



MEGASOFT LIMITED

Our Company was originally incorporated as “Megasoftware Limited” at Chennai, Tamil Nadu as a Public Limited Company under the provision of Companies Act, 1956 vide Certificate of Incorporation dated June 29, 1999 bearing number 18-42730 of 1999 issued by the Registrar of Chennai, Tamil Nadu. Subsequently our Company pursuant to special resolution passed by the members through Postal Ballot on December 26, 2014 changed the objects of our Company vide a Certificate of Registration of the Special Resolution Confirming Alteration of Object Clause dated January 13, 2015, issued by the Registrar of Companies Chennai. The Corporate Identification number of our Company is L72200TN1999PLC042730.

Registered Office:- No.85, Kutchery Road, Mylapore, Chennai – 600004, Tamil Nadu, India
Corporate Office: My Home Hub, 1st Floor, Block-3, Madhapur, Hyderabad – 500 081, Telangana, India
Tel No: +91 44 24616788 | **Email:** investors@megasoft.com | **Website:** www.megasoft.com
Contact Person: Srivalli Susarla, Company Secretary & Compliance Officer

OUR COMPANY IS A PROFESSIONALLY MANAGED COMPANY AND DOES NOT HAVE AN IDENTIFIABLE PROMOTER##

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF MEGASOFT LIMITED (OUR “COMPANY” OR THE “ISSUER”) ONLY

ISSUE OF UP TO 3,00,00,000 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF OUR COMPANY (THE “EQUITY SHARES” or “RIGHTS EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ [●] PER RIGHTS EQUITY SHARE OF OUR COMPANY (INCLUDING A PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE) FOR AN AMOUNT AGGREGATING UP TO ₹ [●] LAKHS@ ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON THE RECORD DATE, THAT IS [●] (THE “ISSUE”). FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” BEGINNING ON PAGE 164.

@Assuming full subscription

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The securities being offered in the Issue have not been recommended nor approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer, Specific attention of the investors is invited to “Risk Factors” beginning on page 20 of this Draft Letter of Offer before making an investment in this Issue

COMPANY’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, and that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of our Company are listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) (collectively, the “Stock Exchanges”). Our Company has received “In-Principle” approvals from BSE and NSE for listing the Rights Equity Shares through their respective letters dated [●] and [●]. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is BSE Limited.

LEAD MANAGER TO THE ISSUE



FEDEX SECURITIES PRIVATE LIMITED
 B 7, 3rd Floor, Jay Chambers,
 Dayaldas Road, Vile Parle (East),
 Mumbai - 400 057, Maharashtra, India
Tel No.: +91 81049 85249
Fax No.: 022 2618 6966
E-mail ID: mb@fedsec.in
Website: www.fedsec.in
Investor Grievance E-Mail ID: mb@fedsec.in
Contact Person: Rinkesh Saraiya
SEBI Registration Number: INM000010163



REGISTRAR TO THE ISSUE

CAMEO CORPORATE SERVICES LTD
 Subramanian Building No. 1,
 Club House Road,
 Chennai -600002, Tamil Nadu, India
Tel. No: 044 - 28460390
Fax No: 044-28460129
E-mail ID: cameo@cameoindia.com
Website: www.cameoindia.com
Investor Grievance ID: investor@cameoindia.com
Contact Person: R. D. Ramasamy
SEBI Registration No: INR000003753

ISSUE PROGRAMME*

ISSUE OPENS ON:	[●]
LAST DATE ON MARKET RENUNCIATION**	[●]
ISSUE CLOSES ON:#	[●]

*Pursuant to the January 22, 2020 – Rights Issue Circular, SEBI has introduced the concept of credit of Rights Entitlements into the demat accounts of the Eligible Equity Shareholders, which can be renounced by them by way of On Market Renunciation or Off Market renunciation. Further, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made only in dematerialised form. Further, due to the COVID-2019 pandemic, pursuant to the May 6, 2020 – Rights Issue Circular (as defined hereinafter), SEBI introduced certain relaxations for rights issues which opened prior to July 31, 2020. These relaxations have been further extended for rights issues opening up to July 31, 2021 pursuant to the January 19, 2021 – Rights Issue Circular (as defined hereinafter) issued by SEBI. Investors are encouraged to carefully follow all the necessary requirements under the Rights Issue Circulars (as defined hereinafter) and ensure completion of all necessary steps in providing/ updating their required details in a timely manner. For details, see “Terms of the Issue” on page 164 of this Draft Letter of offer.

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.

Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

##The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.

Contents

SECTION I - GENERAL	2
CONVENTIONAL AND ABBREVIATIONS	2
ISSUE RELATED TERMS	3
INDUSTRY RELATED TERMS.....	7
ABBREVIATIONS.....	7
NOTICE TO OVERSEAS INVESTOR	11
FORWARD-LOOKING STATEMENTS.....	14
PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA	16
SUMMARY OF LETTER OF OFFER.....	18
SECTION II – RISK FACTORS	20
SECTION III – INTRODUCTION	38
THE ISSUE.....	38
GENERAL INFORMATION	39
CAPITAL STRUCTURE	42
OBJECTS OF THE ISSUE	46
STATEMENT OF SPECIAL TAX BENEFITS.....	51
SECTION IV – ABOUT OUR COMPANY	56
OUR INDUSTRY	56
OUR BUSINESS	61
OUR MANAGEMENT.....	67
SECTION V – FINANCIAL INFORMATION	71
FINANCIAL STATEMENTS	71
MANAGEMENT DISCUSSION AND ANALYSIS CONDITION AND RESULTS OF OPERATION	144
SECTION VI – LEGAL AND OTHER INFORMATION	152
OUTSTANDING LITIGATION AND DEFAULTS	152
GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS	157
OTHER REGULATORY AND STATUTORY APPROVALS	159
SECTION VII - ISSUE INFORMATION	164
TERMS OF THE ISSUE	164
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES.....	198
SECTION VIII – OTHER INFORMATION	200
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	200
DECLARATION.....	202

**SECTION I - GENERAL
CONVENTIONAL AND ABBREVIATIONS**

This Draft Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in “Statement of Special Tax Benefits” and “Financial Statements” beginning on pages 51 and 71, respectively, shall have the meaning given to such terms in such sections.

CONVENTIONAL / GENERAL TERMS

TERM	DESCRIPTION
“Megasoft Limited”, “Megasoft”, “We” or “us” or “Our Company” or “the Issuer”	Unless the context otherwise indicates or implies refers to Megasoft Limited, a company incorporated as a Public Limited Company under the provisions of the Companies Act, 1956 with its registered office at No.85, Kutchery Road, Mylapore, Chennai – 600004, Tamil Nadu, India.
AOA / Articles / Articles of Association	The Articles of Association of Megasoft Limited, as amended from time to time
“Audited Financial Statements” or “Financial Statements”	The audited Standalone and Consolidated financial statements of our Company as at and for the year ended 31 st March, 2020 and 2019 and consolidated Financial Results for the period ended December 31, 2020.
Auditors / Statutory Auditors	The current statutory auditors of our Company M/s. N. C. Rajagopal & Co., Chartered Accountants.
Board / Board of Directors / Our Board	The Board of Directors of our Company, including all duly constituted from time to time including any Committees thereof as the context may refer to.
Company Secretary and Compliance Officer	The Company Secretary and Compliance Officer of our Company, being Srivalli Susarla.
Corporate Office	My Home Hub, 1st Floor, Block-3, Madhapur, Hyderabad – 500 081, Telangana, India
Chief Financial Officer/ CFO	The Chief Financial Officer of our Company, being Shridhar Thathachary.
Director(s)	Director(s) on the board of Megasoft Limited as appointed from time to time, unless otherwise specified
Equity Shares/Shares	Equity Shares of our Company having face value of ₹ 10.00/- each, fully paid up, unless otherwise specified in the context thereof
Equity Shareholders / Shareholders	Persons /entities holding Equity Shares of our Company from time to time
Independent Director	Independent directors on the Board and eligible to be appointed as an Independent Director under the provisions of Companies Act and SEBI Listing Regulations. For details of the Independent Directors, please refer to chapter titled “Our Management” on page 67 of this Draft Letter of Offer
ISIN	International Securities Identification Number is INE933B01012
Key Management Personnel /KMP	Key management personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI (ICDR) Regulations and Section 2(51) of the Companies Act, 2013. For details, please refer “Our Management” on page 67 this Draft Letter of Offer.

TERM	DESCRIPTION
“Limited Review Financial Results”	Limited review unaudited standalone and consolidated financial results of our Company for the nine months period ended December 31, 2020, and 2019.
MoA / Memorandum / Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time.
Promoter / Promoter Group	The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the reclassification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.
Registered Office	No. 85, Kutcheri Road, Mylapore, Chennai – 600004, Tamil Nadu, India.
Roc/Registrar of Companies	Registrar of Companies, Chennai, Block No.6, B Wing 2 nd Floor Shastri Bhawan 26, Haddows Road, Chennai – 600034
Rights Issue Committee	The committee of our Board constituted through the resolution dated February 12, 2021, for purposes of this Issue and incidental matters thereof.
“Subsidiaries”	Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable accounting standard. For details, see “Financial Statements” on page 71 of this Draft Letter of Offer

ISSUE RELATED TERMS

Term	Description
“Abridged Letter of Offer” or “ALOF”	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013
“Allotment”, “Allot” or “Allotted”	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account(s)	The account(s) opened with the Banker(s) to this Issue, into which the Application Money lying credit to the Escrow Account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [•]
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Investor who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made pursuant to this Issue
Allottee(s)	Person(s) who is Allotted Equity Shares pursuant to Allotment
“Applicant(s)” or “Investors”	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by

Term	Description
	such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP (instituted only for resident Investors, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts), to subscribe to the Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application using the R-WAP or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Application Money	Aggregate amount payable in respect of the Equity Shares applied for in the Issue at the Issue Price for the Application
“Application Supported by Blocked Amount” or “ASBA”	Application used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in a the ASBA Account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application.
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Banker(s) to the Issue Agreement	Collectively, the Escrow Collection Bank(s), the Allotment Account Bank(s) and the Refund Bank(s) to the Issue. The Banker to the issue is [•]
Banker to the Issue Agreement	Agreement dated [•] amongst our Company, the Lead Managers, the Registrar to the Issue and the Banker(s) to the Issue for receipt of the Application Money from Applicants/Investors making an application through the R-WAP facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/Investors and providing such other facilities and services as specified in the agreement
Bankers to the Issue	Collectively, the Escrow Collection Bank, the Allotment Account Banks and the Refund Account Bank to the Issue.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in “ <i>Terms of the Issue</i> ” beginning on page 164
BSE	Bombay Stock Exchange Limited “BSE Limited”
Common Application Form / CAF	The application form used by Investors to make an application for Allotment under the Issue
“Controlling Branches” or “Controlling Branches of the SCSBs”	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	BSE Limited
Draft Letter of Offer	This draft letter of offer dated February 12, 2021 filed with Stock Exchanges
Eligible Shareholder(s) Equity	Holder(s) / Beneficial Owner of the Equity Shares of our Company as on the Record Date
Escrow Account(s)	One or more no-lien and non-interest bearing accounts with the Escrow

Term	Description
	Collection Bank(s) for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility
“Escrow Collection Bank”, “Allotment Account Bank(s)” or “Refund Bank(s)”	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, [•]
IEPF	Investor Education and Protection Fund
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, [•], and the Renouncee(s)
ISIN	International securities identification number
Issue	This issue of up to 3,00,00,000 Equity Shares for cash at a price ₹ [•] per Equity Share (including a premium of ₹ [•] per Equity Share) not exceeding ₹ [•] lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [•] Equity Share for every [•] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record date that is on [•] #Assuming full subscription
Issue Agreement	Agreement dated February 22, 2021 entered into between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	[•]
Issue Opening Date	[•]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	₹ [•] per Equity Share
“Issue Proceeds” or “Gross Proceeds”	Gross proceeds of the Issue
Issue Size	Amount aggregating up to ₹ [•] /- #Assuming full subscription
Lead Managers	Fedex Securities Private Limited (Formerly known as Fedex Securities Limited)
“Letter of Offer” or “LOF”	The final letter of offer to be filed with the Stock Exchanges and SEBI
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, see “Objects of the Issue” beginning on page 46
NRI(s)	An individual resident outside India who is a citizen of India or is an ‘Overseas Citizen of India’ cardholder within the meaning of section 7(A) of the Citizenship Act, 1955, and shall have the meaning ascribed to such term in the FEMA Regulations
Non –Institutional Investor(s)	An Investor other than a Retail Individual Investor and a Qualified Institutional Buyer
NSE	National Stock Exchange of India Limited
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws

Term	Description
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [•]
“Qualified Institutional Buyers” or “QIBs”	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
R-WAP	Registrar’s web based application platform, instituted as an optional mechanism in accordance with SEBI circulars bearing reference numbers SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/submitting online Application Forms by resident public Investors. This platform is instituted only for resident Investors, in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts
Record Date	Designated date for the purpose of determining the Eligible Equity Shareholders eligible to apply for Equity Shares, being [•].
Refund Account Bank	The Banker to the Issue with whom the refund account will be opened, in this case being [•]
“Registrar to the Issue” or “Registrar”	Cameo Corporate Services Limited
Registrar Agreement	Agreement dated February 22, 2021 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [•] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Rights Entitlement(s) / RE’s	Number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [•] Equity Shares for every [•] Equity Shares held by an Eligible Equity Shareholder
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP and on the website of our Company
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at website of SEBI and / or such other website(s) as may be prescribed by SEBI from time to time.
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being National Stock Exchange of India Limited and BSE Limited
Transfer Date	The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange

Term	Description
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI
Working Day(s)	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

INDUSTRY RELATED TERMS

TERM	DESCRIPTION
BWA	Broadband Wireless Access
BSS	Base Station Subsystem
CAGR	Compound Annual Growth Rate
CSPs	Communications Service Provider
DIPP	Department of Industrial Policy and Promotion
EPFO	Employees' Provident Fund Organisation
ESI	Employee State Insurance
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
GST	Goods and Services Tax
GVA	Gross Value Added
HNI	High-net-worth Individuals
IoT	Internet of things
I&D	Innovation and Development
IMF	International Monetary Fund
M2M	Machine to machine
MLHW	Ministry of Labor Health and Welfare
MSP Platform	Mobile Service Platform
MVNE	Mobile Virtual Network Enabler
NVNOs	Mobile Virtual Network Operators
OTC	Over the counter
OTT	Over-the-top
R&D	Research and Development
RBI	Reserve Bank of India
TRAI	Telecom Regulatory Authority of India
UN	United Nations
US/ U.S./ USA	United States of America
VAT	Value Added Tax

