CGU) or groups of cash-generating units,</p>	<p>We carried out the following audit procedures:</p> <ul style="list-style-type: none"> <li>● Evaluated the design and tested the operating effectiveness of the Company's controls in assessing the recoverable value of goodwill.</li> <li>● Assessed the Company's methodology applied in determining the CGUs to which these assets are allocated.</li> <li>● Tested the estimated recoverable value of these assets and assessed the methodologies used by management in deriving the recoverable value and tested the significant assumptions and the underlying data used by the Company in its analysis.</li> <li>● Compared the significant assumptions to current industry, market and economic trends, relate Company's historical data.</li> <li>● Performed sensitivity analysis of the significant assumptions to evaluate the potential change in the recoverable values of these assets resulting from hypothetical changes in underlying assumptions.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	Auditor's Response
<p>that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Valuation of goodwill subject to management assessment of recoverable amount being higher of (i) fair value less costs to sell and (ii) value in use, involving significant judgement and are based on number of variables and estimates including projection of future sales, operating costs and profit margins; appropriate discount rate and terminal value growth rate; and probability of success in applying discounted cashflow valuation methodology.</p> <p>The assessment of impairment involves significant degree of management judgements and estimates.</p> <p>The management has concluded that the recoverable amount of CGU is higher than its carrying amount and accordingly, no impairment provisions has been recorded as at 31 March 2023. Considering the materiality of the amount involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation. Accordingly we determined impairment of such goodwill arising from business combination as Key Audit Matter for the current year audit.</p>	<ul style="list-style-type: none"> <li>Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the Standalone Financial Statements.</li> </ul>

### 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 and sustainable Report, Corporate Governance and Shareholder's information, but does not include the consolidated financial statements and 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.

### Responsibility of Management and those charged with Governance for the Standalone Financial Statement

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

## INDEPENDENT AUDITOR'S REPORT

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financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standard ('Ind AS') and other accounting principle 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 and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility 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.
- 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 Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning

## INDEPENDENT AUDITOR'S REPORT

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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, 2020 ('the Order') issued by the Central Government of India in terms of sub-section(11) of Section 143 of the Act, we give in 'Annexure-B' a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 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.
  - 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 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference standalone financial statements of the Company 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 the operating effectiveness of the company's internal financial controls with reference to Standalone Financial Statements.
  - g. With respect to other matters to be included in the Auditors Report in accordance with requirements of section 197(6) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the company to its director's during the year is with in the limits prescribed as per the provisions of section 197 of the Act.
  - h. 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

**INDEPENDENT  
AUDITOR'S REPORT**

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financial statements. Refer note.32 to the Standalone Financial Statements.

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts (including derivative contracts).
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
- iv.
  - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. No dividend is declared or paid during the year by the company and accordingly, compliance with section 123 of the Act is not applicable to the company.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**For ST Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**

*Partner*

Membership No.:015635

ICAI UDIN: 23015635BGYJKT2496

Place: Hyderabad  
Date: 24 May 2023

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## **Annexure A 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 2023 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 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 over to 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 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 over financial reporting.

### **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



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and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For ST Mohite & Co**  
Chartered Accountants  
ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**  
*Partner*  
Membership No.:015635  
ICAI UDIN: 23015635BGYJKT2496

Place: Hyderabad  
Date: 24 May 2023

## INDEPENDENT AUDITOR'S REPORT

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### Annexure 'B' to the Independent Auditors' Report

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

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's property, plant and equipment, right-of-use assets and intangible assets:
  - (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The Company has a regular program of physical verification of its Property, Plant and Equipment, and right-of-use assets so to cover all the 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.
  - (c) The Company is not holding any immovable properties (Other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee).Accordingly clause 3(i)(c) of the Order is not applicable to the Company for the year under review.
  - (d) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
  - (e) According to the information and explanation given to us and on the basis of our examination of the records of the Company, there are no Proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988(as amended in 2016) and rules made thereunder.
- ii. (a) The inventories have 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.  
(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned working capital limits in excess of ` 5 crores, in aggregate, at any points of time during the year, from banks or financial institutions.The Company availed only Overdraft facility on the basis of security of partly third-party collateral of fixed deposits and not of other current assets of the company and without obligation to submit quarterly returns or statements. Accordingly reporting under clause 3(ii)(b) of the Order is not applicable.  
Also refer Note 2 0 to standalone financial statements.
- iii. (a) The Company has, during the year, made investments in one wholly owned subsidiaries and gave an unsecured loan to one wholly subsidiary company. The aggregate amount granted during the year and balances outstanding at the balance sheet date with respect to such loan to subsidiaries and to parties other than subsidiaries Joint ventures and associates are as per the details given below:

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Particulars	Loans Rs. in Lakhs
Aggregate amount granted during the year.	
-Subsidiaries	570.68
-Others	-
Balance outstanding as at balance sheet date in respect of above cases:	
-Subsidiaries	247.38
-Others	-

The Company has not provided any corporate guarantee or offered security during the year.

The above amounts are included in note 13 and 33 to the standalone financial statements.

- (b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
- (c) In respect of aforesaid loans, the terms and conditions under which loans were granted are not prejudicial to the company's interest, based on the information and explanation provided by the Company. In respect of loan granted by the Company, the schedule of repayment of principal is not stipulated and payment of interest has been stipulated and receipts of interest have generally been regular as per stipulation.
- (d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date for more than 90 days.
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
- (f) The details of loan granted, either repayable on demand or without specifying any term of repayment, are given below:

Particulars	All Parties ₹	Promoters ₹	Related Parties ₹
Repayable on demand	-	-	-
No items or repayments terms are specified	-	-	147.53
<b>Total</b>	-	-	<b>147.53</b>
Percentage of the total loans granted			100%

The above loan is included in note 13 and 33 to the standalone financial statements.

- iv. In our opinion and according to the information and explanation given to us, the Company has complied the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made as applicable.
- v. The Company has not accepted any deposits or amounts during the year as per provisions of Section 73 or 76 of the Act and relevant Rules framed thereunder. Accordingly, the clause 3 (v) of the Order are not applicable to the Company for the year under review.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

## INDEPENDENT AUDITOR'S REPORT

vii. In respect of statutory dues:

- (a) According to the information and explanation given to us by the Company and records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March 2023 on account of disputes are given below:

Nature of Statue	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (₹ in lakhs)
The Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	AY 2019-20	1,057.93

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961(43 of 1961).

- ix. (a) According to the information and explanation given to us by the Company and records of the Company examined by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year. Accordingly, Clause 3(ix) of the order is not applicable.
- (b) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not obtained any term loans. Accordingly reporting under clause 3(ix)(c) of the Order is not applicable to the company for the period under review.
- (d) According to the information and explanation given to us by the Company and based on the procedures performed by us and on overall examination of Standalone Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purpose of the Company.
- (e) According to the information and explanation given to us by the Company and on overall examination of Standalone Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associate or Joint ventures.
- (f) According to the information and explanation given to us by the Company and based on the procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has made preferential allotment 49,14,004 equity shares (fully paid) and also 16,08,590 equity shares to employees as part of ESOP scheme, and the company has complied with requirements of section 42 and 62 of the Companies Act, 2013 and the funds have been used for the purpose for which they were raised.

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- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us. The company has not received any whistle blower complaints during the year. Accordingly, Clause 3(xi)(c) of the Order is not applicable.
- xii. The company is not a Nidhi Company as prescribed under Section 406 of the Act and Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. In our opinion, and according to the information given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and according to the information given to us, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit report for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedure.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding the financials year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year. Accordingly reporting under clause 3(xviii) is not applicable to the Company.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any

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AUDITOR'S REPORT**

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guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. According to the information and explanation given to us by the Company and on verification the provisions of section 135 (Corporate Social Responsibility) of the Act, are not applicable to the company for the period under review. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year under review.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For ST Mohite & Co**  
Chartered Accountants  
ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**  
*Partner*  
Membership No.:015635  
ICAI UDIN: 23015635BGYJKT2496

Place: Hyderabad  
Date: 24 May 2023

## STANDALONE BALANCE SHEET

All amounts in ₹ lakhs

PARTICULARS	Notes	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	608.78	515.78
Right-of-use assets	4(a)	2,537.50	846.89
Goodwill	41	5,215.16	5,511.00
Other intangible assets	4(b)	76.40	217.77
Financial assets			
Investments	5	2,822.71	2,820.53
Trade receivables	6	150.02	221.31
Others	7	211.88	154.40
<b>Total non-current assets</b>		<b>11,622.45</b>	<b>10,287.68</b>
<b>Current assets</b>			
Inventories	8	108.27	188.93
Financial assets			
Trade receivables	9	6,827.82	4,703.59
Cash and cash equivalents	10 (a)	24.19	38.00
Other bank balances	10 (b)	1,113.67	23.85
Other financial assets	11	763.12	748.03
Current tax assets (net)	12	344.11	470.57
Other current assets	13	425.20	285.87
<b>Total current assets</b>		<b>9,606.38</b>	<b>6,458.84</b>
<b>Total assets</b>		<b>21,228.83</b>	<b>16,746.52</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	3,327.39	3,196.93
Other equity	15	8,681.50	4,150.96
<b>Total equity</b>		<b>12,008.89</b>	<b>7,347.89</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	16	1,409.66	144.47
Lease liabilities	17	1,838.34	637.87
Other financial liabilities	18	80.00	375.84
Provisions	19	849.03	572.59
<b>Total non-current liabilities</b>		<b>4,177.03</b>	<b>1,730.77</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	20	2,521.36	5,739.36
Lease liabilities	21	850.54	239.63
Trade payables	22		
(a) total outstanding dues of micro and small enterprises		48.52	-
(b) total outstanding dues other than (a) above		1,011.90	1,211.55
Other financial liabilities	23	6.77	18.58
Other current liabilities	24	359.10	242.74
Provisions	25	244.72	216.00
<b>Total current liabilities</b>		<b>5,042.91</b>	<b>7,667.86</b>
<b>Total liabilities</b>		<b>9,219.94</b>	<b>9,398.63</b>
<b>Total equity and liabilities</b>		<b>21,228.83</b>	<b>16,746.52</b>
Corporate information and Significant accounting policies	1 & 2		

See accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for **ST Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

For and on behalf of the Board

**MosChip Technologies Limited****Sreenivasa Rao T Mohite**

Partner

Membership No.:015635

ICAI UDIN: 23015635BGYJKT2496

**Venkata Sudhakar Simhadri**

Managing Director &amp; CEO

DIN : 01883241

**Jayaram Susarla**

Chief Financial Officer

**Damodar Rao Gummadapu**

Director

DIN : 07027779

**Suresh Bachalakura**

Company Secretary

M. No:ACS 39381

Place: Hyderabad  
Date: 24 May 2023Place: Hyderabad  
Date: 24 May 2023

**STANDALONE STATEMENT OF PROFIT AND LOSS**

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

PARTICULARS	Notes	Year ended 31 March 2023	Year ended 31 March 2022
<b>I Income</b>			
Revenue from operations	26	17,120.28	12,070.32
Other income	27	445.62	213.33
<b>Total income</b>		<b>17,565.90</b>	<b>12,283.65</b>
<b>II Expenses</b>			
Raw material and operating cost	28	1,357.76	759.74
Employee benefits expenses	29	13,114.89	8,590.31
Depreciation and amortisation expenses	4(c)	1,163.92	889.35
Finance costs	30	742.29	842.86
Other expenses	31	660.05	664.29
<b>Total expenses</b>		<b>17,038.91</b>	<b>11,746.55</b>
<b>III Profit before tax ( I - II )</b>		<b>526.99</b>	<b>537.10</b>
<b>VI Tax expense</b>			
Current tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>V Profit after tax ( III - VI )</b>		<b>526.99</b>	<b>537.10</b>
<b>VI Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit liabilities - (gain) / loss	35	150.78	101.57
<b>Total other comprehensive loss</b>		<b>150.78</b>	<b>101.57</b>
<b>VII Total comprehensive income for the year ( V - VI )</b>		<b>376.21</b>	<b>435.53</b>
<b>Earnings per equity share (nominal value of ₹ 2) in ₹</b>	38		
Basic		0.32	0.34
Diluted		0.30	0.32
Corporate information and Significant accounting policies	1 & 2		

See accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For and on behalf of the Board

**for ST Mohite & Co****MosChip Technologies Limited**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite***Partner*