ABBREVIATIONS

Term	Description
“₹”, “Rs.”, “Rupees” or “INR”	Indian Rupees
Adjusted loans and advances	Adjustment in the nature of addition to the loans and advances made in relation to certain loans which are treated as investments under Ind AS,

Term	Description
	but considered as loans by our Company
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
CAGR	Compound annual growth rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate identity number
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the rules made thereunder
Companies Act, 2013	Companies Act, 2013 along with the rules made thereunder
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CRAR	Capital adequacy ratio/Capital to risk assets ratio
CrPC	Code of Criminal Procedure, 1973
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DP ID	Depository participant's identification
DIN	Director Identification Number
EBITDA	Profit/(loss) after tax for the year adjusted for income tax expense, finance costs, depreciation and amortisation expense, as presented in the statement of profit and loss
EGM	Extraordinary general meeting
EPS	Earnings per Equity Share
FCNR Account	Foreign currency non-resident account
FDI Circular 2020	Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"Financial Year", "Fiscal Year" or "Fiscal"	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FIR	First information report
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
"GoI" or "Government"	Government of India
GST	Goods and Service Tax
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
Income Tax Act	Income-Tax Act, 1961
Ind AS	Indian accounting standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards)

Term	Description
	Rules 2015, as amended
IFRS	International Financial Reporting Standards
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ITAT	Income Tax Appellate Tribunal
LTV	Loan to value ratio
MCA	Ministry of Corporate Affairs
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of (Mutual Funds) Regulations, 1996
“Net Asset Value per Equity Share” or “NAV per Equity Share”	Net Worth/ Number of Equity shares subscribed and fully paid outstanding as at March 31
Net Worth	Aggregate of Equity Share capital and other equity
NBFC	Non-banking financial companies
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
PAN	Permanent account number
PAT	Profit after tax
QP	Qualified purchaser as defined in the U.S. Investment Company Act
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Chennai
RTGS	Real time gross settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Relaxation Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, read with SEBI circulars bearing reference numbers SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021.

Term	Description
SEBI Rights Issue Circulars / SEBI Right Issue Circulars / SEBI Rights Issue Circular	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and the SEBI Relaxation Circulars
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
Stock Exchanges	National Stock Exchange of India Limited and BSE Limited
STT	Securities transaction tax
Supreme Court	Supreme Court of India
TAT	Turn around time
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
“U.S.\$”, “USD” or “U.S. dollar”	United States Dollar, the legal currency of the United States of America
U.S. Investment Company Act	Investment Company Act of 1940, as amended
U.S. Person	U.S. persons as defined in Regulation S under the U.S. Securities Act or acting for the account or benefit of U.S. persons (not relying on Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i) of Regulation S)
U.S. QIB	Qualified institutional buyer as defined in Rule 144A under the U.S. Securities Act
“USA”, “U.S.” or “United States”	United States of America
U.S. SEC	U.S. Securities and Exchange Commission
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

NOTICE TO OVERSEAS INVESTOR

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and the application form and the issue of the Rights Entitlement and the Rights Equity Shares to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them

Further, this Draft Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard.

Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Managers, the Stock Exchanges and on R-WAP.

Our Company, the Lead Managers, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlement and the Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any offering materials or advertisements in connection with the Issue may not be distributed, whole or in part, in or into in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer or the Application Form or the Rights Entitlement Letter in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form.

Any person who makes an application to acquire rights and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application form as invalid where they believe that Application form is incomplete or acceptance of such Application form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of the Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date

hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer or the date of such information.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States who is also a QP) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

Neither the receipt of the Letter of Offer nor any sale of Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer or the date of such information.

THE CONTENTS OF THE LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX, BUSINESS, FINANCIAL OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. AS A RESULT, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF THE EQUITY SHARES OR RIGHTS ENTITLEMENTS. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGERS OR ITS AFFILIATES ARE MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS ENTITLEMENTS OR THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS

NO OFFER IN THE UNITED STATES

The rights entitlements and the rights equity shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act"), or any U.S. State securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S."), except in a transaction exempt from the registration requirements of the securities act. The rights entitlements and the rights equity shares referred to in the Letter of Offer are being offered in India, but not in the United States. The offering to which this draft letter of offer relates is not, and under no circumstances is to be construed as, an offering of any rights equity shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, this draft letter of offer should not be forwarded to or transmitted in or into the United States at any time. Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America. Envelopes containing an application form should not be postmarked in the United States of America or otherwise dispatched from the United States of America or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer, the Abridged Letter of Offer and Application form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States of America (ii) does not have a registered address (and is not otherwise located) in the United States when the buy order is made and (iii) it is authorized to acquire

the Rights Entitlement and the Rights Equity Shares in compliance with all applicable law, rules and regulations. Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; or (iii) where our Company believes that the CAF is incomplete or the acceptance of such CAF may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such CAF. Rights Entitlement may not be transferred or sold to any person in the United States of America.

NOTICE TO THE INVESTOR

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

PURSUANT TO THE JANUARY 22 – RIGHTS ISSUE CIRCULAR, SEBI HAS INTRODUCED THE CONCEPT OF CREDIT OF RIGHTS ENTITLEMENTS INTO THE DEMAT ACCOUNTS OF THE ELIGIBLE EQUITY SHAREHOLDERS, WHICH CAN BE RENOUNCED BY THEM BY WAY OF ON MARKET RENUNCIATION OR OFF MARKET RENUNCIATION. FURTHER, THE CREDIT OF RIGHTS ENTITLEMENTS AND ALLOTMENT OF RIGHTS EQUITY SHARES SHALL BE MADE ONLY IN DEMATERIALIZED FORM. FURTHER, DUE TO THE COVID-2019 PANDEMIC, **PURSUANT TO THE MAY 6 – RIGHTS ISSUE CIRCULAR**, SEBI INTRODUCED CERTAIN RELAXATIONS FOR RIGHTS ISSUES WHICH OPENED ON OR PRIOR TO JULY 31, 2020. THESE RELAXATIONS HAVE BEEN FURTHER EXTENDED FOR RIGHTS ISSUES OPENING UP TO DECEMBER 31, 2020, **PURSUANT TO THE JULY 24 – RIGHTS ISSUE CIRCULAR** ISSUED BY SEBI.

INVESTORS ARE ENCOURAGED TO CAREFULLY FOLLOW ALL THE NECESSARY REQUIREMENTS UNDER THE RIGHTS ISSUE CIRCULARS AND ENSURE COMPLETION OF ALL NECESSARY STEPS IN PROVIDING/ UPDATING THEIR REQUIRED DETAILS IN A TIMELY MANNER. **PURSUANT TO THE JANUARY 19, 2021 – RIGHTS ISSUE CIRCULAR**, ONE TIME RELAXATION PROVIDED IN MAY 6, RIGHT ISSUE CIRCULAR WAS FURTHER EXTENDED TO MARCH 31, 2021, PROVIDED THE ISSUER ALONG WITH THE LEAD MANAGER SHALL CONTINUE TO COMPLY WITH POINT (V) OF THE SEBI CIRCULAR NO. SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 06, 2020. FOR DETAILS, SEE "TERMS OF THE ISSUE" ON PAGE 164

FORWARD-LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

All statements contained in the Draft Letter of Offer that are not statements of historical facts constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Draft Letter of Offer regarding matters that are not historical facts. These forward-looking statements and any other projections contained in the Draft Letter of Offer (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- Impact of epidemics and pandemics with respect to recent example of COVID-19 on our business and operations;
- General economic and business conditions in the markets in which we operate and in the local, Regional, National and International economies;
- Competition from existing and new entities may adversely affect our revenues and profitability;
- Political instability or changes in the Government(s) could adversely affect economic conditions in India and consequently our business may get affected to some extent.
- Our business and financial performance is particularly based on market demand and supply of our products;
- The performance of our business may be adversely affected by changes in, or regulatory policies of, the Indian National, State and Local Governments;
- Any downgrading of India’s debt rating by a domestic or international rating agency could have a negative impact on our business and investment returns;
- Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company;
- The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under “Risk Factors” and “Our Business” beginning on pages 20 and 61, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on our revenue could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of

Offer or the respective dates indicated in this Draft Letter of Offer and neither our Company nor the Lead Managers undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

CERTAIN CONVENTIONS

In this Draft Letter of Offer, unless the context otherwise indicates or implies, references to 'Megasoft Limited', the 'Company', 'our Company', the 'Issuer' are to Megasoft Limited, and references to 'we', 'our' or 'us' are to Megasoft Limited.

In this Draft Letter of Offer, references to the 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Draft Letter of Offer in "crore", "million" and "lakh" units. One crore represents 1,00,00,000. One lakh represents 1,00,000. One million is 10 lakhs.

FINANCIAL DATA

Unless stated otherwise and unless context requires otherwise, the financial data in this Draft Letter of Offer is derived from the Financial Statements. Our Fiscal commences on April 1 and ends on March 31 of the following calendar year. For details, see "Financial Statements" on page 71.

We have prepared our Financial Statements in accordance with Ind AS prescribed under the Section 133 of the Companies Act 2013. Our Company publishes its financial statements in Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

MARKET AND INDUSTRY DATA

Aside from the above, unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information contained in such publication has been obtained from sources believed to be reliable but that the accuracy and completeness of that information are not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified by us or the Lead Managers, and neither our Company nor the Lead Managers make any representation as to the accuracy of that information.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "Risk Factors – Industry information included in this Draft Letter of Offer has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third party statistical, financial and other industry information is either complete or accurate." on page 20. Accordingly, Investors should not place undue reliance on this information.

Non-GAAP measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, return on Net Worth, Net Asset Value per Equity Share, ratio of non-current liabilities-borrowings (including current maturities of long-term borrowings) / total equity, ratio of Total Borrowings / total equity and earnings before interest, tax, depreciation and amortization have been included in this Draft Letter of Offer. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature

that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

Currency of Presentation

Unless otherwise specified or the context otherwise requires, all references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India; and
- 'US\$', 'USD', '\$' and 'U.S. Dollars' are to the legal currency of the United States of America.

The following table provides information with respect to the exchange rate for the Indian rupee per US\$1.00. The exchange rates are based on the reference rates released by Foreign Benchmark India Private Limited which is available on their website. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

Currency	As on December 31, 2020	As on December 31, 2019	As on March 31, 2020	As on March 31, 2019
1 US \$	73.07	71.27	75.39	69.17

Source: www.fbil.org.in

Note: In the event that any of the abovementioned dates of any of the respective financial years is a public holiday, the previous calendar day not being a public holiday has been considered.

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this draft Letter of Offer, including the sections, “Objects of the Issue”, “Outstanding Litigation and Defaults”, “Our Business” and “Risk Factors” on pages 46, 152, 61 and 20 respectively.

SUMMARY OF BUSINESS

Leveraging more than twenty years of services experience, technology leadership & execution excellence. Our industry agnostic experience in offering cloud services, cyber security, mobile enablement & IoT solutions and mobile network services provides us the maturity to lead the next wave of services globalization. Our Company derives most of its revenues as a technology supplier to the global telecoms industry, especially mobile carriers. Mobile services are a dynamic industry that is constantly undergoing market changes, regulatory changes, technology changes and changes in customer preferences. Mobile operators need to constantly reinvent themselves and stay relevant in this fast-changing market environment and hence their need for key & new technologies is a constant driver for our company’s growth opportunities. With OTT Platforms mobile enabling many traditional industries and New emerging areas like 5-G, enterprise mobile markets and the Internet of Things (IoT) opening up wholly new business segments, the mobile technology industry continues its expansion.

OBJECTS OF THE ISSUE

The Net Proceeds are proposed to be used in accordance with the details set forth below:

Sr. No	Objects – Description	Amount (Rs .in Lakhs)
1.	Reduction of the aggregate outstanding borrowings of our Company on a consolidated basis; and	Upto 3000
2.	General Corporate Purpose*	[●]
	TOTAL	[●]

Subject to the finalization of the Basis of Allotment.

**The amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Gross Proceeds.*

Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio

For further details, see “Objects of the Issue” beginning on page 46.

INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTER

The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.

SUMMARY OF OUTSTANDING LITIGATION AND DEFAULTS

A summary of material outstanding legal proceedings involving our Company and our Subsidiaries, identified in accordance with the SEBI ICDR Regulations as on the date of this Draft Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is provided below.

Sr. No.	Nature & Type of Proceedings	No of cases	Amount In ₹ Lakhs
I	Litigation involving our Company		
A.	Proceedings involving criminal liability on our Company	NIL	NIL
B.	Proceedings involving material violations of statutory regulations by our Company	NIL	NIL
C.	Matters involving economic offences where proceedings have been initiated against our Company	NIL	NIL
D.	Other proceedings involving our Company, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	1	227
II.	Litigation involving our Subsidiaries		
A.	Proceedings involving criminal liability on our Subsidiaries	NIL	NIL
B.	Proceedings involving material violations of statutory regulations by our Subsidiaries	NIL	NIL
C.	Matters involving economic offences where proceedings have been initiated against our Subsidiaries	NIL	NIL
D.	Other proceedings involving our Subsidiary which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Subsidiary	NIL	NIL
	Total	1	227

Details As per the Income Tax Demand screen shots

Income Tax Demand for the Outstanding Tax Demand u/s.245 and sub-sections as mentioned in the Chapter “Outstanding Litigation and Defaults” on page 152, *the amount showing outstanding is not final and binding upon the company as there are orders passed by the Income Tax Appellate Tribunal in our Company’s Favour, which is challenged by the Income Tax Authorities by filing a Case before the Madras High Court which are at the admission stage.*

RISK FACTORS

Specific attention of the Investors is invited to the section “Risk Factors” on page 20 of this Draft Letter of Offer. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

CONTINGENT LIABILITIES OF OUR COMPANY

For details of the contingent liabilities as per Ind AS 37 for the period ended December 31, 2020 March 31, 2020 and March 31, 2019, see “Financial Statements” on page 71.