Membership No.:015635

ICAI UDIN: 23015635BGYJKT2496

**Venkata Sudhakar Simhadri**

Managing Director &amp; CEO

DIN : 01883241

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Director

DIN : 07027779

**Jayaram Susarla**

Chief Financial Officer

**Suresh Bachalakura**

Company Secretary

M. No:ACS 39381

Place: Hyderabad

Date: 24 May 2023

Place: Hyderabad

Date: 24 May 2023



## STANDALONE STATEMENT OF CASH FLOW

All amounts in ₹ lakhs

	Year ended 31 March 2023	Year ended 31 March 2022
<b>A Cash flow from operating activities</b>		
Profit before tax	526.99	537.10
Adjustments for:		
Depreciation and amortisation expenses	1,163.92	889.35
Interest income	(70.06)	(7.68)
Write back of liabilities	(192.02)	(128.21)
Finance costs	742.29	842.86
Allowances for doubtful receivables and bad debts written off (net)	151.09	50.57
Allowances for doubtful deposits (net)	-	264.48
Unrealized exchange (gain)/ loss (net)	36.93	(15.85)
Amortisation of share based payment cost	959.49	334.39
Provision for employee benefits	252.69	175.83
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(2,240.96)	(849.56)
(Increase)/ decrease in inventories	80.66	28.02
(Increase)/ decrease in financial asset	17.45	(166.41)
(Increase)/ decrease in other current assets	(139.33)	121.37
Increase/ (decrease) in financial liabilities	(11.81)	(4.94)
Increase/ (decrease) in provisions	52.47	(88.65)
Increase/ (decrease) in trade payable	(73.60)	(398.55)
Increase/ (decrease) in current liabilities	116.36	(413.99)
<b>Cash generated from / (used in) operating activities before taxes</b>	<b>1,372.56</b>	<b>1,170.13</b>
Income tax paid (net)	126.46	(23.89)
<b>Net cash flows from / (used in ) operating activities (A)</b>	<b>1,499.02</b>	<b>1,146.24</b>
<b>B Cash flow from investing activities</b>		
Capital expenditure on Purchase of property, plant and equipment	(502.40)	(350.08)
Purchase of other intangible assets		(78.84)
Investment in subsidiary	(2.18)	-
Payment of security deposit	(91.28)	(154.40)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(1,108.68)	(6.25)
Redemption of deposits with banks	18.86	11.07
Interest received	37.52	7.68
<b>Net cash flows used in investing activities (B)</b>	<b>(1,648.16)</b>	<b>(570.82)</b>
<b>C Cash flow from financing activities</b>		
Shares issued on exercise of employee stock options	289.39	348.43
Shares issued on preferential basis	1,100.00	-
Proceeds / (repayment) from short term borrowings ( net )	(52.80)	(60.91)
Repayment of lease liabilities	(458.97)	(215.36)
Finance cost paid	(742.29)	(842.85)
<b>Net cash flows from/ (used in) financing activities (C)</b>	<b>135.33</b>	<b>(770.69)</b>
<b>Net (Decrease) / increase in cash and cash equivalents during the year (A+B+C)</b>	<b>(13.81)</b>	<b>(195.27)</b>
Cash and cash equivalents at the beginning of the year	38.00	210.88
Increase in cash and cash equivalents on amalgamation	-	22.39
<b>Cash and cash equivalents at the end of the year (refer note10 (a))</b>	<b>24.19</b>	<b>38.00</b>
Cash flow statement has been prepared as per indirect method set out in IND AS 7, statement of cash flow		
Corporate information and Significant accounting policies 1 & 2		

See accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for **ST Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

For and on behalf of the Board

**MosChip Technologies Limited****Sreenivasa Rao T Mohite**

Partner

Membership No.:015635

ICAI UDIN: 23015635BGYJKT2496

**Venkata Sudhakar Simhadri**

Managing Director &amp; CEO

DIN : 01883241

**Jayaram Susarla**

Chief Financial Officer

**Damodar Rao Gummadapu**

Director

DIN : 07027779

**Suresh Bachalakura**

Company Secretary

M. No:ACS 39381

Place: Hyderabad

Date: 24 May 2023

Place: Hyderabad

Date: 24 May 2023

**STANDALONE STATEMENT OF CHNGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

**STANDALONE**

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

**a. Equity share capital**

As at 1 April 2021		Change in equity share capital during the year		As at 31 March 2022	
No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
157,793,932	3,155.88	2,052,793	41.05	159,846,725	3,196.93
As at 1 April 2022		Change in equity share capital during the year		As at 31 March 2023	
No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
159,846,725	3,196.93	6,522,594	130.46	166,369,319	3,327.39

**b. Other equity**

Particulars	Share application money pending allotment	Reserves and surplus			Other comprehensive income	Total
		Capital reserve	Securities Premium	Share option outstanding account		
Balance as at 1 April 2021	-	1,086.90	13,878.61	307.64	(9,648.07)	5,503.75
Loss from amalgamated company	-	-	-	-	(2,451.35)	(2,451.35)
Profit for the year	-	-	-	-	537.10	537.10
Other comprehensive income (net)	-	-	-	-	(101.57)	(101.57)
<b>Total comprehensive income for the year</b>	2.56	-	-	-	(1,914.25)	(2,015.82)
Shares issued on exercise of employee stock options	-	-	304.81	-	-	304.81
Transfer from share option outstanding account on exercise of stock options	-	-	102.92	(102.92)	-	-
Amortised amount of share based payments to employees (net)	-	-	-	355.66	-	355.66
<b>Balance as at 31 March 2022</b>	2.56	1,086.90	14,286.34	560.38	(11,562.32)	4,150.96
Profit for the year	-	-	-	-	526.99	526.99
Other comprehensive income (net)	-	-	-	-	(150.78)	(150.78)
<b>Total comprehensive income for the year</b>	-	-	-	-	526.99	376.21
Shares issued on exercise of employee stock options	(2.02)	-	3,157.53	-	-	3,155.51
Transfer from share option outstanding account on exercise of stock options	-	-	129.76	(129.76)	-	-
Amortised amount of share based payments to employees (net)	-	-	-	998.82	-	998.82
<b>Balance as at 31 March 2023</b>	0.54	1,086.90	17,573.63	1,429.44	(11,035.33)	8,681.50

See accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

**for ST Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 0114105

For and on behalf of the Board

**MosChip Technologies Limited**

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

ICAI UDIN: 23015635BGYJKT2496

**Venkata Sudhakar Simhadri**

Managing Director & CEO

DIN : 01883241

**Jayaram Susarla**

Chief Financial Officer

Place: Hyderabad

Date: 24 May 2023

**Damodar Rao Gummadapu**

Director

DIN : 07027779

**Suresh Bachalakura**

Company Secretary

M. No.ACS 39381

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

STANDALONE

All amounts in ₹ lakhs

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## 1 Corporate Information

MosChip Technologies Limited ('the Company') was incorporated in 1999 as a private limited company under the Companies Act, 1956 and 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. As on 31 March 2023, Mayuka Holdings Private Limited is the 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 31 March 2023 were approved by the Board of Directors and authorised for issue on 24 May 2023.

## 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.

### 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.

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

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

**2.4 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.

*(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, which 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 Company's 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.

## **2.5 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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## STANDALONE

All amounts in ₹ lakhs

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 ready / available for use as at each reporting date is disclosed under capital work in progress.

### Depreciation

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 (in years)
Mask tools	5
Lab equipment	5
Plant and machinery	5
Furniture and fixtures	10
Office equipment	5
Computers	3
Vehicles	10
Other Intangible assets	3 - 5 years

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.

The estimated useful life and residual values of Property, plant & equipment and intangible assets are reviewed at the end of each reporting period.

Assets acquired under leasehold improvements are amortized over the shorter of estimated useful life of the asset or the 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

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease

term at the lease commencement date. The cost of the right-of-use asset (ROU) measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the remeasurement of lease liability as an adjustment to the right-of-use asset (ROU). Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

## **2.7 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 Company. 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 standalone statement of profit or loss.

## **2.8 Goodwill and intangible assets**

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.



Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

## **2.9 Impairment of assets**

### **(i) Financial assets**

The Company 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 Company 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**

### **Raw material:**

Raw material are valued at lower of cost or net realizable value. Cost is determined on weighted average method.

### **Finished goods:**

Finished goods are valued at the lower of the cost or net realisable value. Cost is determined on weighted average method.

### **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**

### **Revenue from operations**

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

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

- (i) Revenue from time and material and job contracts is recognised on the basis of time spent, efforts expended.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) Contract liability (unearned revenue) is recognised when there is billings in excess of revenues.
- (viii) The amount recognized as a warranty provision is based on the estimated costs that the company expects to incur to fulfil its warranty obligations. The provision is measured at its best estimate, which considers factors such as historical warranty claims, repair or replacement costs, and the experience of similar products. If the warranty costs are expected to be incurred beyond one year, the provision may be discounted to reflect the time value of money.

### **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.

### **2.12 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.

### **2.13 Financial instruments**

Financial assets and liabilities are recognised when the Company 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.

#### **(i) Non-derivative financial instruments:**

##### ***Cash and cash equivalents***

The Company 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 Company 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 Company, 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.

##### ***Investment in subsidiaries***

Investment in subsidiaries is carried at cost less impairment as per Ind AS 27 Standalone and Separate Financial Statements.

##### ***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) Derecognition of financial instruments**

The Company 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 Company retains substantially all the risk and rewards of transferred financial assets, the Company continues to recognize the financial asset and also recognizes the borrowing for the proceeds received.

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

**(iii) Financial guarantee contracts**

Financial guarantee contracts issued by the Company 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.

**2.14 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 Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

**c Compensated absences:**

The Company provides for compensated absences and long term service awards subject to Company'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 Standalone statement of profit and loss in the period in which they occur.

**d Other short-term employee benefits / bonus**

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

## **2.15 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 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.

## **2.16 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 Company's estimate of equity instruments that will eventually vest.

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

## **2.17 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).

## **2.18 Provisions, contingent liabilities & contingent assets**

A provision is recognized when the Company 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.

### **2.19 Recent pronouncements**

The Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, the MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below :

- (i) *Ind AS 1, Presentation of Financial Statements* – The amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Group's financial statements.
- (ii) *Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors* – The amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its standalone financial statements.
- (iii) *Ind AS 12, Income Taxes* – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its standalone financial statements.
  - (a) right-of-use assets and lease liabilities
  - (b) decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.

Therefore, if a company has not yet recognised deferred tax on right-of-use assets and lease liabilities or has recognised deferred tax on net basis, the same need to recognize on gross basis based on the carrying amount of right-of-use assets and lease liabilities

- (iv) *Ind AS 103 – Common control Business Combination* - The amendments modify the disclosure requirement for business combination under common control in the first financial statement following the business combination. It requires to disclose the date on which the transferee obtains control of the transferor is required to be disclosed.

### **Maintenance of Books of Accounts under Section 128 of the Companies Act, 2013**

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

**NOTES FORMING PART OF THE  
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**STANDALONE**

All amounts in ₹ lakhs

**Property, plant and equipment**

Particulars	Mask Tools	Lab Equipment	Plant and Machinery	Furniture and fixtures	Office Equipment	Computers	Vehicles	Total Tangible Assets
<b>Cost</b>								
<b>Balance at 1 April 2021</b>	<b>1,479.10</b>	<b>48.46</b>	<b>4.94</b>	<b>21.62</b>	<b>18.61</b>	<b>113.58</b>	<b>52.56</b>	<b>1,738.87</b>
Additions	-	26.45	-	0.34	14.85	308.43	-	350.08
Deletions	-	0.26	-	-	2.19	5.99	-	8.44
<b>Balance at 31 March 2022</b>	<b>1,479.10</b>	<b>74.65</b>	<b>4.94</b>	<b>21.96</b>	<b>31.27</b>	<b>416.02</b>	<b>52.56</b>	<b>2,080.51</b>
Additions	-	3.37	-	-	15.39	488.99	-	507.75
Deletions	-	-	-	0.17	5.92	-	-	6.09
<b>Balance at 31 March 2023</b>	<b>1,479.10</b>	<b>78.02</b>	<b>4.94</b>	<b>21.79</b>	<b>40.74</b>	<b>905.01</b>	<b>52.56</b>	<b>2,582.17</b>
<b>Accumulated depreciation</b>								
<b>Balance at 1 April 2021</b>	<b>1,036.58</b>	<b>20.26</b>	<b>1.01</b>	<b>6.23</b>	<b>11.94</b>	<b>74.72</b>	<b>18.52</b>	<b>1,169.26</b>
Charge for the year	296.09	10.16	0.51	6.72	12.57	54.84	23.02	403.91
Deletions	-	0.26	-	-	2.19	5.99	-	8.44
<b>Balance at 31 March 2022</b>	<b>1,332.67</b>	<b>30.16</b>	<b>1.52</b>	<b>12.95</b>	<b>22.32</b>	<b>123.57</b>	<b>41.54</b>	<b>1,564.73</b>
Charge for the year	146.43	16.31	3.42	8.84	7.84	216.25	9.57	408.66
Deletions	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>1,479.10</b>	<b>46.47</b>	<b>4.94</b>	<b>21.79</b>	<b>30.16</b>	<b>339.82</b>	<b>51.11</b>	<b>1,973.39</b>
Carrying amount								
Balance at 31 March 2022	146.43	44.49	3.42	9.01	8.95	292.45	11.02	515.78
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>31.55</b>	<b>-</b>	<b>-</b>	<b>10.58</b>	<b>565.19</b>	<b>1.45</b>	<b>608.78</b>