RELATED PARTY TRANSACTIONS

For details of the Related Party Transactions as per Ind AS 24 entered into by our Company for the period ended December 31, 2020 and for Financial Year ended March 31, 2020 and 2019, see “Financial Statements” on page 71 of this Draft Letter of Offer.

ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Draft Letter of Offer.

SECTION II – RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Draft Letter of Offer, including in “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Selected Statistical Information” and “Financial Statements” before making an investment in our Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of increasing many of the other risks described in this section, such as those relating to non-payment or default by customers. In making an investment decision with respect to this Issue, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved. You should consult your tax, financial and legal advisors about the consequences to you of an investment in our Equity Shares.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context otherwise requires, in this section, reference to “we”, “us” “our” refers to our Company together with our Subsidiaries, on a consolidated basis. For updates in relation to financial and operational performance as of and for the period ended December 31, 2020, see “Management Discussion and Analysis Condition and Results of Operation” beginning on page 144.

INTERNAL RISKS

1. The impact of the COVID-19 pandemic on our business and operations is uncertain and cannot be predicted

The World Health Organization declared the 2019 novel coronavirus (“COVID-19”) outbreak a public health emergency of international concern on January 30, 2020, and a pandemic on March 11, 2020. Governments and municipalities around the world instituted measures to control the spread of COVID-19, including quarantines, shelter in-place orders, closure of schools, travel restrictions, and closure of non-essential businesses.

The COVID-19 pandemic has caused an economic downturn on a global scale, including closure of many businesses and reduced consumer spending, as well as significant market disruption and volatility. A number of governments and organizations have revised GDP growth forecasts for calendar year 2020 downward in response to the economic slowdown caused by the spread of COVID-19. The Government of India initially announced a 21-day country-wide lockdown starting on March 25, 2020, which was further extended in several phases with certain modifications and relaxations, till date, and there can be no assurance that such lockdowns will not be extended further on one or more occasions. Financial markets were volatile during the Financial Year 2020 due to domestic economic slowdown, concerns on fiscal slippage and geopolitical tensions. Weaknesses in overall economic activity also put pressure on business growth.

The impact of the pandemic on our business, operations and future financial performance include, but are not limited to:

- a. Operations:** Pursuant to the lockdown, we had temporarily closed our offices, however, with the easing of the lockdown, we have gradually resumed business operations, following hygiene checks

and sanitization. However, a surge in the number of COVID-19 cases in the future could result in a complete or partial closure of, or other operational issues at our offices resulting from government action.

- b. Capital and Finance Resources:** The Company did face delay in receipt of payments from its customers, during the period resulting in periodic cash flow disruptions.
- c. Profitability:** The Company did face abrupt stoppage of on – going projects since beginning of March 2020, (resulting in a marginal revenue drop in 2019-20) but subsequently, most of them have been resumed by the customers. Being part of an essential & Core activities industry (Mobile telecom), the Company expect an adverse impact on its revenue or profitability during 2020 – 21 as of now.
- d. Productivity:** Inherent productivity, connectivity, and oversight challenges due to an increase in number of individuals working from home may affect our business and results of operations.
- e. Internal Financial Reporting & Control:** The Internal financial reporting control have been intact. Since the offices were closed due to lockdown, challenges in availability of documents, and preparations of financial reporting are being faced as compared to normal course. All transactions are duly checked and authorized by concerned competent persons.

Further, we may not be able to predict the duration and severity of the current economic conditions and as a consequence, our financial results for a particular period are difficult to predict, and, therefore, prior results including financial results for the Fiscal 2020, are not necessarily indicative of results to be expected in future periods.

2. *Failures, defects, delays and other problems involving the technology systems and infrastructure on which we rely for providing our products and services and solutions to our clients may adversely affect our business, financial condition and results of operations.*

We rely on various technology systems and infrastructure in providing our products and services and solutions to our clients. Our business could be interrupted by any damage to or the failure of our technology systems, infrastructure, hardware and software or impact of any failure of the networks, technology systems, infrastructure, hardware and software. Our systems and infrastructure are also vulnerable to damage and interruption from, among other things, power loss, transmission cable cuts and other telecommunication failures, natural disasters, computer viruses and software defects and errors by our employees or service providers. System failures or delays could disrupt our ability to provide our products and services and solutions through our communications platform, which could result in a loss of revenue from our current and potential clients as well as adversely impact our business operations and our reputation.

In addition, costs incurred in correcting any material failures, defects, delays, errors or other problems involving our technology systems and infrastructure or our products and services and solutions may be substantial and could have an adverse effect on our business, financial condition and results of operations.

3. *We operate in a highly evolving market and any inability to respond to such changing conditions could adversely affect our business and results of operations.*

The markets in which we operate are highly competitive and subject to frequent changes due to technological improvements and advancements, availability of new or alternative products and services and changing client preferences and demands, and can require significant investment in research and development by market participants. We expect competition to intensify further, as new entrants emerge in the industry due to the opportunities available and as existing competitors seek to expand their services. Consolidation among our competitors may also leave us at a competitive disadvantage. In addition, as we expand into international markets, we will increasingly compete with local and global providers of services.

Further, our industry is characterized by fragmented and highly competitive market participants. Some or all of our competitors may have advantages over us, which include substantially greater financial resources, stronger brand recognition, longer operating histories, larger marketing budgets, broader geographic presence and more extensive relationship with clients and thus may be able to respond more

quickly and effectively to new or changing opportunities, technologies, standards or clients demands than us. Increased competition may result in pricing pressure and force us to lower the selling price of our products and services or cause a loss of business.

In addition, our competitors may offer new or different our products and services in the future which are more popular than our current our products and services. If we are not successful as our competitors in our target markets, our sales could decline, or margins could be negatively impacted and we could lose market share, any of which could materially harm our business.

4. Our Company and Subsidiaries are involved in certain legal and other proceedings. Any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have a material adverse effect on our financial condition and results of operations.

There is outstanding litigation pending against us, which, if determined adversely, could affect our business, results of operations and financial condition. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if determined against us, could adversely affect our business, results of operations and financial condition.

Our Company is involved in certain legal and other proceedings and there can be no assurance that our Company, will be successful in any of these legal actions. In the event our Company is unsuccessful in litigating any of the disputes, our business and results of operations may be adversely affected. For details, see “Outstanding Litigation and Defaults” on page 152.

A summary of material outstanding legal proceedings involving our Company, as on the date of this Draft Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below.

Sr. No.	Nature & Type of Proceedings	No of cases	Amount In ₹ Lakh
I	Litigation involving our Company		
A.	Proceedings involving criminal liability on our Company	NIL	NIL
B.	Proceedings involving material violations of statutory regulations by our Company	NIL	NIL
C.	Matters involving economic offences where proceedings have been initiated against our Company	NIL	NIL
D.	Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	1	227
II.	Litigation involving our Subsidiaries		
A.	Proceedings involving criminal liability on our Subsidiaries	NIL	NIL
B.	Proceedings involving material violations of statutory regulations by our Subsidiaries	NIL	NIL
C.	Matters involving economic offences where proceedings have been initiated against our Subsidiaries	NIL	NIL
D.	Other proceedings involving our Subsidiary which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Subsidiary	NIL	NIL
	Total	1	227

Details As per the Income Tax Demand screen shots

Income Tax Demand for the Outstanding Tax Demand u/s.245 and sub-sections as mentioned in the Chapter “Outstanding Litigation and Defaults” on page 152, *the amount showing outstanding is not final and binding upon the company as there are orders passed by the Income Tax Appellate Tribunal in our Company’s Favour, which is challenged by the Income Tax Authorities by filing a Case before the Madras High Court which are at the admission stage.*

For details, see “Outstanding litigation – Litigation involving our Company – Proceedings involving material violations of statutory regulations by our Company” on page 152. Other proceedings involving our Company and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company – Civil Proceedings” on page 152.

Decisions in any of the aforesaid material outstanding legal proceedings or any other proceedings involving us or our Subsidiaries, adverse to our interests may have a material adverse effect on our business, financial condition, cash flows and results of operations. If the courts or tribunals rule against our Company or Subsidiaries, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. For details, see “Outstanding Litigation and Defaults” on page 152.

5. If we fail to attract and retain highly skilled IT professionals, we may not have the necessary resources to properly staff projects, and failure to successfully compete for such IT professionals could materially adversely affect our business, financial condition and results of operations.

Our success depends largely on the contributions of our IT professionals and our ability to attract and retain qualified IT professionals. Our ability to maintain and renew existing engagements and obtain new business will depend, in large part, on our ability to attract, train and retain skilled IT professionals, including experienced management IT professionals, which enables us to keep pace with growing demands for outsourcing, evolving industry standards and changing customer preferences. If we are unable to attract and retain the skilled IT professionals we need, we may have to forgo projects for lack of resources or be unable to staff projects optimally. Our failure to attract, train and retain IT professionals with the qualifications necessary to fulfil the needs of our existing and future customers or to assimilate new IT professionals successfully could materially adversely affect our business, financial condition and results of operations. Moreover, we may be unable to manage knowledge developed internally, which may be lost in the event of our inability to retain employees. We compete for such talented individuals not only with other companies in our industry but also with companies in other industries, such as software services, engineering services, financial services and technology generally, among others. High attrition rates of IT professionals would increase our hiring, reskilling, upskilling and training costs and could have an adverse effect on our ability to complete existing contracts in a timely manner, meet customer objectives and expand our business.

6. We face strong competition from Other Global Companies, and increased competition, our inability to compete successfully against competitors, pricing pressures or loss of market share could materially adversely affect our business, financial condition and results of operations

If our competitors develop and implement methodologies that yield greater efficiency and productivity, they may be able to offer similar services at lower prices than we do without adversely affecting their profit margins. Our current and potential competitors may also be able to respond more quickly to new technologies or processes and changes in customer demands; may be able to devote greater resources towards the development, promotion and sale of their services than we can; and may also make strategic acquisitions or establish cooperative relationships among themselves or with third parties that increase their ability to address the needs of our customers. Therefore, we cannot assure you that we will be able to retain our customers while competing against such competitors. Increased competition, our inability to compete successfully, pricing pressures or loss of market share could have a material adverse effect on our business, financial condition and results of operations.

7. Any disruption in the supply of power, IT infrastructure and telecommunications lines to our facilities could disrupt our cloud communication platform services and subject us to additional costs.

Any disruption in basic infrastructure, including the supply of power, could negatively impact our ability to provide timely or adequate products and services to our clients. We rely on telecom connectivity and other infrastructure providers to maintain communications between our various facilities globally. Telecom networks are subject to failures and periods of service disruption which can adversely affect our ability to maintain active communications among our facilities and with our clients. Such disruptions may cause harm to our clients businesses as well. We may not be covered for any claims or damages if the supply of power, IT infrastructure or telecom connectivity is disrupted. This could disrupt our cloud communication platform services and subject us to additional costs and have an adverse effect on our business, financial condition and results of operations.

8. *Deficiencies in or termination of services by third-party service providers such as network and server capacity providers or interruptions, failure to provide, delays or outages, may adversely affect our business, financial condition and results of operations.*

We partner with messaging infrastructure / hardware providers to support our cloud communication platform services. We do not have control over the operation, quality or maintenance of such infrastructure or whether such third party service providers will upgrade or improve their infrastructure, software, equipment and services. Further, interruptions or failures of such networks, whether due to natural disaster, government policy, terrorist activity or any other reason, and the resulting reduction in transactions and communications processed by our communications platform for delivery via such networks, can have a significant impact on our revenue and may have an adverse effect on our business, financial condition and results of operations. We may experience interruptions, delays and outages in products and services and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors and capacity constraints.

9. *We incorporate third-party open source software into our customer deliverables and our failure to comply with the terms of the underlying open source software licenses could adversely impact our customers and create potential liability on us.*

Our customer deliverables may contain software licensed by third parties under so -called “open source” licenses. We use open source software in some of our internal systems and technology platform. The terms of many opensource licenses to which we are subject to may have not been interpreted by domestic or foreign courts, and there is a risk that open source software licenses could be construed in a manner that impose unanticipated conditions or restrictions on our ability to provide or distribute our products and services or solutions. In addition, we may face claims from parties claiming ownership of, or demanding release of, the source code or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our platform, any of which could have a negative effect on our business and operating results. Further, open source licensors generally do not provide warranties or controls on the origin of software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on our business, financial position and results of operations.

10. *We use third-party software, hardware and Software-As-A-Service (SaaS), technologies from third parties that may be difficult to replace or that may cause errors or defects in, or failures of, the products and services or solutions we provide*

We rely on software and hardware from various third parties to deliver our product and services and solutions, as well as hosted SaaS applications from third parties. If any of these software, hardware or SaaS applications become unavailable due to extended outages, interruptions or because they are no longer available on commercially reasonable terms, it could result in delays in the provisioning of our product and services until equivalent technology is either developed by us, or, if available, is identified, obtained and integrated, which could increase our expenses or otherwise harm our business. Further, the third-party service providers may face closure, financial difficulty or be involved in major litigation, which may affect our access to their software and technologies. If we lose the licenses which permit us to use such software, they may be difficult to replace and it may be costly to do so.

In addition, any errors or defects in or failures of this third-party software, hardware or SaaS applications

could result in errors or defects in or failures of our product and services and solutions, which could harm our business and be costly to correct. Further, we are liable to our customers for any loss faced by them due to our use of these third party software and technologies. Many of these providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our customers or third -party providers that could harm our reputation and increase our operating costs.

11. Our product and services expose us to numerous risks, including sometimes conflicting legal and regulatory requirements, and violation of these regulations could adversely affect our business and results of operations.

We have our operations in United States, Mexico, Malaysia and many other countries across the globe. As we continue to expand internationally, we are subject to compliance of numerous laws and regulations in these countries. In the Fiscal 2019, Fiscal 2020 and period ended December 31, 2020 ₹ 2275.85 Lakhs, ₹ 1916.97 Lakhs and ₹ 1160.77 Lakhs of our Company's revenue from operations, respectively, was derived from sales outside of India.