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

**STANDALONE**

All amounts in ₹ lakhs

**4 (a) Right-of-use assets**

Particulars	Amount
<b>Cost</b>	
Balance at 1 April 2021	-
Additions / (Transfer)	1,107.47
Less: Deletions	-
<b>Balance at 31 March 2022</b>	<b>1,107.47</b>
Additions / (Transfer)	2,304.51
Less: Deletions	-
<b>Balance at 31 March 2023</b>	<b>3,411.98</b>
Accumulated amortisation	
Balance at 1 April 2021	-
Charge for the year	260.58
Deletions	-
<b>Balance at 31 March 2022</b>	<b>260.58</b>
Charge for the year	613.89
Deletions	-
<b>Balance at 31 March 2023</b>	<b>874.48</b>
Carrying amount	
Balance at 31 March 2022	846.89
<b>Balance at 31 March 2023</b>	<b>2,537.50</b>

**4 (b) Intangible assets - Design & development**

Particulars	Amount
<b>Cost</b>	
Balance at 1 April 2021	423.44
Additions / (Transfer)	78.83
Additions on account of amalgamation	283.08
Deletions	-
<b>Balance at 31 March 2022</b>	<b>785.35</b>
Additions / (Transfer)	-
Deletions	-
<b>Balance at 31 March 2023</b>	<b>785.35</b>
Accumulated amortisation	
Balance at 1 April 2021	342.72
Charge for the year	224.86
Deletions	-
<b>Balance at 31 March 2022</b>	<b>567.58</b>
Charge for the year	141.37
Deletions	-
<b>Balance at 31 March 2023</b>	<b>708.95</b>
Carrying amount	
Balance at 31 March 2022	217.77
<b>Balance at 31 March 2023</b>	<b>76.40</b>

**4 (c) Depreciation and amortisation expense**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation (refer note 3)	408.66	403.91
Amortisation of Right-of-Use assets (refer note 4(a))	613.89	260.58
Amortisation of intangible assets (refer note 4(b))	141.37	224.86
<b>Total</b>	<b>1,163.92</b>	<b>889.35</b>

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

**STANDALONE**

All amounts in ₹ lakhs

	As at 31 March 2023	As at 31 March 2022
<b>5 Investments</b>		
<b>Non-current</b>		
Carried at cost		
Unquoted fully paid equity shares		
Investments in subsidiaries		
(a) 8,325,770 (31 March 2022: 8,325,770) equity shares in MosChip Technologies, USA	2,620.53	2,620.53
(b) 100 (31 March 2022: Nil) equity shares in MosChip Technologies WLL	2.18	-
(c) 10,000 (31 March 2022: 10,000) equity share of ₹10 each in MosChip Institute of Silicon Systems Pvt.Ltd.	200.00	200.00
	<b><u>2,822.71</u></b>	<b><u>2,820.53</u></b>
Aggregate amount of unquoted investments carried at cost	2,822.71	2,820.53

<b>6 Trade receivables</b>		
<b>Non current</b>		
Unsecured, considered good	150.02	221.31
Less: Allowance for doubtful trade receivables	-	-
	<b><u>150.02</u></b>	<b><u>221.31</u></b>

**Trade receivables ageing schedule as on 31 March 2023**

Particulars	Not Due	Less than 6 months	6 months to 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed trade receivables - considered good	150.02	-	-	-	-	-	150.02
<b>Total</b>	<b>150.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150.02</b>

**Trade receivables ageing schedule as on 31 March 2022**

Particulars	Not Due	Less than 6 months	6 months to 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed trade receivables - considered good	221.31	-	-	-	-	-	221.31
<b>Total</b>	<b>221.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221.31</b>

<b>7 Non current financial assets</b>		
Unsecured, considered good		
Security deposits (carried at amortised cost)	211.88	154.40
	<b><u>211.88</u></b>	<b><u>154.40</u></b>

<b>8 Inventories *</b>		
<b>Raw material</b>		
Hardware and product component for IoT	108.27	188.93
	<b><u>108.27</u></b>	<b><u>188.93</u></b>

\* Inventories are carried at the lower of cost and net realisable value.



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

**STANDALONE**

All amounts in ₹ lakhs

	As at 31 March 2023	As at 31 March 2022
<b>9 Trade receivables</b>		
<b>Current</b>		
(i) Billed receivables		
Undisputed Trade receivables-considered good *	5,427.80	3,909.43
Considered doubtful	1,393.59	1,250.68
Less: Allowance for doubtful trade receivables	(1,393.59)	(1,250.68)
<b>Total receivables - billed</b>	<b>5,427.80</b>	<b>3,909.43</b>
(ii) Trade receivables - Unbilled	1,400.02	794.16
<b>Total receivables (i+ii)</b>	<b>6,827.82</b>	<b>4,703.59</b>
* Includes dues from subsidiaries (refer note 33)	2,690.41	2,500.16

**Trade receivables current schedule as on 31 March 2023**

Particulars	Not Due	Less than 6 months	6 months to 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed trade receivables-considered good	2,365.37	2,186.32	54.01	-	263.98	558.11	5,427.80
Undisputed trade receivables-considered doubtful	-	-	-	112.48	397.10	884.01	1,393.59
<b>Total</b>	<b>2,365.37</b>	<b>2,186.32</b>	<b>54.01</b>	<b>112.48</b>	<b>661.08</b>	<b>1,442.13</b>	<b>6,821.39</b>
Less: allowance for doubtful trade receivables							(1,393.59)
<b>Trade receivables - billed (net)</b>							<b>5,427.80</b>
Trade receivables - Unbilled							1,400.02
<b>Total receivables</b>							<b>6,827.82</b>

**Trade receivables current schedule as on 31 March 2022**

Particulars	Not Due	Less than 6 months	6 months to 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed trade receivables-considered good	1,587.68	1,262.62	27.07	253.86	228.52	549.69	3,909.43
Undisputed trade receivables-considered doubtful	-	-	-	236.12	286.61	727.95	1,250.68
<b>Total</b>	<b>1,587.68</b>	<b>1,262.62</b>	<b>27.07</b>	<b>489.98</b>	<b>515.13</b>	<b>1,277.64</b>	<b>5,160.11</b>
Less: allowance for doubtful trade receivables							(1,250.68)
<b>Trade receivables - billed (Net)</b>							<b>3,909.43</b>
Trade receivables - Unbilled							794.16
<b>Total receivables</b>							<b>4,703.59</b>

**10 (a) Cash and cash equivalents**

Balances with banks:

- in current account

24.19	38.00
<b>24.19</b>	<b>38.00</b>

**10 (b) Other bank balances**

Margin money deposits with original maturities of less than 1 year (i)

Term deposits with Banks with original maturities of less than 1 year (ii)

**Total other bank balances**

8.69	23.85
1,104.98	-
<b>1,113.67</b>	<b>23.85</b>

(i) Balances held as margin money/security deposit represents the deposits lodged with banks against guarantees issued by them.

(ii) Balances held as collateral security against bank overdraft

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

**STANDALONE**

All amounts in ₹ lakhs

	As at 31 March 2023	As at 31 March 2022
<b>11 Other financial assets - current</b>		
Unsecured, considered good		
Security deposits (gross)	994.81	1,012.26
Less : Provision for doubtful deposit	(264.48)	(264.48)
Security deposits (net)	730.33	747.78
Interest accrued on deposits but not due	32.79	0.25
	<b>763.12</b>	<b>748.03</b>
<b>12 Current tax assets (net)</b>		
Balances with Government Authorities		
Tax Deducted at Source (TDS)	344.11	470.57
	<b>344.11</b>	<b>470.57</b>
<b>13 Other current assets</b>		
Unsecured, considered good		
Advances other than capital nature		
Advances to related party		
Demand loan/Advances to subsidiaries (refer note 33)	247.38	99.85
GST receivable	-	3.96
Advance to vendors	10.49	20.24
Prepaid expenses	167.33	161.82
	<b>425.20</b>	<b>285.87</b>
<b>14 Equity share capital</b>		
<b>Authorised share capital</b>		
282,755,000 (31 March 2022: 282,755,000) equity shares of ₹ 2 each	5,655.10	5,655.10
<b>Issued, subscribed and fully paid-up</b>		
166,566,789(31 March 2022: 160,044,195) equity shares of ₹ 2/- each fully paid-up	3,331.34	3,200.88
Less: 197,470 (31 March 2022: 197,470) Equity shares of ₹ 2/- each fully paid-up issued to MosChip ESOP Trust	(3.95)	(3.95)
<b>Adjusted: Issued, subscribed and fully paid-up</b>	<b>3,327.39</b>	<b>3,196.93</b>

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	160,044,195	3,200.88	157,991,402	3,159.83
Issued during the year				
On account of				
(i) Preferential issue	4,914,004	98.28	-	-
(ii) ESOPs	1,608,590	32.17	2,052,793	41.05
<b>Total</b>	<b>166,566,789</b>	<b>3,331.34</b>	<b>160,044,195</b>	<b>3,200.88</b>
Less: Equity shares of ₹ 2/- each fully paid-up issued to MosChip ESOP Trust but not allotted to employee	197,470	3.95	197,470	3.95
<b>Adjusted : Issued, subscribed and paid up share capital</b>	<b>166,369,319</b>	<b>3,327.39</b>	<b>159,846,725</b>	<b>3,196.93</b>

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

**STANDALONE**

All amounts in ₹ lakhs

**(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 % of the Equity Shares of the Company are as follows:**

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of equity shares held	% of total shares #	No. of equity shares held	% of total shares #
Mayuka Holdings Private Limited	84,839,942	50.93%	81,727,739	51.07%

# This percentage of holding is presented with reference to issued, subscribed and paid up

**(d) Changes in Promoters Shareholding during the year**

Name of the Promoter	As at 31 March 2023			As at 31 March 2022		
	No. of equity shares	% holding	% of changes during the year	No. of equity shares	% holding	% of changes during the year
Mayuka Holdings Private Limited	84,839,942	50.93%	3.81%	81,727,739	51.07%	-
Mr. Rama Chandra Reddy Kadiri	6,575,864	3.95%	-	6,575,864	4.11%	-
Mrs. K. Pratibha Reddy	398	0.00%	-	398	0.00%	-
Mr. Damodar Rao Gummadapu	204,000	0.12%	-	204,000	0.13%	-

**(e) Of the above, 13,599,070 equity shares issued as fully paid for consideration other than cash in connection with acquisition of subsidiaries pursuant to scheme of arrangements in preceding 5 years.**

	As at 31 March 2023	As at 31 March 2022
<b>15 Other equity</b>		
<b>a) Capital reserve</b>		
Balance at the beginning of the year	1,086.90	1,086.90
Closing balance	<u>1,086.90</u>	<u>1,086.90</u>
<b>b) Share application money pending allotment</b>		
Balance at the beginning of the year	2.56	-
Add: Receipt on exercise of stock options	(2.02)	2.56
<b>Closing balance</b>	<u>0.54</u>	<u>2.56</u>
<b>c) Securities premium</b>		
Balance at the beginning of the year	14,286.34	13,878.61
Add: Transfer from share option outstanding account on exercise of stock options	3,287.29	102.92
Less: Received on exercise of stock options	-	304.81
<b>Closing balance</b>	<u>17,573.63</u>	<u>14,286.34</u>

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

**STANDALONE**

All amounts in ₹ lakhs

	As at 31 March 2023	As at 31 March 2022
<b>d) Share option outstanding account</b>		
Balance at the beginning of the year	560.38	307.64
Add: Amortisation of Share based payment cost	869.06	355.66
Less: Transfer from share option outstanding account on exercise of stock options	-	(102.92)
<b>Closing balance</b>	<b>1,429.44</b>	<b>560.38</b>
<b>e) Retained earnings</b>		
Balance at the beginning of the year	(11,562.32)	(9,648.07)
Add: On Account of amalgamation of Maven Systems Private Limited	-	(2,451.35)
Add: Profit for the year	526.99	537.10
<b>Closing balance</b>	<b>(11,035.33)</b>	<b>(11,562.32)</b>
<b>f) Other comprehensive income</b>		
Remeasurement of the net defined benefit plans		
Balance at the beginning of the year	(222.90)	(121.33)
Additions during the year	(150.78)	(101.57)
<b>Closing balance</b>	<b>(373.68)</b>	<b>(222.90)</b>
<b>Total other equity (a)+(b)+( c)+(d)+( e)+(f)</b>	<b>8,681.50</b>	<b>4,150.96</b>

Description of reserves

- (a) **Capital reserve:** This reserve was created towards the forfeiture of share warrants issued in earlier years.
- (b) **Share application money pending allotment:** Represents the amount of adjustments towards issue of employee stock options.
- (c) **Securities premium:** 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:** 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:** Represents previous years undistributed profits / losses.
- (f) **Other comprehensive income:** Represents the actuarial gain / (loss) recognised on defined benefit plans and will not be reclassified to retained earnings.

**16 Borrowings**

**Non current**

Measured at amortised cost

**Secured**

Vehicle loans

- From banks ( refer note i) 3.79 7.67

**Unsecured**

- From banks ( refer note ii) 166.50 136.80

- From holding company ( refer note iii) 1,239.37 -

**1,409.66** **144.47**

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

**STANDALONE**

All amounts in ₹ lakhs

- i. Vehicle loans are secured by hypothecation of the vehicles financed through the loan arrangements. Such loans are repayable in equal monthly instalments over a period of 7 years commenced from May'17 and carry interest rate ranging between 9.4 % per annum.
- ii. The bank has sanctioned ₹ 2.88 crores in FY2020-21 and ₹ 1.29 crores in FY 2022-23 loan in under the scheme of Guaranteed Emergency Credit Line (GECL) with interest rate of 8.25%, which will be paid over a period of 36 months from Aug'21 and Jul'24.
- iii. Pursuant to the loan agreement, mutually agreed between Mayuka and the company, the loan of ₹ 1,900 amount was converted to 3,112,203 equity shares of ₹ 2/- with the premium of ₹ 59.02 and the balance amount will be repaid in 42 monthly instalments from Oct'22.

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
<b>17 Non current lease liabilities</b>		
Lease liabilities (refer note 37)	1,838.34	637.87
	<b>1,838.34</b>	<b>637.87</b>
<b>18 Other financial liabilities</b>		
Non current		
Royalty payable	80.00	375.84
	<b>80.00</b>	<b>375.84</b>
<b>19 Provisions</b>		
<b>Non-Current</b>		
(i) Provision for employee benefits		
- Gratuity (refer note 35 )	645.39	423.52
- Compensated absences	203.64	130.71
(ii) Provision for warranty	-	18.36
	<b>849.03</b>	<b>572.59</b>
<b>20 Current- Borrowings</b>		
<b>Unsecured Borrowings</b>		
Short-term borrowings		
<b>Working Capital Loans</b>		
- From banks (refer note i)	1,908.77	1,753.60
<b>Others</b>		
- From related parties (refer note 33)	-	3,850.95
- From banks (refer note ii)	-	38.25
<b>Current maturities of long-term borrowings</b>		
- From banks (refer note iii)	103.82	96.56
- From related parties (refer note 33)	508.77	-
	<b>2,521.36</b>	<b>5,739.36</b>
<b>Note</b>		
i. The Company has obtained over draft facility from bank for an amount of ₹ 20.00 crores, which is secured by charge on time deposit of third party offered as collateral security.		
ii During the current year unsecured capital expenditure loan from HDFC for an amount of ₹ 50 lakhs for the duration of 12 months is fully repaid.		
iii Current maturities of long term loans refer note 16.		
<b>21 Current - Lease liabilities</b>		
Lease liabilities (refer note 37)	850.54	239.63
	<b>850.54</b>	<b>239.63</b>

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

**STANDALONE**

All amounts in ₹ lakhs

	As at 31 March 2023	As at 31 March 2022
<b>22 Trade payables</b>		
(a) total outstanding dues of micro and small enterprises (refer note 36)	48.52	-
(b) total outstanding dues other than (a) above	1,011.90	1,211.55
	<b>1,060.42</b>	<b>1,211.55</b>

**Trade payable ageing schedule for the year ended 31 March 2023**

Particulars	Not Due	Less than 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
(i) MSME	48.53	-	-	-	-	48.53
(ii) Others	87.62	93.65	1.92	16.12	447.85	647.16
<b>Total</b>	<b>136.15</b>	<b>93.65</b>	<b>1.92</b>	<b>16.12</b>	<b>447.85</b>	<b>695.68</b>
Accrued Expenses						364.74
<b>Total trade payable</b>						<b>1,060.42</b>

**Trade payable ageing schedule for the year ended 31 March 2022**

Particulars	Not Due	Less than 1 year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	201.27	13.04	10.19	8.60	670.53	903.63
<b>Total</b>	<b>201.27</b>	<b>13.04</b>	<b>10.19</b>	<b>8.60</b>	<b>670.53</b>	<b>903.63</b>
Accrued Expenses						307.92
<b>Total trade payable</b>						<b>1,211.55</b>

**23 Other financial liabilities**

Creditors for capital goods	6.77	18.58
	<b>6.77</b>	<b>18.58</b>

**24 Other current liabilities**

Statutory liabilities	359.10	242.19
Revenue received in advance	-	0.55
	<b>359.10</b>	<b>242.74</b>

**25 Provisions current**

Provision for employee benefits		
- Gratuity (refer note 35)	133.73	115.77
- Compensated absences	110.99	100.23
	<b>244.72</b>	<b>216.00</b>

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

**STANDALONE**

All amounts in ₹ lakhs

	Year ended 31 March 2023	Year ended 31 March 2022
<b>26 Revenue from operations</b>		
Semiconductor	16,455.09	10,443.49
Embedded	665.19	1,626.83
	<b>17,120.28</b>	<b>12,070.32</b>
<b>27 Other income</b>		
Interest on		
Bank deposits	47.11	2.87
Income-tax refund	22.95	4.81
Financial assets	36.53	37.88
Foreign exchange gain / (loss) (net)	144.65	39.33
Write back of liabilities	192.02	128.21
Others	2.36	0.23
	<b>445.62</b>	<b>213.33</b>
<b>28 Raw material and operating cost</b>		
<b>Raw material consumption</b>		
Opening balance	188.93	-
Stock transfer from amalgamated entity	-	216.95
Add: Purchases during the year	72.17	75.36
Less: Closing balance	108.27	188.93
<b>Raw material consumption</b>	<b>152.83</b>	<b>103.38</b>
<b>Operating Cost</b>		
Outsourcing services	874.18	380.34
Software tools cost	330.75	276.02
	<b>1,357.76</b>	<b>759.74</b>
<b>29 Employee benefits expense</b>		
Salaries, wages and bonus	11,635.15	7,870.68
Contribution to provident and other funds	328.57	241.39
Share based payment to employees	959.49	334.39
Staff welfare expenses	191.68	143.85
	<b>13,114.89</b>	<b>8,590.31</b>
<b>30 Finance costs</b>		
Interest on		
Working capital loan	134.75	116.21
Other loans	475.82	667.14
Leased liabilities	121.12	54.64
Bank charges	10.60	4.87
	<b>742.29</b>	<b>842.86</b>

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

**STANDALONE**

All amounts in ₹ lakhs

	Year ended 31 March 2023	Year ended 31 March 2022
<b>31 Other expenses</b>		
Professional charges	143.27	71.11
Traveling and conveyance	68.26	19.04
Rates and taxes	26.92	15.27
Software expenses	50.74	21.68
Director sitting fee	20.10	12.45
Lease rentals (refer note 37)	32.22	31.07
Rent on equipment	34.35	54.41
Office maintenance	36.12	17.24
Subscription charges	24.69	23.63
Communication expenses	21.52	21.76
Business promotion and advertisement expenses	17.04	9.97
Other expenses	8.74	27.09
Repairs and maintenance	7.66	9.70
Auditors remuneration (refer note below)	7.18	5.49
Postage, telegram and telephone expenses	3.64	3.68
Printing and stationery	3.63	2.67
Insurance	2.88	2.98
Allowances for Doubtful receivables	142.91	49.58
Bad debts written off	8.18	0.99
Allowances for Doubtful deposits (net)	-	264.48
	<b>660.05</b>	<b>664.29</b>
<b>Remuneration to Auditors</b>		
Statutory audit fee	4.45	3.00
Tax audit fee	1.25	0.90
Other services (incl. limited reviews)	1.48	1.59
<b>Total</b>	<b>7.18</b>	<b>5.49</b>



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

**STANDALONE**

All amounts in ₹ lakhs

**32 Contingent liabilities and commitments**

Particulars	As at 31 March 2023	As at 31 March 2022
Contingent liabilities:		
- Bank guarantees issued for Government Project	8.69	23.85
- Claims against the Company not acknowledged as debt (refer note below)	1,057.93	1,057.93

The Company disputed demand raised by income tax authorities for the Assessment Year 2019-20 which are pending Commissioner (Appeals). The aggregate amount of disputed tax not provided for is ₹ 1,057.93 (31 March 2022 - ₹ 1,057.93 ).

**33 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 2023
<b>Holding and Subsidiary Companies</b>	
Mayuka Holdings Private Limited	Holding Company
MosChip Technologies, USA	Wholly owned subsidiary
MosChip Institute of Silicon Systems Private Limited	Wholly owned subsidiary
MosChip Technologies W.L.L	Wholly owned subsidiary
<b>Directors and relatives *</b>	
Mr. Damodar Rao Gummadapu	Non-Executive Director
Mr. K Ramachandra Reddy **	Non-Executive Director
Mr. K.Pradeep Chandra	Independent Director
Mr. D.G.Prasad	Independent Director
Mr. Raja Praturi **	Independent Director
Mrs. Madhurika Nalluri Venkat	Independent Director
Mr. Rajeev Krishnamoorthy	Independent Director
Mrs. Asha Nimmagadda	Relative of KMP of Holding company
<b>Key Management Personnel and relatives *</b>	
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
<b>Others *</b>	
Smilax Corporate Services LLP	Common Director in Holding company
Techwave Infotech Private Limited	Director has significant influence
* In terms of Para 18 of Ind AS 24, the above list represents only the Companies, directors, KMP's and relatives, who are having transactions with the Company	
** Mr.K.Ram Chandra Reddy resigned effective from 1 May 2023 & Mr.Raja Praturi resigned effective from 12 July 2022	
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**

**STANDALONE**

All amounts in ₹ lakhs

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>Revenue from operations</b>		
MosChip Technologies, USA	5,301.49	3,951.05
<b>Reimbursement of expenses</b>		
MosChip Technologies, USA	39.31	21.27
<b>Loans - given</b>		
MosChip Institute of Silicon Systems Private Limited	147.53	-
<b>Interest income</b>		
MosChip Institute of Silicon Systems Private Limited	13.01	-
<b>Loans repayment</b>		
Mayuka Holdings Private Limited	202.81	400.00
Issue of equity shares		
Mayuka Holdings Private Limited (Conversion of loan) *	1,900.00	-
Smilax Corporate Services LLP	1,100.00	
<b>Interest expenses</b>		
Ms. Asha Nimmagadda	62.70	90.00
Mayuka Holdings Private Limited	413.12	577.14
<b>Other Income</b>		
Techwave Infotech Private Limited	191.65	-
Techwave Holdings PTE LTD	0.37	-
<b>Transactions with Key Management Personnel</b>		
Remuneration to Managing Director and CEO	320.00	224.00
Number of Stock Options Granted/outstanding to Managing Director and CEO	12.00	12.00
Remuneration to other Key Management Personal (including perquisite on exercise of ESOP options)	110.65	131.42
Number of Stock Options Granted/outstanding to Key Management Personnel	8.91	3.63

\* Pursuant to the loan agreement, mutually agreed between Mayuka and the company, the loan of ₹ 1,900 lakhs was converted to 3,112,203 equity shares of ₹ 2/- with the premium of ₹ 59.02 and the balance amount will be repaid in 42 monthly instalments from Oct'22.