Non-compliance with these regulations in the conduct of our business could result in termination of client contracts, fines, penalties, criminal sanctions against us or our officers, disgorgement of profits, prohibitions on doing business and may have an adverse impact on our reputation. Gaps in compliance with these regulations in connection with the performance of our obligations to our clients could also result in exposure to monetary damages, fines and/or criminal prosecution, unfavourable publicity, restrictions on our ability to process information and allegations by our clients that we have not performed our contractual obligations. Many countries also seek to regulate the actions that companies take outside of their respective jurisdictions, subjecting us to multiple and sometimes competing legal frameworks in addition to our home country rules. Due to the varying degree of development of the legal systems of the countries in which we operate, local laws might be insufficient to defend us and preserve our rights. We could also be subject to risks to our reputation and regulatory action on account of any unethical acts by any of our employees, partners or other related individuals.

In addition, changes in regulations could increase our costs and could potentially prevent us from delivering our product and services and solutions in a cost-efficient manner.

12. Our revenues depend on a limited number of clients and a loss of such clients could adversely affect our financial condition and results of operations.

We are dependent on limited number of clients for a substantial portion of our revenues. A reduction in the services we perform for such limited number of clients or the loss of a major client could result in a significant reduction in our revenue. Factors that may result in a loss of a client include our product and service performance, reduction in budgets due to macroeconomic factors or otherwise, shift in policies and political or economic factors or changes in their outsourcing strategies. The quantum of work we perform for our clients may vary from year to year. Thus, revenues generated from a particular client during a period may not be the same in any subsequent periods. Our clients may terminate their contracts with us, with or without cause, and with or without notice, at any time. If any one or more of our work orders or client contracts are terminated, our revenues and profitability could be materially and adversely affected.

13. If we incur serious uninsured loss that significantly exceeds the limit of our insurance policies, it would have an adverse effect on our financial conditions, results of operation and cash flows.

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. We are also required to maintain certain insurance policies under our customer agreements, such as workers' compensation, professional liability insurance and commercial liability insurance under our customer agreements. Our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of

our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

14. Our business depends on a strong brand and corporate reputation and if we are not able to maintain and enhance our brand, our ability to grow our business and our results of operations and financial condition may be adversely affected.

Since many of our specific customer engagements involve highly tailored solutions, our corporate reputation is a significant factor in our customers' and prospective customers' determination of whether to continue engaging us or hire us for prospective services. We believe that our brand name and reputation are important corporate assets that help distinguish our product and services from those of our competitors and also contribute to our efforts to recruit and retain talented IT professionals. However, our corporate reputation is susceptible to damage by various factors such as actions or statements made by current or former employees or customers, competitors, vendors and adversaries in legal proceedings, as well as members of the investment community and the media. Damage to our reputation could also reduce the value and effectiveness of our brand name, could reduce investor confidence in us, affect the price of our Equity Shares and adversely affect our ability to grow our business and our results of operations and financial condition.

15. Undetected software design defects, errors or failures may result in loss of or delay in market acceptance of our product and services or in liabilities that could materially adversely affect our business, financial condition and results of operations.

Our software development solutions involve a high degree of technological complexity and have unique specifications which could contain design defects or software errors such as errors in coding or configuration that are difficult to detect and correct. We cannot assure you that, despite testing by us and our customers, errors will not be found in new software product development solutions, which could result in litigation and other claims for damages against us and thus could materially adversely affect our business, financial condition and results of operations.

16. We have in the past experienced, and may in the future experience, a long selling and implementation cycle with respect to certain projects that require us to make significant resource commitments prior to realising revenue for our product and services.

We have experienced, and may in the future experience, a long selling cycle with respect to certain projects that require significant investment of human resources and time by both our customers and us. Before committing to use our product and services, potential customers may require us to expend substantial time and resources educating them on the value of our product and services and our ability to meet their requirements. Therefore, our selling cycle is subject to many risks and delays over which we have little or no control, including our customers' decision to choose alternatives to our product and services (such as other technology and IT service providers or in-house resources) and the timing of our customers' budget cycles and approval processes.

Implementing our product and services also involves a significant commitment of resources over an extended period of time from both our customers and us. Our customers may experience delays in obtaining internal approvals or delays associated with technology, thereby further delaying the implementation process. Our current and future customers may not be willing or able to invest the time and resources necessary to implement our product and services, and we may fail to close sales with potential customers to whom we have devoted significant time and resources. Any significant failure to generate revenue or delays in recognising revenue after incurring costs related to our sales or services process could materially adversely affect our business.

17. The loss of services of our senior management could adversely affect our business and results of operations.

We are dependent on the experience and the continued efforts of the senior members of our

management team, many of whom have been with us for an extended period of time. Our growth strategy will place significant demands on our management and other resources because it requires us to continue to improve operational, financial and other internal controls, both in India and overseas. We are dependent on executives and key personnel, including competent sales force as well as technology professionals with a detailed knowledge of our business and industry. The loss in the services of the members of our senior management and other key team members, particularly to competitors, or our failure to otherwise retain the necessary management and other resources to maintain and grow our business, may have an adverse effect on our results of operations, financial condition and prospects.

Qualified individuals are in high demand and competition for qualified engineers and personnel in our industry is intense, and we may incur significant costs to retain or attract them. We may not be able to retain our existing engineers or personnel or attract and retain new engineers and personnel in the future. Many well qualified candidates may be subject to contractual non-compete clauses which may restrict our ability to employ them.

18. We are subject to laws and regulations in the United States and other countries in which we operate concerning our operations, including export restrictions, U.S. economic sanctions and the Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery laws. If we are not in compliance with applicable legal requirements, we may be subject to civil or criminal penalties and other remedial measures, which could materially adversely affect our business, financial condition and results of operations.

Our operations are subject to laws and regulations restricting our operations, including activities involving restricted countries, organisations, entities and persons that have been identified as unlawful actors or that are subject to U.S. sanctions imposed by the Office of Foreign Assets Control, or OFAC, or other international economic sanctions that prohibit us from engaging in trade or financial transactions with certain countries, businesses, organisations and individuals. We are subject to the FCPA, which prohibits U.S. companies and their intermediaries from bribing foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favourable treatment, and other laws concerning our international operations. The FCPA's foreign counterparts contain similar prohibitions, although varying in both scope and jurisdiction. We operate in many parts of the world that have experienced governmental corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. Any violations of these laws, regulations and procedures by our employees, independent contractors, subcontractors and agents could expose us to administrative, civil or criminal penalties, fines or restrictions on export activities (including other U.S. laws and regulations as well as foreign and local laws) and would adversely affect our reputation and the market for shares of our common stock and may require certain of our investors to disclose their investment in our company under certain state laws. If we are not in compliance with export restrictions, U.S. or international economic sanctions or other laws and regulations that apply to our operations, we may be subject to civil or criminal penalties and other remedial measures, which could materially adversely affect our business, financial condition and results of operations.

19. We may face intellectual property infringement claims that could be time-consuming and costly to defend.

The holders of patents and other intellectual property rights potentially relevant to our product and service offerings may make it difficult for us to acquire a license on commercially acceptable terms or at all, which could have a material adverse impact on our ability to deliver the relevant service offerings and hence on our business. Also, we may be unaware of intellectual property registrations or applications relating to our product and services that may give rise to potential infringement claims against us. There may also be technologies licensed to and relied on by us that are subject to infringement or other corresponding allegations or claims by third parties which may damage our ability to rely on such technologies.

We are subject to additional risks as a result of our recent and possible future acquisitions and the hiring of new employees who may misappropriate intellectual property from their former employers. The developers of the technology that we have acquired or may acquire may not have appropriately created, maintained or enforced intellectual property rights in such technology. Indemnification and other rights

under acquisition documents may be limited in term and scope and may therefore provide little or no protection from these risks. Parties making infringement claims may be able to obtain an injunction to prevent us from delivering our product and services or using technology involving the allegedly infringing intellectual property. Intellectual property litigation is expensive and time-consuming and could divert management's attention from our business. A successful infringement claim against us, whether with or without merit, could, among others things, require us to pay substantial damages, develop non-infringing technology, or rebrand our name or enter into royalty or license agreements that may not be available on acceptable terms, if at all, and would require us to cease making, licensing or using products that have infringed a third party's intellectual property rights. Protracted litigation could also result in existing or potential customers deferring or limiting their purchase or use of our software product development services or solutions until resolution of such litigation, or could require us to indemnify our customers against infringement claims in certain instances. Any intellectual property claim or litigation in this area, whether we ultimately win or lose, could damage our reputation and materially adversely affect our business, financial condition and results of operations.

20. We may not be able to prevent unauthorised use of our proprietary tools and other information and our intellectual property rights may not be adequate to protect our business and competitive position.

We rely on trademarks, confidentiality agreements and other methods to protect our technical know-how and intellectual property rights. Implementation of intellectual property-related laws in India has historically been time consuming, primarily because of ambiguities in the laws and difficulties in enforcement, which in turn makes the entire process expensive. Accordingly, protection of intellectual property rights and confidentiality in India may not be effective. We rely on our trademarks and brand names to distinguish our product and services and solutions from the services of our competitors. Third parties may have objections to our trademark applications, or otherwise challenge our use of our trademarks. For more information, please see "Government and other Approvals" on page 157. In the event that our trademarks are successfully challenged, we could be forced to rebrand our product and services and solutions, which could result in loss of brand recognition, and could require us to devote resources to advertising and marketing new brands. Further, we cannot assure you that competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks.

21. We may not be able to recognise revenues in the period in which our product and services are performed, which may cause our margins to fluctuate

Our product and services are performed under both time-and-material and fixed-price contract arrangements, or a combination of both. Revenue is recognised in accordance with the applicable accounting standards, upon transfer of control of products or services to customers to the extent of an amount that reflects the consideration that we expect to receive in exchange for these products or services. In instances where final acceptance of the system or solution is specified by the customer, revenues are deferred until all acceptance criteria have been met. Our failure to meet all the acceptance criteria, or otherwise meet a customer's expectations, may result in our having to record the cost related to the performance of services in the period that services were rendered, but delay the timing of revenue recognition to a future period in which all acceptance criteria have been met.

22. Our international sales and operations are subject to many uncertainties and we are exposed to foreign currency exchange rate fluctuations.

We may be subject to risks inherently associated with international operations, including risks associated with foreign currency exchange rate fluctuations, which may cause volatility in our reported income, and risks associated with the application and imposition of protective legislation and regulations relating to import or export or otherwise resulting from foreign policy or the variability of foreign economic conditions. Any fluctuations in foreign currency exchange rates may have an asymmetric impact on our profits, results of operations and cash flows and consequently on our business condition and profitability. We have not entered into any hedging arrangements to account for any adverse changes to the foreign currency exchange rate.

23. Our ability to expand our business and procure new contracts or enter into beneficial business arrangements could be affected by non-competition clauses in our agreements with existing customers.

Some of our agreements with customers contain time-based restrictions on reassigning personnel from those customers' accounts to the accounts of competitors of such customers. These clauses may restrict our ability to offer services to different customers in a specific industry or market. Moreover, we may in the future enter into agreements with customers that restrict our ability to accept assignments from, or render similar services to, their customers', and will may require us to obtain our customers' prior written consent to provide such services to their customers or restrict our ability to compete with our customers, or bid for or accept any assignment which our customer is bidding for or is negotiating. These restrictions may hamper our ability to compete for and provide services to other customers in a specific industry in which we have expertise and could materially adversely affect our business, financial condition and results of operations.

24. Data networks are vulnerable to attacks, unauthorised access and disruptions. Losses or liabilities that are incurred as a result of any of the foregoing could materially adversely affect our business, financial condition and results of operations.

Data networks are also vulnerable to attacks, unauthorised access and disruptions. For example, in a number of public networks, hackers have bypassed firewalls and misappropriated confidential information, including personally identifiable information. It is possible that, despite existing safeguards, an employee could misappropriate our customers' proprietary information or data, exposing us to a risk of loss or litigation and possible liability.

Our computer networks may be vulnerable to unauthorised access, computer hackers, computer viruses, worms, malicious applications and other security problems caused by unauthorised access to, or improper use of, systems by third parties or employees. Although we have not experienced such attacks in the past other than instances of phishing, malware and virus attacks that we handled effectively, we cannot assure you that our security systems in place can prevent any such attacks in the future or that we will be able to handle such attacks effectively. A hacker who circumvents security measures could misappropriate proprietary information, including personally identifiable information, or cause interruptions or malfunctions in our operations. Further, computer attacks or disruptions may jeopardise the security of information stored in and transmitted through our computer systems. Actual or perceived concerns that our systems may be vulnerable to such attacks or disruptions may deter our customers from using our solutions or services. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches.

25. We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, accelerated repayment schedule and suspension of further drawdowns, which may adversely affect our business, results of operations and financial conditions.

A failure to observe the covenants under our financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities and suspension of further access/ withdrawals, either in whole or in part, for the use of the facility. Pursuant to clauses in certain financing agreements, any defaults under such facilities may also trigger cross default or cross acceleration provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our long term working capital requirements and other general corporate purposes. In addition, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing.

26. Any regulatory actions and penalties for any past or future non-compliance may adversely affect our business or reputation, or both.

We have to comply with numerous regulatory filing, maintenance of record etc under the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 ("Listing Regulation"), Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 2011 and any other laws and regulation as applicable. We may have failed to comply or maintain certain record as per the applicable law (except compliance of Listing Regulation for preceding one year from the date of filing of Draft Letter of Offer where the company had duly filed the required documents with Designated Stock Exchange). If any Regulatory found the non-compliance of the

applicable laws they may impose the penalty on the Company. Such penalty may impact the profitability of the Company.

27. We may be unable to maintain or renew our statutory and regulatory permits, licences, lease deeds and approvals required to operate our business.

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals and permits at the local, state and central government levels for doing our business.

While we have obtained all necessary and material approvals, licenses, registrations and permits from the relevant authorities (some of the authorities have not been verified), they may contain conditions, some of which could be onerous. Additionally, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or seek fresh approvals, from time to time, as and when required in the ordinary course of our business.

Following certificates unable to fetch by the Company, although relevant approval / registration has been sought by the Company.

Our Company has made Registration under Professional Tax under Employee's Provident Fund and Miscellaneous Provisions Act, 1952 & under the Employees State Insurance Act, 1948. However, as on the date of this Draft Letter of Offer, our Company is unable to fetch the copies of registration certificate.