**c) Balances outstanding: ( Payable) / Receivable**

Particulars	As at 31 March 2023	As at 31 March 2022
Techwave Infotech Private Limited	(300.00)	(492.64)
Techwave Infotech Pte Ltd	-	(0.37)
MosChip Technologies, USA (Net)	2,690.41	2,500.16
MosChip Institute of Silicon Systems Private Limited, Advance / (Payable)	247.38	99.85
Mayuka Holdings Private Limited - Loan	1,748.14	3,850.95

**d) Terms and conditions of transactions with related parties:**

The transactions with related parties are made on terms equivalent to those that prevail at arm's length and in ordinary course of business. Outstanding balances at the year-end are unsecured.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

STANDALONE

All amounts in ₹ lakhs

## 34 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 Company’s 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 standalone 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 and finance cost, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those expenses, and accordingly these expenses are separately disclosed as “unallocated” and adjusted against the operating income of the Company. Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the decision maker, in deciding how to allocate resources and assessing performance. The Company decision maker is the Chief Executive Officer. The Company 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 Company is of the view that it is not practical to reasonably allocate liabilities and other non-cash expenses to individual segments and an ad-hoc allocation will not be meaningful.

Information on reportable segments for the year ended 31 March 2023 and 31 March 2022 is given below

### Business Segment

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>Revenue</b>		
Semiconductor	14,465.44	10,443.49
Embedded	2,654.84	1,626.83
<b>Total</b>	<b>17,120.28</b>	<b>12,070.32</b>
<b>Direct cost</b>		
Semiconductor	10,095.51	6,489.45
Embedded	3,050.68	1,937.80
<b>Segment operational income</b>		
Semiconductor	4,369.93	3,954.04
Embedded	(395.84)	(310.97)
<b>Total Operational income</b>	<b>3,974.09</b>	<b>3,643.07</b>
Other income	445.62	213.33
Un allocated expenses	(1,986.51)	(1,587.09)
Finance charges	(742.29)	(842.86)
Depreciation and amortisation expenses	(1,163.92)	(889.35)
<b>Profit before tax</b>	<b>526.99</b>	<b>537.10</b>
Tax expenses	-	-
<b>Profit after tax</b>	<b>526.99</b>	<b>537.10</b>

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

**STANDALONE**

All amounts in ₹ lakhs

**Statement of Segment assets and segment liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Segment assets</b>		
Semiconductor	12,928.24	11,330.76
Embedded	3,994.43	4,093.52
Un allocable segment assets	4,306.16	1,322.24
<b>Total</b>	<b>21,228.83</b>	<b>16,746.52</b>
<b>Segment Liabilities</b>		
Semiconductor	197.76	488.02
Embedded	59.06	78.22
Un allocable segment Liabilities	8,963.12	8,832.39
<b>Total</b>	<b>9,219.94</b>	<b>9,398.63</b>
<b>Capital employed</b>	<b>12,008.89</b>	<b>7,347.89</b>

**35 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 expense in the Statement of Profit and Loss ₹180.89 (31 March 2022: ₹ 133.97 ) 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.

Changes in Defined Benefit Obligation ('DBO') and planned assets recognized in the Balance Sheet are as under :

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Defined benefit obligation at the beginning of the year</b>	<b>561.61</b>	<b>408.40</b>
Service cost	110.91	82.15
Interest cost	26.34	17.50
Benefits paid	(56.38)	(50.28)
Actuarial gain	152.09	102.47
On account of business combinations	-	1.37
<b>Defined benefit obligation at the end of the year</b>	<b>794.57</b>	<b>561.61</b>
<b>Change in Fair Value of Plan Assets</b>		
<b>Fair value of plan assets at the beginning of the year</b>	<b>22.32</b>	<b>6.11</b>
Employer Contributions	48.21	65.58
Interest income on Plan Assets	-	-
Actuarial (gain)/loss on plan assets	1.31	0.90
Benefits Paid	(56.38)	(50.27)
<b>Fair value of plan assets at the end of the year</b>	<b>15.46</b>	<b>22.32</b>
Present value of projected benefit obligation at the end of the year	794.57	561.61
Fair value of plan assets at the end of the year	15.46	22.32
<b>Net liability recognised in the balance sheet</b>	<b>779.11</b>	<b>539.29</b>
Non Current provision	645.38	423.52
Current provision	133.73	115.77

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**STANDALONE**

All amounts in ₹ lakhs

**Expenses recognised in statement of profit and loss**

	Year ended 31 March 2023	Year ended 31 March 2022
Service cost	110.91	82.15
Interest cost (Incl. Interest on asset)	26.34	17.50
Expenses recognised in statement of profit and loss	<b>137.25</b>	<b>99.65</b>
<b>Gratuity cost</b>		
Actuarial gain / (loss) due to financial assumption changes	(87.66)	(10.71)
Actuarial gain / (loss) due to experience adjustments	180.92	113.18
Actuarial gain / (loss) due to change in Demographic assumptions	58.83	-
Return on plan assets greater (less) than discount rate	(1.31)	(0.90)
<b>Total expenses routed through OCI</b>	<b>150.78</b>	<b>101.57</b>

**Assumptions**

	As at 31 March 2023	As at 31 March 2022
Discount rate	7.55%	5.35%
Future salary increases	7.00%	7.00%
Employee turnover		
Age Years		
21-30	15.00%	32.00%
31-40	23.00%	36.00%
41-50	19.00%	16.00%
51-59	24.00%	22.00%

**Sensitivity Analysis**

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

	As at 31 March 2023	As at 31 March 2022
<b>Discount rate</b>		
0.50%	(2.23)%	(1.84)%
-0.50%	2.16%	1.91%
0.50%	2.32%	1.70%
-0.50%	(2.11)%	(1.67)%

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.

**The expected maturity analysis of undiscounted defined benefit obligation (Funded and Unfunded) is as follows:**

	As at 31 March 2023	As at 31 March 2022
Within 1 year	149.18	138.09
Between 1 - 2 years	141.19	126.07
Between 2 - 3 years	130.61	97.54
Between 3 - 4 years	120.05	76.69
Between 4 - 5 years	107.36	58.51
Beyond 5 years	543.89	204.94

**NOTES FORMING PART OF THE  
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**STANDALONE**

All amounts in ₹ lakhs

**36 Dues to Micro, small and medium enterprises**

The disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) for dues to micro enterprises and small enterprises as at, March 31, 2022 and March 31, 2023 is as under:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Dues remaining unpaid to any supplier		
Principal	48.53	-
Interest on the above	-	-
Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
Amount of interest accrued and remaining unpaid.	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006*	-	-

**37 Leases**

- a 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.

As a lessee, the Company determines 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. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

**b Lease expenses recognised in Statement of Profit and Loss**

	Year ended 31 March 2023	Year ended 31 March 2022
Payments -	-	
Expenses relating to Short term Leases	32.22	31.07
Expenses relating to low value assets, excluding short term leases low value assets	-	-

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(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

**c The movement in lease liabilities is as follows:**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Balance at the beginning	877.50	-
Additions	227.35	1,092.86
Finance cost accrued during the year	121.13	54.64
Payment of lease liabilities	(580.00)	(270.00)
<b>Balance at the end</b>	<b>2,688.88</b>	<b>877.50</b>

**d The details of the contractual maturities of lease liabilities on an discounted basis are as follows:**

Particulars	As at 31 March 2023	As at 31 March 2022
Less than one year	850.54	239.63
One to five years	1,838.34	637.87
<b>Total</b>	<b>2,688.88</b>	<b>877.50</b>

**e** The total Cash outflow for leases (excluding short term leases) for the year ended 31 March 2023 is ₹ 580.10 lakhs (31 March 2022: ₹ 270.00 lakhs )

**38 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 2023	Year ended 31 March 2022
Profit for the year	526.99	537.10
<b>Profit attributable to equity share holders</b>	<b>526.99</b>	<b>537.10</b>
Equity Shares outstanding as at the end of the year (in nos.)	166,566,789	160,044,195
Weighted average number of Equity Shares used as a denominator for calculating Basic Earnings Per Share	162,904,220	158,840,879
Add: Dilutive impact of employee stock options	11,749,763	8,881,974
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	174,653,984	167,722,853
Earnings per share of par value ₹ 2 – Basic (₹ )	0.32	0.34
Earnings per share of par value ₹ 2 – Diluted (₹ )	0.30	0.32

**39 Employee stock option plans ( ESOP)**

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 eight 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.

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(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Out of above plans the Company has granted options during the year ended 31 March 2023 in Moschip Stock Option Plan 2008, Moschip Stock Option Plan 2005 (WOS) and Moschip Stock Option Plan 2018, Moschip Stock Option Plan 2022.

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.

For Year Ended 31 March 2023						
Particulars	Options outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the period	Options outstanding at the end of the year
MosChip Stock Option Plan 2008	1,055,089	156,500	76,250	285,872	-	849,467
MosChip Stock Option Plan 2005 (MI)	131,619	-	-	31,666	-	99,953
MosChip Stock Option Plan 2005 (WOS)	286,250	45,070	12,000	13,750	-	305,570
MosChip Stock Option Plan 2008 (ALR)	605,334	-	38,585	198,288	-	368,461
MosChip Stock Option Plan 2008 (Director)	1,000,000	-	-	-	-	1,000,000
MosChip Stock Option Plan 2018	7,920,449	1,866,975	1,303,233	1,079,014	-	7,405,177
MosChip Stock Option Plan 2022	-	6,768,092	346,420	-	-	6,421,672

Out of above plans the Company has granted options during the year ended 31 March 2022 in Moschip Stock Option Plan 2008, Moschip Stock Option Plan 2005 (WOS) and Moschip Stock Option Plan 2008 (ALR), Moschip Stock Option Plan 2018.

For Year Ended 31 March 2022						
Particulars	Options outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	expired during the period	Options outstanding at the end of the year
MosChip Stock Option Plan 2008	1,430,000	215,000	60,584	529,327	-	1,055,089
MosChip Stock Option Plan 2005 (MI)	400,000	-	-	268,381	-	131,619
MosChip Stock Option Plan 2005 (WOS)	25,000	295,000	15,000	18,750	-	286,250
MosChip Stock Option Plan 2008 (ALR)	950,000	244,500	197,501	391,665	-	605,334
MosChip Stock Option Plan 2008 (Director)	1,000,000	-	-	-	-	1,000,000
MosChip Stock Option Plan 2018	5,397,000	3,888,500	520,381	844,670	-	7,920,449

During the year a reserve was made towards outstanding of ESOP's and Share based payment expenses for the year ended 31 March 2023 of ₹ 959.49 lakhs (31 March 2022 ₹ 334.39) lakhs .

The Weighted average grant date fair value of the options granted during the years ended 31 March 2023 and 31 March 2022 was ₹ 77.77 and ₹ 65.72 per option respectively.

The weighted average share price at the date of exercise of options exercised during the years ended 31 March 2023 was ₹ 61.82 (31 March 2022 – ₹ 43.29) per share, respectively.

The aggregate intrinsic value of options exercised during the years ended 31 March 2023 and 31 March 2022 was ₹ 43.74 and ₹ 41.30, respectively



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(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Share options outstanding at the end of the year have the following expiry date and exercise prices as on 31 March 2023

Grant date	Vesting Period	Excise price	Share options	Weighted average remaining useful life (months)
26-Oct-18	4 Years	18.00	1,280,000	-
20-Jul-20	3 Years	16.00	3,485,348	4
25-Jan-21	4 Years	16.00	300,000	22
27-Apr-21	4 Years	18.00	112,500	25
20-Jul-21	4 Years	24.00	1,406,125	28
20-Oct-21	4 Years	31.28	107,500	30
17-Jan-22	4 Years	40.00	1,370,000	34
28-Apr-22	4 Years	40.00	230,575	37
14-Jul-22	4 Years	40.00	447,010	40
25-Oct-22	4 Years	40.00	7,021,030	43
25-Jan-23	4 Years	40.00	690,212	46

Share options outstanding at the end of the year have the following expiry date and exercise prices as on 31 March 2022

Grant date	Vesting Period	Excise price	Share options	Weighted average remaining useful life (months)
26-Oct-18	4 Years	18.00	1,570,000	6
20-Jul-20	3 Years	16.00	4,645,741	16
25-Jan-21	4 Years	16.00	400,000	34
27-Apr-21	4 Years	18.00	425,000	37
20-Jul-21	4 Years	24.00	2,093,000	40
20-Oct-21	4 Years	31.28	125,000	42
17-Jan-22	4 Years	40.00	1,740,000	46

**Valuation of stock options:**

The fair value of services received in return for stock options granted to employees is measured by reference to the fair value of stock options granted. The fair value of stock options granted under various schemes have been measured using the Black-Scholes-Merton model at the date of the grant.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of par value options granted, the expected term of an option (or "option life") is estimated based on the vesting term and contractual term, as well as the expected exercise behaviour of the employees receiving the option. In respect of fair market value options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of the Company's publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock-based compensation expense could be materially impacted in future years.

The estimated fair value of stock options is recognised in the statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards.