There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in receipt or non-receipt of such approvals, licenses, registrations and permits could adversely affect our related operations. Further, under such circumstances, the relevant authorities may initiate penal action against us, restrain our operations, impose fines/penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all. Furthermore, we cannot assure you that the approvals, licenses, registrations and permits issued to us will not be suspended or cancelled or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any suspension or revocation of any of the approvals, licenses, registrations and permits that has been or may be issued to us may adversely affect our business and results of operations.

28. Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a schedule commercial bank and our management will have broad discretion over utilization of the Net Proceeds.

Our Company intends to use the Net Proceeds for repayment of loan and other General Corporate purpose as stated in the section titled "Objects of the Issue" on page 46 of this draft letter of Offer. Our management will have broad discretion to use the Net Proceeds. Further, we cannot assure you that use of the Net Proceeds to meet our future capital requirements, fund our growth and for other purposes identified by our management would result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

29. Failure to offer client support in a timely and effective manner may adversely affect our relationships with our clients.

From time to time, our clients require our support teams to assist them in using our product and services effectively, help them in resolving post-deployment issues quickly and in providing ongoing support. If we do not devote sufficient resources or are otherwise unsuccessful in assisting our clients effectively in a timely manner or at all, it could adversely affect our ability to retain existing clients and could prevent prospective clients from adopting our product and services. We may be unable to respond quickly enough to accommodate short-term increases in demand for client support. We also may be unable to modify the nature, scope and delivery of our client support to compete with changes in the support services provided by our competitors. Increased demand for client support, without corresponding revenue, could increase costs and adversely affect our reputation, business, results of operations and financial condition. Any failure to maintain high-quality client support, or a market perception that we do not maintain high-quality client support, could adversely affect our reputation, business, results of operations and financial

condition.

30. If we are unable to implement our marketing strategy in a cost-effective timely manner or at all, then our business, results of operations and financial condition would be adversely affected.

In order to grow our business, we must continue to attract new clients in a cost-effective manner. We use a variety of marketing channels to promote our product and services and platform, including conducting regional client events, email campaigns, billboard advertising and public relations initiatives. If the costs of the marketing channels we use increase dramatically, then we may choose to use alternative and less expensive channels, which may not be as effective as the channels we currently use. As we add to or change the mix of our marketing strategies, we may need to expand into more expensive channels than those we are currently in, which could adversely affect our business, results of operations and financial condition. We will incur marketing expenses before we are able to recognize any revenue that the marketing initiatives may generate, and these expenses may not result in increased revenue or brand awareness. If we are unable to maintain effective marketing programs, then our ability to attract new clients could be adversely affected, our advertising and marketing expenses could increase substantially and our results of operations may be adversely affected.

31. Our Company do not own Registered office and Corporate Office:

Our Registered and Corporate office in India is taken on lease. However, the agreement can be extended and renewed, but cannot assure that such extension will be at terms favorable to the company or extendable at all. In an adverse scenario, we may have to shift our Registered office and corporate office to different premises, the terms of which may not be suitable for company. Such situation may adversely impact our business operations.

EXTERNAL RISK

32. Financial instability in other countries may cause increased volatility in Indian financial markets

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares

33. Natural or manmade disasters and health epidemics could have a negative impact on the Indian economy, damage our facilities and also destroy the outlook of our Company, being an asset heavy company.

Natural disasters such as floods, earthquakes, famines and pandemics have in the past had a negative impact on the Indian economy, with the most recent example being the global outbreak of COVID-19 pandemic. If any such event were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure, damage to our telecom and refinery assets and the loss of business continuity or business information. In the event that our facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, financial

condition and results of operations.

34.A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the takeover regulations.

35.Rights of shareholders under Indian laws may differ from the laws of other jurisdictions.

Our articles of association and Indian law govern our corporate affairs. Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions.

36.Differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition.

Our audited financial statements contained in this Draft Letter of Offer have been prepared and presented in accordance with Ind AS and no attempt has been made to reconcile any of the information given in this Draft Letter of Offer to any other principles or to base it on any other standards. Ind AS differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Ind AS and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Ind AS contained in this draft Letter of Offer. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is dependent on your familiarity with Ind AS and the Companies Act. Any reliance by persons not familiar with Ind AS on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

37.Compliance with data privacy norms may require us to incur expenditure, which may adversely impact its financial condition and cash flows.

We are subject to data privacy laws, rules and regulations that regulate the use of customer data. Compliance with these laws, rules and regulations may require us to incur expense and devote considerable time to compliance efforts. The existing data privacy regulations limit the extent to which we can use personal identifiable information and limit our ability to use third-party firms in connection with customer data. Certain of these laws, rules and regulations are relatively new and their interpretation and application remain uncertain. Data privacy laws, rules and regulations are also subject to change and may become more restrictive in the future. For instance, the Personal Data Protection Bill, 2018 ("PDP Bill"), applies to processing of personal data, which has been collected, disclosed, shared or processed within India. It imposes restrictions and obligations on data fiduciaries, resulting from dealing with personal data and further, provides for levy of penalties for breach of obligations prescribed under the PDP Bill. Changes or further restrictions in data privacy laws, rules and regulations could have an adverse effect on our business, results of operations and financial performance. The cost and operational consequences of implementing further data protection measures could be significant and this may have an adverse effect on our business, results of operations and financial performance.

38.We are subject to risks associated with expansion into new geographic regions

Expansion into new geographic regions subjects us to various challenges, including those relating to our lack of familiarity with the culture, local laws and regulations and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions

By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including:

- compliance with a wide range of laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- foreign ownership constraints and uncertainties with new local business partners;
- local preferences and service requirements;
- fluctuations in foreign currency exchange rates;
- inability to effectively enforce contractual or legal rights and adverse tax consequences;
- differing accounting standards and interpretations;
- stringent as well as differing labour and other regulations;
- differing domestic and foreign customs, tariffs and taxes;
- exposure to expropriation or other government actions; and
- political, economic and social instability

By expanding into new geographical regions, we may be exposed to significant liability and could lose some or all of our investment in such regions, as a result of which our business, financial condition and results of operations could be adversely affected.

RISKS IN RELATION TO EQUITY SHARES

39. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through offmarket transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlement

40. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") may lapse in case they fail to furnish the details of their demat account to the Registrar.

In accordance with the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares and except the pending transfers).

41. We will not distribute the Letter of Offer, the Abridged Letter of Offer, the Application Form and the

Rights Entitlements Letter to certain categories of overseas shareholders.

In accordance with the SEBI ICDR Regulations and Relaxations for Rights Issue Circulars, our Company will send, primarily through e-mail, the Abridged Letter of Offer, the Application Form and other applicable Issue material to the e-mail addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. Further, the Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company. In the event the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will not dispatch the Letter of Offer, Abridged Letter of Offer, Application Form and other applicable Issue materials. However, the Letter of offer Abridged Letter of Offer, Application Form and other applicable Issue materials will be made available on the websites of the Company, registrar to the issue, stock exchanges and the lead manager to the issue. Further, best efforts will be made to reach out the Eligible Equity Shareholders who have not registered their e-mail id with our Company including but not limited to sending SMS or audio-visual advertisement on television or digital advertisement, etc. Other than as indicated above, the Issue materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of the Issue materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. We have requested all the overseas Eligible Equity Shareholders to provide an address in India and their e-mail addresses for the purposes of distribution of the Issue materials. However, we cannot assure you that SEBI or any other authority would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

42. The R-WAP facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways

In accordance with SEBI Relaxation Circulars, a separate R-WAP facility (accessible at www.cameoindia.com), has been instituted for making an Application in this Issue by resident Investors (only in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts). Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, please refer to the chapter titled "Terms of the Issue" on pages 164. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policies effectively to such payment mechanisms;
- keeping users' data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of the COVID-19 pandemic. We cannot assure you that R-WAP will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or may be rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the R-WAP.

43. SEBI has recently, by way of circulars dated January 22, 2020, May 6, 2020, July 24, 2020 and January 19, 2021, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Draft Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, July 24, 2020 and January 19, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. Further, while in accordance with the SEBI Rights Issue Circulars, the credit of Rights Entitlements shall be made into the demat accounts of the Eligible Equity Shareholders as on the Record Date, such Eligible Equity Shareholders shall be participate in the Issue only in accordance with the applicable laws in their respective jurisdictions.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

44. We cannot guarantee that the Equity Shares issued under this Issue will be listed on the Stock Exchanges in a timely manner, if at all.

In accordance with Indian law and practice, after our Board or committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the investors, we are required to apply to the Stock Exchanges for final approval for listing and trading of the Equity Shares. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of the Equity Shares on the Stock Exchanges. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period. Any failure or delay in obtaining these approvals would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, may not be indicative of the prices at which the Equity Shares will trade in the future.

45. Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

46. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency

and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

47. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Previously, any gain realised on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long-term capital gains tax in India if securities transaction tax ("STT") was paid on the sale transaction. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares Rights Entitlements.

Further, the Finance Act, 2019, which has been notified with effect from April 1, 2019, stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have been notified on December 10, 2019, however these amendments will come into effect from July 1, 2020. The Finance Act, 2020 has also provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident.

48. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the

shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

49. Overseas shareholders may not be able to participate in the Company's future rights offerings or certain other equity issues.

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the US Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the US Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

50. The Issue Price of the Rights Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Rights Equity Shares will be determined by our Company in consultation with the Lead Manager and the Designated Stock Exchange. This price may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

SECTION III – INTRODUCTION

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on February 12, 2021, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms of the Issue including the Record Date and Rights Entitlement Ratio will be determined by Rights Issue Committee formed by the Board of Directors at their meeting held on February 12, 2021.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, detailed information included in “*Terms of the Issue*” beginning on page 164 of this Draft Letter of Offer.

Rights Equity Shares being offered by our Company	Up to 3,00,00,000 Rights Equity Shares
Rights Entitlement	[•] Rights Equity Share for every [•] fully paid-up Equity Share(s) held on the Record Date
Record Date	[•]
Face value per equity share	₹ 10.00/- each
Rights Price (Issue Price) per equity share	₹ [•] per Equity Share (including a premium of ₹ [•] per Equity Share)
Dividend	Such dividend as may be declared by our Board and our shareholders, as per applicable law
Issue Size (Rights Size)	Up to ₹ [•] lakhs# #To be adjusted as per the Rights Entitlement ratio
Equity Shares subscribed, paid-up and outstanding prior to the Issue	4,42,67,293 Equity Shares. For details, see “ <i>Capital Structure</i> ” beginning on page 42
Equity Shares subscribed, paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	Up to 7,42,67,293# Equity Shares #Assuming full subscription
Security codes for the Equity Shares	ISIN for Equity Shares: INE933B01012 NSE Code: MEGASOFT BSE Scrip ID: MEGASOFT and BSE Code : 532408
ISIN for Rights Entitlements	[•]
Terms of the Issue	For details, see “ <i>Terms of the Issue</i> ” beginning on page 164
Use of Issue Proceeds	For details, see “ <i>Objects of the Issue</i> ” beginning on page 46
Terms of Payment	The full amount is payable on application

For Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [•] Equity Shares or is not in multiples of [•]. As per SEBI Rights Issue Circular the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements.

GENERAL INFORMATION

Our Company was originally incorporated as “Megasoft Limited” at Chennai, Tamil Nadu as a Public Limited Company under the provision of Companies Act, 1956 vide Certificate of Incorporation dated June 29, 1999 bearing number 18-42730 of 1999 issued by the Registrar of Chennai, Tamil Nadu. Subsequently our Company pursuant to special resolution passed by the members through Postal Ballot on December 26, 2014 the objects of our Company was changed vide a Certificate of Registration of the Special Resolution Confirming Alteration of Object Clause dated January 13, 2015, issued by the Registrar of Companies Chennai. The Corporate Identification number of our Company is L72200TN1999PLC042730

REGISTERED OFFICE OF OUR COMPANY

No.85, Kutchery Road, Mylapore,
Chennai – 600004, Tamil Nadu, India
Tel: +91 44 2461 6788
Email: investors@megasoft.com
Website: www.megasoft.com

CORPORATE OFFICE OF OUR COMPANY

My Home Hub, 1st Floor, Block-3, Madhapur,
Hyderabad – 500 081
Telangana, India

REGISTRAR OF COMPANIES, CHENNAI

Block No.6, B Wing 2nd Floor Shastri Bhawan 26,
Haddows Road, Chennai - 600034.

COMPANY SECRETARY & COMPLIANCE OFFICER

Srivalli Susarla
Megasoft Limited
No.85, Kutchery Road, Mylapore,
Chennai – 600004, Tamil Nadu, India
Tel: +91 44 2461 6788
Email: investors@megasoft.com
Website: www.megasoft.com

The details of Intermediaries are as follows:

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
FEDEX SECURITIES PRIVATE LIMITED 3rd Floor, B Wing, Jay Chambers, Nanda Patkar Road, Vile Parle (E), Mumbai – 400 057, Maharashtra, India Tel No.: +91 81049 85249 Fax No.: 022 2618 6966 E-mail: mb@fedsec.in Website: www.fedsec.in Contact Person: Rinkesh Saraiya SEBI Registration Number: INM000010163 Investor Grievance E-Mail: mb@fedsec.in	CAMEO CORPORATE SERVICES LTD Subramanian Building No. 1, Club House Road, Chennai -600002, Tamil Nadu, India Tel. No: 044 – 40020700, 28460390 Fax No: 044-28460129 E-mail Id: cameo@cameoindia.com Website: www.cameoindia.com Contact Person: R. D. Ramasamy SEBI Registration No: INR000003753
STATUTORY AUDITOR	LEGAL ADVISOR TO THE ISSUE
M/s N. C. Rajagopal & Co., Chartered Accountants Office No.2, Krishnaswamy Avenue, Mylapore Road, Opposite Mylapore Club, Chennai – 600 004, Tamil Nadu, India Tel No: 044 24991095	Advocate Pooja Sharma 8/14, Malad Co-op Housing Society Ltd, Poddar Park, Malad (East), Mumbai-400097 Tel No: 9022869773 Email Id: poojalegaladventures@gmail.com Website: NA

Email Id: arjunsncr@gmail.com Contact Person: Arjun S Firm Registration No: 003398S Membership No: 230448	Contact Person: Pooja Sharma Bar Council Number: MAH/5967/2013
BANKERS TO THE ISSUE	BANKER TO THE COMPANY
[•] Tel No: [•] Email Id: [•] Website: [•] Contact Person: [•] SEBI Registration No.: [•]	AXIS Bank Limited First Floor, Corporate Banking Branch, G Pullareddy Building, No. 6-3-879, Greenlands, Begumpet Road, Hyderabad – 500 016, India Tel No. : 040 23253500 Email Id : CBBHyderabad.Branchhead@axisbank.com Website: www.axisbank.com

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post- Issue related matters. All grievances relating to the ASBA process or R-WAP may be addressed to the Registrar to the Issue, with a copy to the SCSB (in case of ASBA process), giving full details such as name, address of the applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process).

For details on the ASBA process and R-WAP process, see “Terms of the Issue” beginning on page 164 of this Draft Letter of Offer.

DESIGNATED INTERMEDIARIES

Self-Certified Syndicate Banks (“SCSBs”)

The lists of SCSBs notified by SEBI to act as SCSB for the ASBA process is available on the website of SEBI on <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details of the Designated Branches of SCSBs collecting the Application Forms, please refer to the above-mentioned SEBI link.

Registrar to The Issue and Share Transfer Agents (“RTA”)

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the RTAs eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of the SEBI (www.sebi.gov.in), and updated from time to time. For details on RTA, please refer <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

Collecting Depository Participants (“CDP”)

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the CDPs eligible to accept Bid cum Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES

Fedex Securities Private Limited being sole Lead Manager to this Issue, all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them. Hence, a statement of inter-se allocation of responsibilities is not required.

CREDIT RATING

This being a Rights Issue of Equity Shares, credit rating is not required.

DEBENTURE TRUSTEES

Since this is not a debenture issue, appointment of debenture trustee is not required.

MONITORING AGENCY

As per Regulation 60 of SEBI ICDR Regulations, the issue size is not exceeding Rs. 5000 Lakhs, therefore appointment of monitoring agency is not applicable to this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

UNDERWRITING

This Right Issue is not underwritten.

FILING

This Draft Letter of Offer is being filed with the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited to obtain In-Principle approval. The letter of Offer shall be submitted with Stock Exchanges and SEBI for information and dissemination purpose as per the provisions of the SEBI ICDR Regulations.

Further our Company will simultaneously do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Draft Letter of Offer / Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

CAPITAL STRUCTURE

The Share Capital of our Company as on the date of this Draft Letter of Offer and after the proposed Issue is set forth below:

(Amount in ₹ Lakhs, except the share data)

Sr. No.	Particulars	Aggregate value at	
		Face value	Issue Price
1	AUTHORISED SHARE CAPITAL		
	7,50,00,000 Equity Shares of face value of ₹ 10.00/- each	7,500.00	-
2	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
	4,42,67,293 fully paid-up Equity Shares of face value of ₹ 10.00/- each	4,426.73	-
	PRESENT ISSUE IN TERMS OF THE LETTER OF OFFER (*)		
	Up to 3,00,00,000 Equity shares of face value of ₹ 10.00/- each at a price of ₹ [●]/- per Equity Share	3,000.00	[●]
3	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE (#)		
	Up to 7,42,67,293 fully paid-up Equity Shares of face value ₹ 10.00/- each	Up to 7426.73	

*The present Issue has been authorised by the Board of Directors of vide a resolution at its meeting held on February 12, 2021.

Assuming full subscription for and allotment of the Rights Entitlement

Confirmations

As on the date of this Draft Letter of offer, our Company does not have identifiable Promoter and Promoter Group. Pursuant to approval of re-classification approval from Stock Exchanges the Promoter and Promoter Group are re-classified into Public shareholders. Hence the confirmation for,

- Equity Shares of our Company held by our Promoters are locked in, pledged & encumbrances is – *Not Applicable and*
- Equity Shares were acquired by the promoter and promoter group in the last one year immediately preceding the date of filing of the Draft Letter of offer is – Not Applicable

Intention and extent of participation by our promoter and promoter group:

The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer is identifiable.

Therefore, as on the date of this Draft Letter of Offer, our company is professionally managed company consequent to which intention and extent of participation by our Promoter and Promoter group and the confirmations regarding the promoter and promoter as per SEBI ICDR Regulation is not applicable to the Company.

Ex-Rights price per Equity Share

The ex-rights price per Equity Share as per Regulation 10(4)(b)(ii) of the SEBI Takeover Regulations is ₹ [●]. The ex-rights price per Equity Share has been calculated assuming full subscription to the Issue.

Shareholding pattern

The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval.

The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.

Set forth below is the shareholding pattern of our Company as at December 31, 2020 in accordance with Regulation 31 of the SEBI Listing Regulations:

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No of fully paid up equity shares held (IV)	No of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No of Shares held (VII = IV + V + VI)	Shareholding as a % of total No. of Shares (calculated as per SCRR,1957 (As a % of (A + B + C2) (VIII)	Number of Voting Rights held in each Class of securities (IX)		No of underlying outstanding convertible securities (incl. Warrants) (X)	Shareholding as a % assuming full convertible securities (as a % of diluted share capital (As a % of (A + B + C2) (XI =VII +X)	Number of Locked in shares (XII)		No. of shares Pledged or Otherwise Encumbered (XIII)		No. of Equity shares held in Demat Form (XIV)
								No of voting Right	Total as % of (A+B+C)			No (a)	As a % of total shares held (b)	No (a)	As a % of total shares held (b)	
A	Promoter and Promoter Group**	3	32,03,956	--	--	32,03,956	7.24	32,03,956	7.24	--	--	--	--	--	--	32,03,956
B	Public	22,046	4,10,63,337	--	--	4,10,63,337	92.76	4,10,63,337	92.76	--	--	--	--	--	--	3,88,05,515
C	Non-Promoter Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C1	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A+B+C)	22,049	4,42,67,293	-	-	4,42,67,293	100.00	4,42,67,293	100.00	-	-	-	-	-	-	4,20,09,471

**Hence, our company is professionally managed company and currently do not have any identifiable promoter or promoter group as on the date of this Draft Letter of Offer.

Source: www.bseindia.com

The list of shareholders holding 1% or more of the paid-up capital of our Company is as under as on December 31, 2020:

Particulars of the shareholders holding 1% or more of the paid-up capital of our Company as on December 31, 2020:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Issue capital (in %)
1.	I Labs Venture Capital Fund	37,62,375	8.50
2.	S. Ravindra Babu	26,88,768	6.07
3.	Venkataraman Kumar Gandaravakottai	22,26,911	5.03
4.	Sri Power Generation (India) Private Limited	17,69,822	4.00
5.	Godavari Greenlands Pvt Ltd	13,43,750	3.04
6.	Krishna Prasad Tumuluri	10,33,001	2.33
7.	Satyavathi Dendukuri	8,35,500	1.89
8.	Srinivas Raju D	7,47,600	1.69
9.	Saudamini Thakkala	6,01,074	1.36
10.	S. Ravindra Babu HUF	5,12,126	1.16
11.	Rajagopalan Shyamsunder	4,46,936	1.01
12.	Rajendra Y. Shah	4,42,000	1.00
	Total	164,09,863	37.07

OBJECTS OF THE ISSUE

The Net Proceeds from the Issue are proposed to be utilised by our Company for the following objects (collectively referred to as "Objects"):

1. Reduction of the aggregate outstanding borrowings of our Company on a consolidated basis; and
2. General corporate purposes

The main objects clause and objects incidental or ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Issue.

In addition to the aforementioned objects, our Company intends to strengthen its capital base

Net Proceeds

The details of the proceeds of the Issue are summarised in the table below:

Particulars	Estimated Amount (₹ In lakhs)
Gross Proceeds from the Issue*#	[●]
Less: Issue Related Expenses	[●]
Net Proceeds	[●]

*Assuming full subscription and Allotment of the Rights Entitlement

To be finalised upon determination of the Issue Price and updated in the Letter of Offer prior to filing with Stock Exchanges

Utilization of Net Proceeds and schedule of implementation and deployment

The Net Proceeds are currently expected to be deployed in accordance with the schedule set forth below:

(₹ In Lakhs)

Particulars	Total estimated cost	Amount already incurred as on December 31, 2020	Amount to be funded from Net Proceeds	Estimated utilisation of Net Proceeds in FY 2020-21	Estimated utilisation of Net Proceeds in FY 2021-22
Reduction of the aggregate outstanding borrowings of our Company on a consolidated basis*	Up to 3000.00	[●]	[●]	[●]	[●]
General corporate purposes *	[●]	[●]	[●]	[●]	[●]

*To be finalised upon determination of Issue Price and updated in the Letter of Offer. The amount shall not exceed 25% of the Gross Proceeds.

Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of a variety of factors such as our financial condition, business strategy and external factors such as market conditions, competitive environment, interest or exchange rate fluctuations, taxes and duties, working capital margin and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose, at the discretion of our management. Subject to applicable law, if the actual utilisation towards reduction of borrowings is lower than the proposed deployment, the balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the gross proceeds. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the

aforementioned objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent financial years towards the aforementioned objects

The above fund requirements are based on our current business plan, internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further details of factors that may affect these estimates, see *“Risk Factors - Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds.”* beginning on page no. 20 of this Draft Letter of Offer

Details of the Objects of the Issue

1. Reduction of the aggregate outstanding borrowings of our Company on a consolidated basis

Our Company proposes to utilise an estimated amount of upto ₹ 3000.00 lakhs from the Net Proceeds towards prepayment, repayment or redemption (earlier or scheduled) of all or a portion of certain borrowings availed by our Company and some of our Subsidiaries (details of which are provided herein below). The prepayment, repayment or redemption (earlier or scheduled) will help reduce our outstanding borrowings, assist us in maintaining a favourable debt-equity ratio and enable utilisation of some additional amount from our internal accruals for further investment in business growth and expansion. In addition, we believe that since our debt-equity ratio will improve significantly, it will enable us to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

Given the nature of these borrowings and the terms of prepayment, repayment or redemption (earlier or scheduled), the aggregate outstanding borrowing amounts may vary from time to time. Further, the amounts outstanding under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits.

The following table sets forth details of certain borrowings availed by our Company and our Subsidiaries, on a consolidated basis, out of which our Company may prepay, repay or redeem (earlier or scheduled), all or a portion of, any or all of the borrowings:

Sr. No	Name of the lender	Name of the Borrower	Nature of Borrowing	Amount Sanctioned (₹ In lakhs)	Amount outstanding as on February 17, 2021 (₹ In lakhs)
1.	Axis Bank Limited	Megasoft Limited	Cash Credit Limit	1047.00*	341.33
2.	Axis Bank Limited	Megasoft Limited	Bank Guarantee	250.00	253.24
3.	Axis Bank Limited	XIUS Holding Corp	Working Capital	3,018.69 (USD 4,149,950)**	2949.84 (USD 4,055,299)
	Total			4315.69	3544.41

**The Sanctioned Amount of INR 104.00 Lakhs is as per the last renewal letter dated 19th September, 2019. However, as per the bank confirmation provided to us, the limit as on 17th February, 2021 was reduced to INR 3,79,46,592*

As certified by Statutory Auditor M/s N. C. Rajagopal & Co., Chartered Accountants, Chartered Accountants by way of their certificate dated February 17, 2021 bearing UDIN No.: 21230448AAAABQ6446: With respect to the working capital facility of the subsidiary and its end use, the statutory auditor of our Company has relied on the certificate provided by subsidiary Statutory Auditor and have not conducted any verification in this regard.

****Conversion rate of Rs. 72.7404 per USD is considered for calculation purpose.**

The selection of borrowings proposed to be prepaid, repaid or redeemed (earlier or scheduled) out of the borrowings provided above, shall be based on various factors including (i) any conditions attached

to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan. Payment of interest, prepayment penalty or premium, if any, and other related costs shall be made by us out of the Net Proceeds of the Fresh Issue.

In the event, our Company deploys the Net Proceeds in some of our Subsidiaries, for the purpose of prepayment, repayment or redemption (earlier or scheduled) of all or a portion of the abovementioned borrowings or for meeting other business requirements, it shall be in the form of equity or debt or in any other manner as may be mutually decided and permitted in accordance with the provision of FEMA, the Notifications and Master Directions issued thereunder and as amended from time to time

2. General Corporate Purposes

Our Company intends to deploy any balance Net Proceeds towards general corporate purposes, not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The allocation or quantum of utilisation of funds towards the specific purposes will be determined by our Board, based on our business requirements and other relevant considerations, from time to time.

General corporate purposes may include, but are not restricted to, the following:

- a. strategic initiatives;
- b. funding growth opportunities;
- c. strengthening marketing capabilities and brand building exercises;
- d. meeting ongoing general corporate contingencies;
- e. meeting fund requirements of our Company, in the ordinary course of its business;
- f. meeting expenses incurred in the ordinary course of business; and
- g. any other purpose, as may be approved by the Board, subject to applicable law.

Means of Finance

We confirm that there is no requirement to make firm arrangements of finance under Regulation Clause 8(E) of Part B of Schedule VI of the SEBI ICDR Regulations 2018 through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the Issue.

Issue Related Expenses

The total expenses of the Issue are estimated to be ₹ [•] lakhs. The break-up for the Issue expenses is as follows:

Activity	Estimated Amount (₹ In lakhs)	As a % of total estimated issue expenses ⁽¹⁾	As a % of issue size ⁽¹⁾
Lead manager(s) fees including underwriting commission	[•]	[•]	[•]
Brokerage, selling commission and upload fees	[•]	[•]	[•]
Registrars to the issue	[•]	[•]	[•]
Legal Advisors	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Regulators including stock exchanges	[•]	[•]	[•]
Printing and distribution of issue stationary	[•]	[•]	[•]
Others, if any (to be specified)	[•]	[•]	[•]
Total	[•]	[•]	[•]

Notes:

1. *Assuming full subscription and Allotment of the Rights Entitlement. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes*
2. *The fund deployed out of internal accruals up to February 16, 2021 is ₹ 8.50 Lakhs towards issue expenses vide certificate dated February 17, 2021 having UDIN 21230448AAAABR6959 received from M/s, N. C. Rajagopal & Co., Chartered Accountants and the same will be recouped out of issue expenses*

Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board, from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds in deposits with one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, for the necessary duration. Such investments will be approved by our Board from time to time. Our Company confirms that it shall not use the Net Proceeds for any buying, trading, or otherwise dealing in the shares of any other listed company or for any investment in the equity markets or providing inter-corporate deposits to any related parties.