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(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

The model inputs for options granted during the year ended 31 March 2023 included:

Grant Date	Vesting Period	Expiry Date	Excise Price	Share Price at Grant date	Expected price volatility of the company's shares	Expected dividend yield	Risk free interest rate
26-Oct-18	4 Years	26-Oct-25	18.00	23.50	53%	-	8.04%
20-Jul-20	3 Years	20-Jul-26	16.00	14.80	55%	-	4.55%
25-Jan-21	4 Years	25-Jan-28	16.00	15.00	61%	-	4.58%
27-Apr-21	4 Years	27-Apr-28	18.00	30.85	60%	-	4.58%
20-Jul-21	4 Years	20-Jul-28	24.00	44.96	68%	-	4.58%
20-Oct-21	4 Years	20-Oct-28	31.28	47.55	66%	-	4.58%
17-Jan-22	4 Years	17-Jan-29	40.00	81.05	68%	-	5.21%
28-Apr-22	4 Years	28-Apr-29	40.00	62.60	66%	-	5.31%
14-Jul-22	4 Years	14-Jul-29	40.00	54.35	67%	-	5.37%
25-Oct-22	4 Years	25-Oct-29	40.00	67.50	58%	-	7.13%
25-Jan-23	4 Years	25-Jan-30	40.00	66.33	55%	-	7.06%

The model inputs for options granted during the year ended 31 March 2022 included:

Grant Date	Vesting Period	Expiry Date	Excise Price	Share Price at Grant date	Expected price volatility of the company's shares	Expected dividend yield	Risk free interest rate
26-Oct-18	4 Years	26-Oct-25	18.00	23.50	53%	-	8.04%
20-Jul-20	3 Years	20-Jul-26	16.00	14.80	55%	-	4.55%
25-Jan-21	4 Years	25-Jan-28	16.00	15.00	61%	-	4.58%
27-Apr-21	4 Years	27-Apr-28	18.00	30.85	60%	-	4.58%
20-Jul-21	4 Years	20-Jul-28	24.00	44.96	68%	-	4.58%
20-Oct-21	4 Years	20-Oct-28	31.28	47.55	66%	-	4.58%
17-Jan-22	4 Years	17-Jan-29	40.00	81.05	68%	-	5.21%

As of 31 March 2023 and 31 March 2022, there was ₹ 124.55 lakhs and ₹ 2,626.34 lakhs respectively of total unrecognised compensation cost related to unvested stock options this cost is expected to be recognised over a weighted average period of 28.73 months and 25.65 months, respectively.

**40 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.

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All amounts in ₹ lakhs

**(a) Financial instruments by category**

The carrying value and fair value of financial instruments by categories as at March 31, 2023 is as follows:

	Fair value through profit or loss	At Cost	Amortised cost	Total carrying value *
<b>Financial asset</b>				
Investment	-	2,822.71	-	2,822.71
Trade receivables - non current	-	-	150.02	150.02
Others - non current	-	-	211.88	211.88
Trade receivables - current	-	-	6,827.82	6,827.82
Cash and cash equivalents	-	-	24.19	24.19
Other bank balances	-	-	1,113.67	1,113.67
Other financial assets	-	-	763.12	763.12
<b>Total</b>	-	<b>2,822.71</b>	<b>9,090.70</b>	<b>11,913.41</b>
<b>Financial liabilities</b>				
Borrowings - long term	-	-	1,409.66	1,409.66
Lease liabilities - non current	-	-	1,838.34	1,838.34
Other financial liabilities - Non current	-	-	80.00	80.00
Borrowings - short term	-	-	2,521.36	2,521.36
Lease liabilities - current	-	-	850.54	850.54
Trade payables	-	-	1,060.42	1,060.42
Other financial liabilities - Current	-	-	6.77	6.77
<b>Total</b>	-	-	<b>7,767.09</b>	<b>7,767.09</b>

The carrying value and fair value of financial instruments by categories as at March 31, 2022 is as follows:

	Fair value through profit or loss	At Cost	Amortised cost	Total carrying value *
<b>Financial asset</b>				
Investments	-	2,820.53	-	2,820.53
Trade receivables - Non current	-	-	221.31	221.31
Others - non current	-	-	154.40	154.40
Trade receivables - Current	-	-	4,703.59	4,703.59
Cash and cash equivalents	-	-	38.00	38.00
Other bank balances	-	-	23.85	23.85
Other financial assets	-	-	748.03	748.03
<b>Total</b>	-	<b>2,820.53</b>	<b>5,889.18</b>	<b>8,709.72</b>
<b>Financial liabilities</b>				
Borrowings - long term	-	-	144.47	144.47
Lease liabilities - non current	-	-	637.87	637.87
Other financial liabilities - non current	-	-	375.84	375.84
Borrowings -short term	-	-	5,739.36	5,739.36
Trade payables	-	-	1,211.55	1,211.55
Lease liabilities - current	-	-	239.63	239.63
Other financial liabilities	-	-	18.58	18.58
<b>Total</b>	-	-	<b>8,367.30</b>	<b>8,367.30</b>

\*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.

**(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 2023 and 31 March 2022. The sensitivity analysis 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 2023 and 31 March 2022.

**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, 2023 would decrease/increase by ₹ 43.38 lakhs (31 March 2022: decrease/increase by ₹ 56.56 lakhs). 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 ₹ 9,090.70 lakhs and ₹ 5,889.18 lakhs as of 31 March 2023 and 31 March 2022 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 Company assesses at each Balance Sheet date whether a financial asset or a Company 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.

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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 2023	As at 31 March 2022
<b>Balance at the beginning of the year</b>	1,250.68	1,111.80
Movement in the expected credit loss allowance on trade receivables and other financial assets:		
Provided during the year	142.91	49.58
Transferred from amalgamated company		89.30
Reversed/utilised during the year	-	-
<b>Balance at the end of the year</b>	<b>1,393.59</b>	<b>1,250.68</b>

**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 33% of outstanding trade receivables and unbilled revenues.

**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company 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 following are the details of contractual maturities of significant financial transactions

	On demand	Less than 1 year	1-3 years	3 to 5 years	> 5 years	Total
<b>Year ended 31 March 2023</b>						
Borrowings - long term	-	-	1,397.64	12.02	-	1,409.66
Lease liabilities - non current	-	-	1,713.59	124.75	-	1,838.34
Other financial liabilities - long term	-	80.00	-	-	-	80.00
Borrowings - short term	1,908.77	612.59	-	-	-	2,521.36
Trade payables	-	1,060.42	-	-	-	1,060.42
Lease liabilities - current	-	850.54	-	-	-	850.54
Other Financial Liabilities - Current	-	6.77	-	-	-	6.77
<b>Year ended 31 March 2022</b>						
Borrowings - long term	-	104.88	39.59	-	-	144.47
Lease liabilities - Non current	-	265.78	372.09	-	-	637.87
Other Financial Liabilities - long term	-	375.84	-	-	-	375.84
Borrowings - short term	5,604.55	134.81	-	-	-	5,739.36
Trade payables	-	1,211.55	-	-	-	1,211.55
Lease liabilities - current	-	239.63	-	-	-	239.63
Other Financial Liabilities - current	-	18.58	-	-	-	18.58

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

STANDALONE

All amounts in ₹ lakhs

### (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 March 31, 2023 and March 31, 2022 was as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Total equity attributable to the equity shareholders of the Company	12,008.89	7,347.89
As a percentage of total capital	75%	56%
Long term borrowings including current maturities	1,409.66	144.47
Short term borrowings	2,521.36	5,739.36
Total borrowings	3,931.02	5,883.83
As a percentage of total capital	25%	44%
Total capital (equity and borrowings)	15,939.91	13,231.72

### 41 Goodwill

Goodwill arising upon business combinations is not amortised but tested for impairment at least annually or more frequently if there is any indication that the cash generating unit to which goodwill is allocated is impaired.

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Gross carrying value</b>		
Opening balance	5,511.00	4,441.50
Goodwill arising on business combination	-	1,069.50
Adjustments on account of business combination	(295.84)	-
<b>Closing balance</b>	<b>5,215.16</b>	<b>5,511.00</b>

For the purpose of impairment testing, goodwill is allocated to a cash generating unit, representing the lowest level within the Company at which goodwill is monitored for internal management purposes and which is not higher than the Company's operating segment.

The recoverable amounts of the above cash generating units have been assessed using a value-in-use model. Value-in-use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially, a discount rate is applied to calculate the net present value of the post-tax cash flows. Key assumptions upon which the Company has based its determinations of value-in-use include:

- 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.
- 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.
- A terminal value arrived at by extrapolating the last forecasted year cash flows to perpetuity, using a constant long-term growth rate of 0%. This long-term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.
- The after tax discount rates used are based on the Company's weighted average cost of capital.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

STANDALONE

All amounts in ₹ lakhs

e) The after tax discount rates used for various cash generating units.

The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

## 42 Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the years ended March 31, 2023 and March 31, 2022, respectively. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations		
- Time and material	15,665.00	11,827.23
- Fixed bid contracts	1,455.28	243.09
<b>Total Revenue</b>	<b>17,120.28</b>	<b>12,070.32</b>

## 43 Deferred tax asset / liability

As per Ind AS 12 Income tax - A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. However, the existence of unused tax losses is strong evidence that future taxable profit may not be available. Accordingly, no deferred tax has been created during the current year.

## 44 Acquisition details

Pursuant to Share Purchase Agreement ('SPA') dated 28 March 2023, the Company has proposed to acquire 100% of the issued capital of Softnaotics Inc for USD 17.25 million to be paid \$ 9.08 (52.6%) in Swap Shares and \$ 8.17 (47.4%) in cash over a period. The same was approved by the shareholders in their meeting held on 26 April 2023, the Company is awaiting for in-principle approval from BSE to complete the acquisition.

## 45 Additional regulatory information

### a. Details of benami property held

The Company does not hold any benami property as defined under the Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder. No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.

### b. Relationship with struck off Companies

The Company doesn't have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

### c. Revaluation of property, plant and equipment, intangible assets and investment property

The Company has not done revaluation of property, plant and equipment / intangible assets/ investment property.

d. The Company has not been declared as wilful defaulter by any bank or financial institution or RBI or other lenders.

### e. Undisclosed income

The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the income Tax Act, 1961 (Such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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

**STANDALONE**

All amounts in ₹ lakhs

**f. Details of crypto currency or virtual currency**

The Company has not traded or invested in crypto currency or virtual currency during the financial year.

**g. Registration of charges or satisfaction with registrar of companies**

The company does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period.

**h. Compliance with number of layers of companies**

The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on member of Layers) Rules, 2017.

**i. For ratios refer note 49**

**j. The company has not advanced any loan / advances in the nature of loan to promoters, directors, KMP's or related parties as defined under Companies Act, 2013 either jointly or severally with any persons except a demand loan to a wholly owned subsidiary company with an interest.**

**46 Corporate Social Responsibility** - As per section 135 of the Companies Act 2013, The Company is not required to spend any amount towards CSR during the year ended 31 March 2023.

**47 Disclosure as per section 186 of the Companies Act, 2013**

The details of investments made under Section 186 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 are given in Note 5, these investments are made for business activities.

Name of the entity to whom loan / investment / guarantee / security was given / made	Relationship, if any, of the entity with the company	Amount of / Investment <sup>1</sup>	Particulars of Investments made	Purpose for which the loan or guarantee or security is proposed to be utilised by the recipient.
MosChip Institute of Silicon Systems Pvt. Ltd.	Subsidiary	247.38	Loan	Working capital
MosChip Technologies, USA	Subsidiary	2,620.53	Investment-Equity	Not applicable
MosChip Technologies, WLL	Subsidiary	2.18	Investment-Equity	Not applicable
MosChip Institute of Silicon Systems Pvt. Ltd.	Subsidiary	200.00	Investment-Equity	Not applicable

**48** The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries



# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

All amounts in ₹ lakhs

STANDALONE

## 49 The following are analytical ratios for the year ended 31 March 2023 and 31 March 2022

Particulars	Numerator	Denominator	Year ended 31-Mar-23	Year ended 31-Mar-22	Variance	Remarks
Current ratio (no. of times)	Current assets	Current liabilities	1.90	0.84	126%	Note i
Debt – Equity Ratio (no. of times)	Total Debt (represents lease liabilities) <sup>(1)</sup>	Shareholder's Equity	0.55	0.92	-40%	Note ii
Debt service coverage ratio (no. of times)	Earnings available for debt service <sup>(2)</sup>	Debt Service <sup>(3)</sup>	0.88	0.43	101%	Note iii
Return on Equity (ROE)	Net Profits after taxes	Average Shareholder's Equity	5.45%	6.71%	-19%	Note iii
Trade receivables turnover ratio	Revenue	Average Trade Receivable	2.97	2.61	14%	
Trade payables turnover ratio	Purchases of services and other expenses	Average Trade Payables	1.78	1.08	65%	
Net capital turnover ratio	Revenue	Working Capital	3.75	-9.98	-138%	Note i
Net profit ratio	Net Profit	Revenue	3.08%	4.45%	-31%	Note iv
Return on capital employed (ROCE)	Earning before interest and taxes	Capital Employed <sup>(4)</sup>	18.28%	73.89%	-75%	Note iii
Return on Investment(ROI) <sup>(5)</sup>	Income generated from investments	Time weighted average investments	NA	NA	NA	

- 1 Total Debts = Borrowings + Leased Liabilities
- 2 Earnings available for Debts Service = Net Profit after taxes + Non-cash operating expenses + Interest - Non-cash operating incomes
- 3 Debt Services = Borrowings + Leased Liabilities
- 4 Capital Employed = Tangible net worth + Lease Liabilities
- 5 Return on investments of the company "Not Applicable" as the company doesn't have traded investments

### Notes

- i. Increase in current ratio is due to restructuring of loan
- ii. Decrease is due to conversion of loan to equity
- iii. Increase is due to restructuring of loan
- iv. Decline in net profit ratio is due to decrease in profit

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

**STANDALONE**

All amounts in ₹ lakhs

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**50** Figures have been rounded off to nearest lakhs 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 Registration Number: 011410S

For and on behalf of the Board  
**MosChip Technologies Limited**

**Sreenivasa Rao T Mohite**  
*Partner*  
Membership No.:015635  
ICAI UDIN: 23015635BGYJKT2496

**Venkata Sudhakar Simhadri**  
Managing Director & CEO  
DIN : 01883241

**Damodar Rao Gummadapu**  
Director  
DIN : 07027779

**Jayaram Susarla**  
Chief Financial Officer

**Suresh Bachalakura**  
Company Secretary  
M. No:ACS 39381

Place: Hyderabad  
Date: 24 May 2023

Place: Hyderabad  
Date: 24 May 2023

# NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

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## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the **24<sup>th</sup> (Twenty Fourth) Annual General Meeting (AGM)** of the members of MosChip Technologies Limited will be held on Friday, the **15<sup>th</sup> day of September, 2023 at 10.00 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 year ended 31<sup>st</sup> March, 2023 together with the reports of the Board of Directors and the Auditors thereon and in this regard to pass the following resolution as an Ordinary Resolution.**

“**RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2023 together with the reports of the Auditors and Directors thereon and the Audited Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2023 together with the report of the auditors thereon be and are hereby received, considered, approved and adopted.”

- 2. To appoint a Director in place of Mr. Damodar Rao Gummadapu (DIN: 07027779), who retires by rotation and being eligible offers himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.**

“**RESOLVED THAT** Mr. Damodar Rao Gummadapu (DIN: 07027779), who retires by rotation in accordance with Section 152 of the Companies Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

### **SPECIAL BUSINESS:**

- 3. To appoint Dr. Naveed Ahmed Sherwani (DIN: 10199022), as a Non-Executive and Non-Independent Director of the Company:**

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

“**RESOLVED THAT** pursuant to the provisions of Section 152 and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the recommendation and approval of the Nomination and Remuneration Committee and the Board of Directors of the Company, Dr. Naveed Ahmed Sherwani (DIN: 10199022), who was appointed by the Board of Directors as an Additional Director (Non-Executive and Non-Independent) of the Company with effect from 17<sup>th</sup> June, 2023 pursuant to the provisions of Section 161 of the Act and the Articles of Association of the Company, and who holds office as an Additional Director up to the date of this Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company, being so eligible, be and is hereby appointed as a Director (Non-Executive and Non-Independent) of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all such steps as it may deem necessary, proper or expedient to give effect to this resolution.”

- 4. Reclassification of certain members of Promoter Group from “Promoter and Promoter Group” category to “Public shareholding” category.**

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

“**RESOLVED THAT** pursuant to the provisions of Regulation 31A of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’) (including any modification(s) or re-enactment thereof for the time being in force) and other applicable laws and subject to the necessary approvals from the Stock Exchange and other appropriate statutory authorities as may be required, consent of the Members of the Company be and is hereby accorded to reclassify the following

## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

persons (hereinafter individually and jointly referred to as the 'outgoing promoters') from "Promoter & Promoter Group" to the "Public" shareholding of the Company:

S. No.	Name of the Outgoing Promoter	No of Shares held as on date of this notice	% of holding
01	Mr. Kadiri Rama Chandra Reddy	56,40,421	3.14
02	Mr. Kadiri Prathibha Reddy	398	0.00

**RESOLVED FURTHER THAT** the Outgoing Promoters, presently classified as members of the Promoter Group, who are seeking reclassification, do not directly or indirectly, exercise any control over the affairs of the Company and hold minimal shares, i.e. totaling only 56,40,819 equity shares constituting 3.14 % of the total paid up equity share capital of the Company and they do not, directly or indirectly, participate in the management or any policy decisions of the Company and they neither have any representation on the Board of Directors of the Company nor any special rights and are not involved in the day to day management of affairs of the company in any manner.

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

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

**By Order of the Board of Directors**

**Place: Hyderabad**  
**Date: 21<sup>st</sup> August, 2023**

**CS Suresh Bachalakura**  
**Company Secretary**  
**(A39381)**

**Registered Office Address:**  
7<sup>th</sup> Floor, My Home Twitza,  
TSIIC Hyderabad Knowledge City,  
Hyderabad, Telangana – 500081.

## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

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### NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act), relating to Special business 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 appointment / re-appointment as Directors / Managing Director are also annexed.
2. In accordance with the applicable MCA Circulars, SEBI Circulars, provisions of the Companies Act, 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
3. The Company has made arrangements through its Registrar & Transfer Agent (RTA), KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited') ("KFintech"), to provide Video Conferencing (VC) / Other Audio-Visual Means (OAVM) facility for the AGM and for conducting of the e-AGM. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
4. Pursuant to the provisions of Section 105 the Companies Act, a Member entitled to attend and vote at the AGM is entitled to appoint a Proxy to attend and vote on his/ her behalf and the Proxy need not be a Member of the Company. However, since this AGM is being held pursuant to the applicable MCA and SEBI Circulars as mentioned hereinabove, through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this AGM Notice.
5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. Corporate Members intending to depute their authorized representatives to attend the Meeting through VC/ OAVM are requested to send to the Company a certified true copy of the Board Resolution together with attested specimen signature of the duly authorized signatory(ies) who are authorized to attend and vote at the Meeting on their behalf.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
8. The Board of Directors of the Company has appointed M/s B S S & Associates, Company Secretaries, as the Scrutinizer to scrutinize the remote e-voting and e-voting during the AGM in a fair and transparent manner.
9. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 09<sup>th</sup> day of September, 2023 to the 15<sup>th</sup> day of September, 2023 (both days inclusive).
10. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled-in to the RTA of the Company. Members holding shares in electronic mode may contact their respective DPs for availing this facility.
11. 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.
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

## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

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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. SEBI has mandated submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to provide their PAN details to their respective DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
14. In accordance with, the MCA Circulars and SEBI Circulars, the Notice of AGM & 24<sup>th</sup> Annual Report is being sent only in electronic mode to Members whose e-mail addresses are registered with the Company or the Depository Participant(s).

As physical copy of the AGM Notice will not be sent by the modes permitted under Companies Act, 2013, the AGM Notice is available on the Company's website at <https://www.moschip.com> and website of the Stock Exchange i.e. BSE Limited at <https://www.bseindia.com/> and on the website of Registrar and Share Transfer Agent at <https://www.kfintech.com>.

15. Members desiring any information with regard to AGM are requested to write to the Company at an early date so as to enable the management to keep the information ready.
16. 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 15, 2023. Members seeking to inspect such documents can send an email to [investorrelations@moschip.com](mailto:investorrelations@moschip.com).
17. 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](mailto:investorrelations@moschip.com).

### 18. PROCEDURE FOR REMOTE E-VOTING

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by KFinTech, on all the resolution(s) set forth in this Notice. The instructions for e-Voting are given herein below.
- ii. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process will be enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.
- iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
- iv. The remote e-Voting period commences on Tuesday, 12<sup>th</sup> September, 2023 at 9:00 A.M. and ends on Thursday, 14<sup>th</sup> September, 2023 at 5:00 P.M. The remote e-voting module will be disabled by KFinTech thereafter.
- v. The voting rights of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the **cut-off date**, being **Friday, September 08, 2023**.

## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

- vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@Kfintech.com](mailto:evoting@Kfintech.com). However, if he / she is already registered with KFintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
- vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under “Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.”
- viii. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:
  - Step 1:** Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.
  - Step 2:** Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.
  - Step 3:** Access to join virtual meetings (e-AGM) of the Company on KFintech system to participate e-AGM and vote at the AGM.

**Details on Step 1 are mentioned below:**

**I) Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

Type of share holders	Login Method
Individual Share holders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1. User already registered for IDeAS facility:               <ol style="list-style-type: none"> <li>i. Visit URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a></li> <li>ii. Click on the “Beneficial Owner” icon under “Login” under ‘IDeAS’ section.</li> <li>iii. On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting”</li> <li>iv. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol> </li> <li>2. User not registered for IDeAS e-Services               <ol style="list-style-type: none"> <li>i. To register click on link : <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a></li> <li>ii. Select “Register Online for IDeAS” or click at: <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>iii. Proceed with completing the required fields.</li> <li>iv. Follow steps given in points 1</li> </ol> </li> <li>3. Alternatively by directly accessing the e-Voting website of NSDL               <ol style="list-style-type: none"> <li>i. Open URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a></li> <li>ii. Click on the icon “Login” which is available under Shareholder/Member’ section.</li> <li>iii. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>iv. Post successful authentication, you will be requested to select the name of the company and the eVoting Service Provider name, i.e. KFintech.</li> <li>v. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</li> </ol> </li> </ol>

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Individual Share holders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Existing user who have opted for Easi / Easiest               <ol style="list-style-type: none"> <li>i. Visit URL: <a href="https://web.cdslindia.com/myeasi/home/loginor">https://web.cdslindia.com/myeasi/home/loginor</a> URL: <a href="http://www.cdslindia.com/">http://www.cdslindia.com/</a></li> <li>ii. Click on New System Myeasi</li> <li>iii. Login with your registered user id and password.</li> <li>iv. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal.</li> <li>v. Click on e-Voting service provider name to cast your vote.</li> </ol> </li> <li>2. User not registered for Easi/Easiest               <ol style="list-style-type: none"> <li>i. Option to register available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>ii. Proceed with completing the required fields.</li> <li>iii. Follow the steps given in point 1.</li> </ol> </li> <li>3. Alternatively, by directly accessing the e-Voting website of CDSL               <ol style="list-style-type: none"> <li>i. Visit URL: <a href="http://www.cdslindia.com/">www.cdslindia.com</a><a href="http://www.cdslindia.com/">http://www.cdslindia.com/</a></li> <li>ii. Provide your demat Account Number and PAN No.</li> <li>iii. System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>iv. After successful authentication, user will be provided links for the respective ESP, i.e KFintech where the e- Voting is in progress.</li> </ol> </li> </ol>
Individual Share holder login through their demat accounts / Website of Depository Participant	<ol style="list-style-type: none"> <li>I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</li> <li>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>III. Click on options available against company name or e-Voting service provider – Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote eVoting period without any further authentication.</li> </ol>

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
<b>Securities held with NSDL</b>	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
<b>Securities held with CDSL</b>	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**Details on Step 2 are mentioned below:**

**II) Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

- A. Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:



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- i. Launch internet browser by typing the URL: <https://evoting.kfintech.com/>
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 7554, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
  - iii. After entering these details appropriately, click on "LOGIN".
  - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc..). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVEN" i.e., 'MOSCHIP TECHNOLOGIES LIMITED - AGM" and click on "Submit"
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
  - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. Together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id [cs@bssandassociates.com](mailto:cs@bssandassociates.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com). The scanned image of the abovementioned documents should be in the naming format "Corporate Name Even No."
- B. Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:
- i. Members who have not registered their email address and in consequence the Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number registered with KFintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx> Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com).