Additionally, in compliance with Regulation 66 of the SEBI ICDR Regulations, our Company confirms that it shall not use the Net Proceeds for financing or for providing loans to or for acquiring shares of any person who is part of the Promoter Group or Group Companies. Further, our Company confirms that the borrowings proposed to be repaid from the Net Proceeds have not been utilised towards any payments, repayment / refinancing of any loans availed from the Promoter Group or Group Companies. However, as on the date of this Draft Letter of Offer, our company is professionally managed company and currently do not have any identifiable promoter or promoter group.

Bridge financing facilities and other financial arrangements

Our Company has not raised any bridge loans or entered into any other similar financial arrangements from / with any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

Our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors of our Company. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net proceeds from the Objects, as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the Objects, as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

Appraising Agency

None of the Objects for which the Net Proceeds will be utilised, require appraisal from any agency in terms of applicable law.

Other Confirmations

The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide

their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.

No part of the Net Proceeds will be utilised by our Company as consideration to our Promoters, members of the Promoter Group, Directors, Group Companies or Key Management Personnel. Our Company has not entered into nor is planning to enter into any arrangement / agreements with Promoters, members of the Promoter Group, Directors, Key Management Personnel or our Group Companies in relation to the utilisation of the Net Proceeds. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects, as set out above.

Interest of promoters, promoter group and directors, as applicable to the project or objects of the issue.

The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.

No part of the proceeds of this Issue will be paid by our Company to our Promoter, our Promoter Group or our Directors.

STATEMENT OF SPECIAL TAX BENEFITS

Date: 17th February, 2021

The Board of Directors

Megasoft Limited

No.85, Kutchery Road, Mylapore,
Chennai - 600004
Tamil Nadu, India

Subject: Statement of Special tax benefits (“the Statement”) available to MEGASOFT LIMITED (“the Company”) and the shareholders of the Company in connection with the proposed rights issue of equity shares of the Company under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 2018, as amended (“Regulations”)

Dear Sirs,

We, the statutory auditors of the Issuer, have been requested by the Company to issue a report on the special tax benefits available to the Company and its shareholders attached for inclusion in the Draft Letter of Offer in connection with the proposed rights issue of equity shares of the Company (the “Issue”).

The Statement has been prepared by the management of the Company and initialed by us for identification purpose only. The statement showing the current position of special direct tax benefits available to the Company and the shareholders of the Company as per the provisions of Income-tax Act 1961 (“IT Act”) (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2020 and Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and special indirect tax benefits solely in relation to the Issue as per the provisions of the Goods and Services Tax Act, 2017 (“GST Act”) as amended by Finance Act, 2020, i.e. applicable for the assessment year AY 2021-22 relevant to the financial year 2020-21 for inclusion in the Draft Letter of Offer (“DLOF”) for the issue of rights shares is annexed herewith, which we have initialed for identification purposes only.

These possible special tax benefits are dependent on the Company and the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the corresponding tax laws. Hence, the ability of the Company and the shareholders of the Company to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives, the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the tax laws. The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure I are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

We do not express any opinion or provide any assurance whether:

- i. The Company or the shareholders of the Company will continue to obtain these benefits in future;
- ii. The conditions prescribed for availing the benefits have been/would be met;
- iii. The revenue authorities/courts will concur with the views expressed herein.

The statement is intended solely for information and the inclusion in the Draft Letter of Offer in connection with the rights issue of equity shares of the Company and for submission to Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited and is not be used, referred to or distributed for any other purpose, without our prior consent, provided the below statement of limitation is included in the Draft Letter of Offer.

Limitation

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

**For N.C. Rajagopal & Co.,
Chartered Accountants,**

Firm Reg. No. 003398S

**Arjun S
Partner
M. No. 230448
UDIN: 21230448AAAABS1684**

Place:- Chennai

Annexure – I

STATEMENT OF SPECIAL TAX BENEFITS

The information provided below sets out the possible direct and indirect tax benefits (indirect tax benefits solely in relation to the Issue) in the hands of MEGASOFT LIMITED (“the Company”) and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the current tax laws presently in force in India. Several of these benefits are dependent upon their fulfilling the conditions prescribed under the relevant direct and indirect tax laws. Hence, the ability of the Company and the shareholders of the Company to derive the direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfil. Further, certain tax benefits may be optional and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax laws. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. The tax benefits stated below are as per the Income-tax Act, 1961 (“IT Act”) as amended from time to time and applicable for financial year 2020-21 relevant to assessment year 2021-22 (AY 2021-22) and special indirect tax benefits solely in relation to the Issue as per the provisions of the Goods and Services Tax Act, 2017 as amended from time to time and applicable for financial year 2020-21.

A. SPECIAL TAX BENEFITS UNDER THE IT ACT IN THE HANDS OF COMPANY AND THE SHAREHOLDERS OF THE COMPANY

1. Direct Tax

Special tax benefits available to the Company under IT Act

- A new section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 (“the Amendment Act, 2019”) w.e.f. April 1, 2020 i.e. AY 2020-21 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives and comply with other conditions specified in section 115BAA. The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax (“MAT”) on its book profits under section 115JB. The Company has exercised the above option.
- With respect to a resident corporate shareholder, a new section 80M is inserted in the Finance Act, 2020 w.e.f. 1st April 2021, which provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139. Special tax benefits available to the shareholders.
- The Company would be required to deduct tax at source on the dividend paid to the shareholders, at applicable rates. The shareholders would be eligible to claim the credit of such tax in their return of income.
- The non-resident shareholders can offer the dividend income to tax under the beneficial provisions of the Double Taxation Avoidance Agreement, if any. Further, the non-resident shareholders would

be eligible to claim the foreign tax credit, based on the local laws of the country of which the shareholder is the resident.

- There are no other special tax benefits available to the shareholders (other than resident corporate shareholder) of the Company arising out of the proposed rights issue

2. Indirect Tax

Special tax benefits available to the Company and its shareholders under GST Act

Solely in relation to the Issue, there are no special indirect tax benefits available to the Company or its shareholders.

Note:

For the purpose of reporting here, we have not considered the general tax benefits available to the Company or shareholders under the GST and neither any special tax benefits available to the Company or shareholders under the GST Act other than for the Issue.

Notes:

- Our views expressed in this statement are based on the facts and assumptions as indicated in the statement.
- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time.
- We do not assume responsibility to update the views consequent to such changes.
- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.

- This statement has been prepared solely in connection with the Rights Issue under the Regulations as amended.

For and on behalf of the Board of Directors

Megasoft Limited

Name : Shridhar Thathachary

Designation: CFO

Place: Hyderabad

Date: February 17, 2021

SECTION IV – ABOUT OUR COMPANY

OUR INDUSTRY

INDIAN ECONOMY

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

Market size

India's GDP (at constant 2011-12 prices) was estimated at ₹ 33.14 trillion (US\$ 452.74 billion) for the second quarter of FY2020-21, against ₹ 35.84 trillion (US\$ 489.62 billion) in the second quarter of FY2019-20.

India is the fourth-largest unicorn base in the world with over 21 unicorns collectively valued at US\$ 73.2 billion, as per the Hurun Global Unicorn List. By 2025, India is expected to have ~100 unicorns by 2025 and will create ~1.1 million direct jobs according to the Nasscom-Zinnov report 'Indian Tech Start-up'.

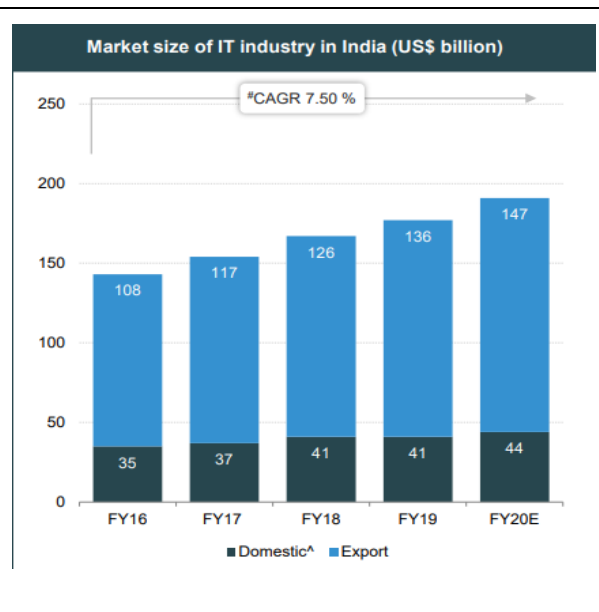
India needs to increase its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030's, for productivity and economic growth according to McKinsey Global Institute. Net employment rate needs to grow by 1.5% per year from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030.

India's foreign exchange reserves stood at US\$ 581.131 billion in the week up to December 18, 2020 according to data from RBI.

SOURCE: <https://www.ibef.org/economy/indian-economy-overview>

INDIA'S MARKET SIZE GROWING FOR IT INDUSTRY

- IT & BPM industry revenue was estimated at around US\$ 191 billion in FY20 at 7.7% growth y-o-y.
- In FY20, the sector added 205,000 jobs, up from 185,000 jobs added in FY19.
- The domestic revenue[^] of the IT industry is estimated at US\$ 44 billion and export revenue is estimated at US\$ 147 billion in FY20
- The market size of India's IT & BPM sector is expected to grow to US\$ 350 billion by 2025 and BPM is expected to account for US\$ 50-55 billion out of the total revenue.
- Spending on information technology in India is expected to reach US\$ 144 billion in 2023.



- Outsourcing of large technology contracts by clients is expected to accelerate the growth of the industry in FY20
- The cloud market in India is expected to grow three-fold to US\$ 7.1 billion by 2022 with the help of growing adoption of Big Data, analytics, artificial intelligence and Internet of Things (IoT) according to Cloud Next Wave of Growth in India report.
- India's digital economy is estimated to reach US\$ 1 trillion by 2025
- Artificial Intelligence (AI) is expected to boost India's annual growth rate by 1.3% by 2035: NITI Aayog.
- A substantial increase in AI by Indian firms can result in a 2.5% increase in India's Gross Domestic Product (GDP) in the immediate term

SUMMARY OF IT INDUSTRY

Large contribution to the Indian economy: India's IT industry contributed around 7.7% to the country's GDP and is expected to contribute 10% to India's GDP by 2025. As of FY20, the IT industry employed 4.3 million people.

Strong growth opportunities: IT industry is fueling the growth of start-ups in India with presence of around 5,300 tech start-ups in India. IT & BPM industry revenue was estimated at around US\$ 191 billion in FY20 at 7.7% growth y-o-y and it is estimated that the size of the industry will grow to US\$ 350 billion by 2025. As the increasing focus on technology has been seen across all the industries, IT industry will create the maximum jobs in India in coming years.

Leading sourcing destination: India is the leading sourcing destination across the world, accounting for approximately 55% market share of the US\$ 185-190 billion global services sourcing business in FY18. India acquired a share of around 38% in the overall BPM sourcing market.

Most lucrative sector for investments: The computer software and hardware sector in India attracted cumulative foreign direct investment (FDI) inflow worth US\$ 45.97 billion between April 2000 and June 2020. The sector ranked 2nd in FDI inflows as per the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

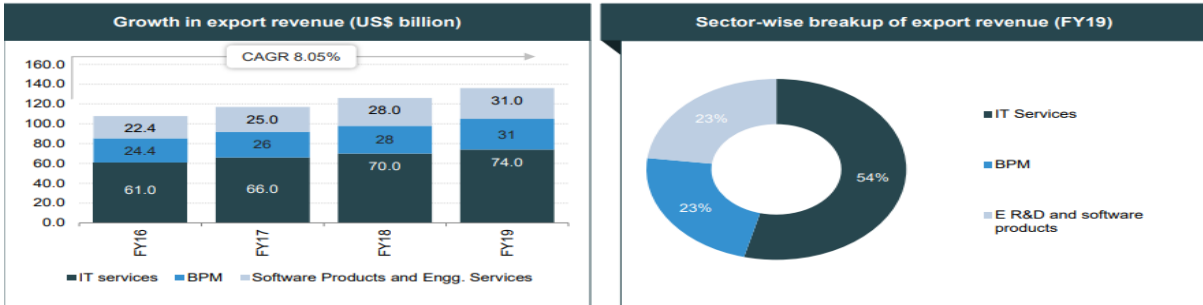
Export and employment growth: Total export revenue of the industry is estimated to grow 8.1% y-o-y to US\$ 147 billion in FY20. IT & BPM sector accounted for the largest share in the Indian services export at 45%. Total number of employees grew to 1.02 million cumulatively for four Indian IT majors* as on December 31, 2019.