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- ii. Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Notice of AGM and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

### **Details on Step 3 are mentioned below:**

#### **III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.**

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by Kfintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/Kfintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. 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 above.
- ii. Facility for joining AGM through VC/ OAVM shall open at least 15 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members 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.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at investor.relations@MosChip.com. Questions /queries received by the Company till 11 AM on Tuesday, September 12, 2023 shall only be considered and responded during the AGM.
- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through evoting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM.
- viii. Facility of joining the AGM through VC / OAVM shall be available for at least 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

#### **OTHER INSTRUCTIONS**

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com/> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration', which will remain open from Sunday, September 10, 2023, 09:00 A.M. till Tuesday, September 12, 2023, 5:00 P.M. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com/>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will remain open

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from Sunday, September 10, 2023, 09:00 A.M. till Tuesday, September 12, 2023, 5:00 P.M.

- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com/> (KFintech Website) or contact Mr. V Raghunath, Manager – RIS, at [evoting@kfintech.com](mailto:evoting@kfintech.com) or call KFintech's toll free No. 1-800-309-4001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, September 01, 2023, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- V. This AGM Notice is being sent to all the Members, whose names appear in the Register of Members/ List of Beneficial Owners as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on Friday, August 18, 2023. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
    1. Example for NSDL: MYEPWD <SPACE> IN12345612345678
    2. Example for CDSL: MYEPWD <SPACE> 1402345612345678
    3. Example for Physical: MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at toll free number 1-800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).
- VI. The Scrutinizer shall, immediately after the conclusion of AGM, count the votes cast at the AGM and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses, who are not in the employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, within the prescribed time limit after the conclusion of the AGM to the Chairman or a person authorised by him. The Chairman or any other person authorised by him shall declare the result of the voting forthwith.
- VII. The resolution(s) will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolution(s). The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company at <https://www.moschip.com> and Service Provider's website at <https://evoting.kfintech.com/> and the communication will be sent to the BSE Limited.

### 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: 21<sup>st</sup> August, 2023 convening the 24<sup>th</sup> Annual General Meeting of the Company scheduled for 15<sup>th</sup> September, 2023.]*

#### Item No. 3:

#### **Ordinary Resolution : Appointment of Dr. Naveed Ahmed Sherwani (DIN: 10199022), as a Non-Executive and Non Independent Director of the Company:**

Pursuant to provisions of Section 152 of the Companies Act, 2013 ("the Act") read with the applicable rules made thereunder, the Board of Directors of the Company ("Board") on 17<sup>th</sup> June, 2023 through the resolution by circulation, on the basis of the recommendation of the Nomination and Remuneration Committee ("NRC"), appointed Dr. Naveed Ahmed Sherwani (DIN: 10199022) as an Additional Director (Non-Executive and Non-Independent) with effect from 17<sup>th</sup> June, 2023. In accordance with the provisions of Section 161 of the Act read with the applicable rules made thereunder and the Articles of Association of the Company, Dr. Naveed Ahmed Sherwani being an

## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

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Additional Director, holds office up to the date of the ensuing Annual General Meeting (“AGM”), and in accordance with Regulation 17(1C) of the SEBI Listing Regulations approval of shareholders shall be obtained within a time period of three months from the date of appointment. The Company has received a notice in writing from a Member of the Company under Section 160 of the Act proposing the candidature of Dr. Naveed Ahmed Sherwani for the office of a Director of the Company. Dr. Naveed Ahmed Sherwani is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. He is not debarred from holding the office of a Director by virtue of any order of the Securities and Exchange Board of India or any other such authority.

### **Brief Profile**

Dr. Naveed Ahmed Sherwani has decades of experience in entrepreneurship, technical engineering and general management. Dr. Sherwani currently serves as Chairman, President and CEO of RapidSilicon, a leading FPGA company. In addition to serving on multiple boards and advisor to several companies.

Prior to this role, he served as chairman, president and CEO of SiFive, a leader in RISC-V. He also serves as chairman of several companies, including StarFive and LeapFive. In addition, he served as chair, RISC-V strategic alliances at RISC-V international.

Dr. Sherwani started his first company, when he was only 18 years old. He has founded and co-founded multiple companies.

Prior to joining SiFive, he founded PeerNova, a company focused on technology solutions Based on blockchain technology. Dr. Sherwani served as Chairman, President and CEO of PeerNova.

Prior to PeerNova, Dr. Sherwani co-founded Open-Silicon, a leading provider of ASIC solutions. Under his leadership, Open-Silicon designed over 300 ASICs. Prior to Open-Silicon, as the founder and General Manager of Intel Microelectronics Services, he pioneered Open methodology for ASICs. He also founded Brite Semi, a leading ASIC solution provider in China/APAC.

He has served on the boards of various companies, including Touchstone Semiconductor, and Integration associates (sold to Silicon Labs).

Dr. Sherwani worked at Intel for nearly a decade, where he co-architected the Intel microprocessor design methodology and design environment used in several microprocessors and received the prestigious Intel achievement Award in 1997.

Dr. Sherwani is a noted author having authored several books and over 100 articles on various aspects of VLSI Physical Design Automation and ASICs. Dr. Sherwani served as a Professor at Western Michigan University, where his research focused on ASICs, EDA, Combinatorics, graph algorithms and parallel computing. He received his Ph.D. from the University of Nebraska-Lincoln.

Dr. Sherwani would be entitled to remuneration including sitting fees, commission, stock options as permitted by law, and as may be approved by the Board/NRC from time to time, subject to such further approvals, as applicable. Dr. Sherwani holding 17,70,744 equity shares of the Company as on date of this Notice and is not inter-se related to any Director or Key Managerial Personnel (“KMPs”) of the Company.

He does not have any material pecuniary relationships or transactions with the Company, its subsidiaries, or any of the Directors, which would have any potential conflict with the interests of the Company at large.

Other disclosures and details of terms and conditions of appointment of Dr. Naveed Sherwani as stipulated under Regulation 36 of the SEBI Listing Regulations and the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are provided in the Annexure to this Explanatory Statement and should be taken and read as part hereof.

Save and except for Dr. Naveed Sherwani, and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, KMPs of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 3 of the Notice.

The Board is of the view that Dr. Naveed Sherwani knowledge, skills, expertise and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the NRC, recommends his appointment as a Director (Non-Executive and Non-Independent) of the Company as set out in the Ordinary Resolution at Item No. 3 of the accompanying Notice for approval by the Members of the Company.

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## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

### Item No. 04:

Ordinary Resolution: Reclassification of certain members of Promoter Group from “Promoter and Promoter Group” category to “Public shareholding” category

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

S. No.	Name of the Outgoing Promoter	No of Shares held as on date of this notice	% of holding
01	Mr. Kadiri Rama Chandra Reddy	56,40,421*	3.14
02	Mr. Kadiri Prathibha Reddy	398	0.00
	<b>Total</b>	<b>56,40,819</b>	<b>3.14</b>

\* Mr. Kadiri Rama Chandra Reddy holding 62,40,113 equity shares as on the date of submitting his request letter dated 15<sup>th</sup> July, 2023, subsequently Mr. Kadiri Rama Chandra Reddy sold 5,99,692 equity shares and his shareholding as on 21<sup>st</sup> August, 2023 is 56,40,421 equity shares with 3.14% shareholding.

Vide their letters dated 15<sup>th</sup> July, 2023 the Outgoing Promoters requested the Board of Directors to reclassify them from the “Promoter and Promoter Group” Category to the “Public” Category”. The Outgoing Promoters has also confirmed that they shall comply with the conditions set out in the SEBI Listing Regulations upon re-classification as a ‘public’ shareholders. The Request letters received from Outgoing Promoters was placed before the Board of Directors at its meeting held on 17<sup>th</sup> July, 2023.

The Board of Directors of the Company at their duly held meeting on 17<sup>th</sup> July, 2023 approved the request for reclassification of Mr. Kadiri Rama Chandra Reddy and Mrs. Kadiri Prathibha Reddy, Promoters of the Company and noted that they are not, directly or indirectly, associated with the business of the Company and do not have any influence over the business and policy decisions made by the Company and they are not involved in the day to day activities of the Company nor are they exercising any control over the affairs of the Company so it would be just and equitable to reclassify them in public category of shareholders.

Further, Mr. Kadiri Rama Chandra Reddy and Mrs. Kadiri Prathibha Reddy, Promoters of the Company have confirmed that they comply and will continue to comply with the provisions of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they:

- i) does not, together, hold more than 10% (ten percent) of the total voting rights in the Company;
- ii) does not exercise control over the affairs of the Company, directly or indirectly;
- iii) does not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- iv) are not represented on the board of directors of the Company (including through nominee director);
- v) is not acting as a key managerial person in the Company;
- vi) is not ‘willful defaulters’ as per the Reserve Bank of India Guidelines; and
- vii) is not fugitive economic offenders.

The said transaction has following impact on the total Shareholding of the Company.

## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

Pre-Reclassification shareholding of the Company:

Particulars	No of equity shares	%
Promoters	9,06,84,761	50.45
Public shareholders	8,88,76,969	49.44
Non-promoter & non-public shareholders	1,97,470	0.11
<b>Total</b>	<b>17,97,59,200</b>	<b>100.00</b>

Pre-Reclassification shareholding of the Company:

Particulars	No of equity shares	%
Promoters	8,50,43,942	47.31
Public shareholders	9,45,17,788	52.58
Non-promoter & non-public shareholders	1,97,470	0.11
<b>Total</b>	<b>17,97,59,200</b>	<b>100.00</b>

With respect to the pre-requisites in relation to the Company, Board also noted that as at the date of the approval:

- The Company is in compliance with requirements of minimum public shareholding as required under Regulation 38 of the SEBI Listing Regulations;
- The trading in equity shares of the Company have not been suspended by the stock exchanges where equity shares of the Company are listed;
- The Company does not have outstanding dues to the SEBI, Stock Exchanges or the Depositories.

Considering the above, Board recommended reclassification of Mr. Kadiri Rama Chandra Reddy and Mrs. Kadiri Prathibha Reddy from the 'Promoter' to 'Public' category and proposed Item No. 4 of the Notice for the approval of Members by way of an Ordinary Resolution.

The relevant documents in this regard are available for inspection in physical and/or electronic form, between 11.00 A.M. to 1.00P.M. on all working days, till September 15, 2023 at the Registered office of the Company.

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

**By Order of the Board of Directors**

**Place: Hyderabad**  
**Date: 21<sup>st</sup> August, 2023**

**CS Suresh Bachalakura**  
**Company Secretary**  
**(A39381)**

**Registered Office Address:**  
7<sup>th</sup> Floor, My Home Twitza,  
TSIIC Hyderabad Knowledge City,  
Hyderabad, Telangana – 500081.

## NOTICE OF 24<sup>th</sup> 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. Damodar Rao Gummadapu	Mr. Naveed Ahmed Sherwani
DIN	07027779	10199022
Date of Birth & Age	08 <sup>th</sup> June, 1970 & 53 years	25 <sup>th</sup> April, 1960 & 63 years
Date of First Appointment	27/04/2018	17/06/2023
Designation/category of the Director	Non-Executive & Non Independent Director	Non-Executive & Non Independent Director
Qualifications	Commerce Graduate, Qualified Chartered Accountant from ICAI and Cost Accountant..	MS and Phd
Expertise in specific functional areas	Entrepreneur & SAP Consultant & Information Technology solutions, Finance & Administration.	Experience in Design, Manufacturing and Marketing of Various Integrated Chips (ICs), Semiconductor and Systems
Experience (in years)	25 years	40 years
Remuneration last drawn	No remuneration was drawn	Not applicable
Remuneration sought to be paid	Payment of sitting fees for attending meeting of Board of Directors and Committees thereof.	Payment of sitting fees for attending meeting of Board of Directors and Committees thereof.
Terms and conditions of appointment or re-appointment	Appointment as a Non-Executive Director subject to retirement by rotation under Section 152 of the Companies Act, 2013	As set out in the resolution number 03 of this AGM notice.
Directorships held in other public companies (excluding foreign Companies and Section 8 companies)Names of listed Companies, if any.	Nil	Nil
Member of the Committees of other Companies on which he/she is a Member	Nil	Nil
Chairmanship of the Committees of other Companies.	Nil	Nil
Names of listed entities from which the person has resigned in the past three years	Nil	Nil
Number of equity shares held in the Company	2,04,000	17,70,744

## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

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<b>Particulars</b>	<b>Mr. Damodar Rao Gummadapu</b>	<b>Mr. Naveed Ahmed Sherwani</b>
No. of Board Meetings attended during the last year	05	Nil
Disclosure of Inter-se relationship between Directors and KMP's.	No inter-se relationship between Directors and KMP's	No inter-se relationship between Directors and KMP's

The profile of the Directors is available on the Company's website at <https://moschip.com/board-of-directors/> .



## NOTES

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# NOTES

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## LOCATIONS

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