ADVANTAGE IN INDIA:

<p>GROWING DEMAND:</p> <ul style="list-style-type: none"> ✓ Strong growth in demand for export from new verticals. ✓ Rapidly growing urban infrastructure has fostered several IT centres in the country. ✓ Expanding economy to propel growth in local demand. ✓ India's IT sector market is projected to reach US\$ 100 billion by 2025. ✓ In FY20, the sector added 205,000 jobs, up from 185,000 jobs added in FY19 	<p>GLOBAL FOOTPRINTS</p> <ul style="list-style-type: none"> ✓ Indian IT firms have delivery centres across the world. ✓ IT & BPM industry is well diversified across verticals such as BFSI, telecom and retail. ✓ Increasing strategic alliance between domestic and international players to deliver solutions across the globe.
<p>COMPETITIVE ADVANTAGE</p> <ul style="list-style-type: none"> ✓ India has a low-cost advantage by being 5-6 times inexpensive than the US. ✓ A preferred destination for IT & BPM in the world, it continues to be a leader in the global sourcing industry with 55% market share. ✓ On May 2019, the Ministry of Electronics and Information Technology (MeitY) launched the MeitY Startup Hub (MSH) porta 	<p>POLICY SUPPORT</p> <ul style="list-style-type: none"> ✓ Tax exemption of three years in a block of seven years to start-ups under 'Startup India'. ✓ More liberal system for raising global capital, funding for seed capital and growth and ease of doing business, etc. have been addressed. ✓ The Government of India announced plans to launch a national programme on AI* and setting up of a National AI* portal. ✓ In February 2019, the Government India released the National Policy on Software Products 2019 to develop India as a software product nation

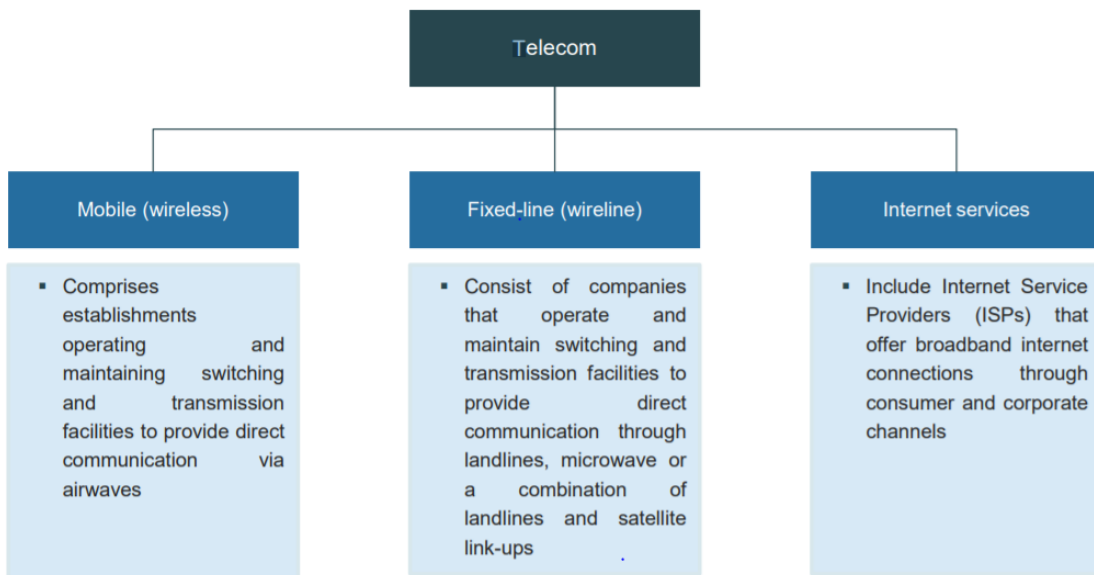
STRONG GROWTH IN IT & BPM EXPORTS

The export sector crossed US\$ 147 billion in revenue in FY20, growing at 8.1%. Exports rose at a CAGR of 8.05% during FY16-FY19. Export of IT services has been the major contributor, accounting for 54% of total IT export (including hardware) during FY19. BPM and Engineering and R&D (ER&D) and software products export accounted for 23% each to total IT exports during FY19. ER&D market is expected to grow to US\$ 42 billion by 2022 from US\$ 28 billion currently



MARKET OVERVIEW OF TELECOMMUNICATION INDUSTRY

THE TELECOM MARKET SPLIT INTO THREE SEGMENTS

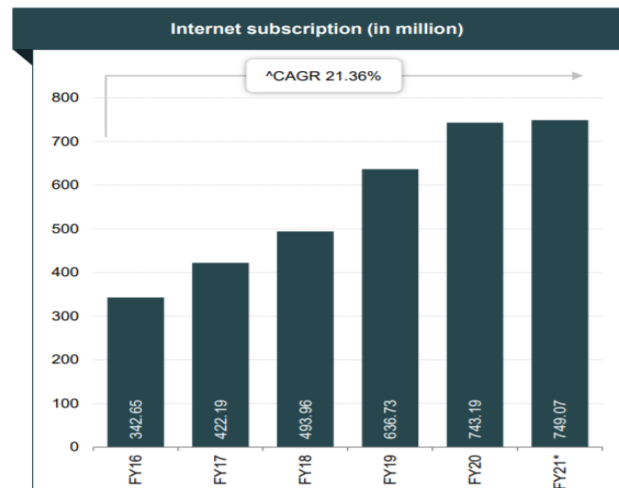


NUMBER OF INTERNET SUBSCRIBERS INCREASING AT A FASTER PACE

- The total number of internet subscribers increased from 743.19 million in March 2020 to 749.07 million in June 2020, registering a quarterly growth rate of 0.79%. Out of 749.07 million internet subscribers, number of wired internet subscribers are 23.06 million and number of wireless internet subscribers are 726.01 million.

- The number of internet subscribers in the country increased at a CAGR of 21.36% from FY16 to FY20 to reach 743.19 million in FY20.
- The number of internet subscribers in the country is expected to double by 2021 to 829 million#. Overall IP traffic is expected to grow four-fold at a CAGR of 30% by 2021.
- As per TRAI, average wireless data usage per wireless data subscriber was 11 GB per month in FY20. It is expected to reach to 18 GB by 2024

NOTABLE TRENDS IN THE INDIAN TELECOM SECTOR



Green telecom	<ul style="list-style-type: none"> • The green telecom concept is aimed at reducing carbon footprint of the telecom industry through lower energy consumption. • The Government of India’s National Digital Communication Policy, which released in September 2018, envisaged strengthening of mobile tower industry by promoting and incentivising deployment of solar and green energy for telecom towers. • The Government proposed a joint task force between Ministry of New and Renewable Energy (MNRE) and Department of Telecommunication to promote green technology in the sector
Expansion to Rural Market	<ul style="list-style-type: none"> • Over 62,443 uncovered villages in India will be provided with village telephone facility with subsidy support from the government’s Universal Service Obligation Fund (thereby increasing rural tele-density). • Broadband service provider, Excitel, plans to raise Rs. 200 crore (US\$ 28.37 million) in funding as it plans to expand FTTH (fibre to the home) deployment on its network and establish presence in 50 cities by December 2021
Emergence of BWA technologies	<ul style="list-style-type: none"> • BWA technologies, such as WiMAX and LTE, is among the most recent and significant developments in wireless communication. • Bharti Airtel VoLTE and Reliance Jio 4G services are live across all the 22 telecom circles since 2019. • India is expected to be the second largest market in 5G services followed by China in the next 10 years
Internet of Things (IoT)	<ul style="list-style-type: none"> • IoT is the concept of electronically interconnected and integrated machines, which can help in gathering and sharing data. The Indian Government is planning to develop 100 smart city projects where IoT will play a vital role in development of those cities. • Reliance Jio has partnered with Samsung Electronics to set up a nationwide IoT network. • Jio's IoT platform is ready to be commercially available in 2020.
Mobile banking	<ul style="list-style-type: none"> • Department of Posts launched mobile banking for its saving account customers. • In October 2020, Unified Payments Interface (UPI) recorded 2.07 billion transactions worth Rs. 3.86 lakh crore (US\$ 52.10 billion).

- As of November 26, 2020, 555 banks have been permitted to provide mobile banking services in India.

STRONG POLICY SUPPORT CRUCIAL TO THE SECTOR'S DEVELOPMENT

To compensate the consumers in case of call drop	<ul style="list-style-type: none"> • In August 2017, TRAI directed operators to have a call-drop rate of not greater than 2%. • The policy measures of TRAI have had a positive impact. Call-drops in the country decreased from 0.94% in 2016 to 0.52% in March 2018.
Relaxed FDI norms	<ul style="list-style-type: none"> • FDI in telecom sector has been increased to 100% from 74%. Out this, 49% will be done through automatic route and the rest will be done through the FIPB approval route. • FDI of up to 100% is permitted for infrastructure providers offering dark fibre, electronic mail and voice mail
Set up internet connections	<ul style="list-style-type: none"> • The Department of Information Technology intends to set up over 1 million internet-enabled common service centres across India as per the National e-Governance Plan. • On August 8, 2016, TRAI made the 10th amendment to the TCPR (Telecom Consumers Protection Regulations) permitting telecom companies to offer data packs having maximum validity of 365 days

OPPORTUNITIES ACROSS SEGMENTS IN THE INDUSTRY

- Development of telecom infrastructure
- Growth in MVAS and cloud computing
- Telecom equipment market
- Growing Cashless Transactions
- Rising internet penetration
- Increasing mobile subscribers
- Untapped rural markets

OUR BUSINESS

Unless otherwise stated, references in this section to “we”, “our” or “us” (including in the context of any financial information) are to the Company along with its Subsidiaries, on a consolidated basis. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with “Risk Factors”, “Industry Overview”, “Management’s Discussions and Analysis of Financial Condition and Results of Operations” and “Financial Information” on pages 20, 56,144 and 71, respectively, as well as the financial and other information contained in this Draft Letter of Offer. Additionally, please refer to “Definitions and Abbreviations” on page 2 of this Draft Letter of Offer for certain terms used in the following section:

Overview:

Our Company was originally incorporated as “Megasoft Limited” at Chennai, Tamil Nadu as a Public Limited Company under the provision of Companies Act, 1956 vide Certificate of Incorporation dated June 29, 1999 bearing number 18-42730 of 1999 issued by the Registrar of Chennai, Tamil Nadu. Subsequently our Company pursuant to special resolution passed by the members through Postal Ballot on December 26, 2014 changed the objects of our Company vide a Certificate of Registration of the Special Resolution Confirming Alteration of Object Clause dated January 13, 2015, issued by the Registrar of Companies Chennai.

Our Company has offices in the USA, India, Malaysia and Mexico (through our subsidiaries). Having carried out several projects in the USA, Latin America, Middle East, Africa, Asia Pacific and many other countries globally, we have the resources to manage projects and programs. Our customer specific Offshore Development Centers (ODCs) work on several software engineering projects simultaneously for both startups and existing businesses.

Leveraging more than twenty years of services experience, technology leadership & execution excellence. Our industry agnostic experience in offering cloud services, cyber security, mobile enablement & IoT solutions and mobile network services provides us the maturity to lead the next wave of services globalization. Our Company derives most of its revenues as a technology supplier to the global telecoms industry, especially mobile carriers. Mobile service is a dynamic industry that is constantly undergoing market changes, regulatory changes, technology changes and changes in customer preferences. Mobile operators need to constantly reinvent themselves and stay relevant in this fast-changing market environment and hence their need for key & new technologies is a constant driver for our company’s growth opportunities. With OTT Platforms mobile enabling many traditional industries and New emerging areas like 5-G, enterprise mobile markets and the Internet of Things (IoT) opening up wholly new business segments, the mobile technology industry continues its expansion.

The Company Sources of Revenue are from following activities:

- *Hosted Managed Services (Annuity)*

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

- *Software Licensing and Customization*

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

- *Services and Maintenance*

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

Our product and Services:

1. Analytics:

Our analytics solutions & services help clients to harness the power of big data without exhausting human and infrastructure resources. We strive to gear up organizations in adopting future trends while also enabling them to achieve a distinct competitive advantage.

Core Focus:

A. Machine Data Analytics

- Data extraction, transformation, reporting and deep dive analytics
- Leverage cross functional insights based on data from different sensor devices available in different data formats
- One stop solution to analyze geo-spatial data, time-series data, telematics data and large machine generated log files
- Distributed analytical models that leverage machine learning algorithms

B. Enterprise data Analytics

- Cross functional data extraction, correlation and central data sets
- Create well rounded customer profile with demographics, usage & social information
- Have N = 1 personalization to each customer
- Promote cross-sell / upsell offers

C. Telecom Data Analytics

- Segment / micro-segment telecom customers basis defined objective
- Promote cross-sell / upsell offers
- Seamless customer experience across all channel of access
- Define and execute contact strategy for every customer at different phases of lifecycle that allows them to move up the segments
- Identify customers with high risk of churn
- Predict and reduce call drops and network congestion
- Effective distribution line up with predictive analytics

D. Public Service Analytics (Enhanced Service Delivery – Compliant & Economical)

- Analyze and share insights on various welfare programs initiated by public service organizations
- Risk prediction and weigh load of the state exchequer on the implemented programs
- Preventive fraud detection and adherence to implement taxation policies
- Future disaster prediction and advocate action plan to reduce life risk

E. Predictive Policing (Improved Law & Order Enforcement)

- Understand current data sets and formulate content digitization plan
- Present inferences through intuitive dashboards by drilling data into granular cubes
- Propose insights that help informed and judicious decision making
- Better control over predicting crime, locations, perpetrator and victim identities

2. Cloud

Our Company Facilitates organizations in sophisticated cloud deployment, enables to seamlessly migrate from traditional non cloud infrastructure to shared multi-tenant cloud environment and ensures efficient monitoring & management of resource utilization. Our service include:

- Requirement gathering, gap analysis and sizing estimates
- Streamlining automated processes for cloud-enabled applications
- Offering field-proven open-source software and architecture for cloud platforms across computing infrastructure, value-added services, System Integration, customization and lifecycle management
- Rapid implementation with phase-wise cloud transitions
- Migration to OpenStack framework and vendor independent cloud
- Managed Services enabling operational intelligence and efficiency
- Program governance with collaborative planning
- In addition, we offer awareness and training that enables one to develop the skills to design, deploy, and operate infrastructure and applications based on various cloud services.

Core Focus:

- Advisory and Consultancy services to enterprises
- Evaluation and recommendation on cloud providers
- Development of Openstack cloud technologies
- Cloud deployment, migration & Managed Services

3. M-Enable & IOT

IoT can create value across businesses, governments and people. It is about connecting society and catering to new customer needs. It can also impact value chains, transform processes, improve resource efficiency and enable new types of services. We act as the epicenter of managing services for IoT platform providers and other IoT market participants. We are committed to deliver services with the focus on efficiently helping our customers implement, integrate and manage various components of their IoT ecosystem. Through our wide-ranging services portfolio, we additionally facilitate our customers to leverage cloud, analytics, mobile, social and security technologies.

Mobile phones are in widespread use and have increasingly become tools that end consumers can use for myriad reasons. Enterprises are increasingly evaluating IoT models for their digital services offerings and innovation. A strong focus will be on the ability to exploit all the assets and capabilities available in the network, service and business layers. We extends its telecom expertise and state-of-the-art service enablement framework to uniquely position top notch services across the IoT value-chain.

By engaging with clients worldwide, we extend our high performance m-Enablement & IoT portfolio in meeting our customers' ever-increasing future needs. Organizations need to utilize the power of technology and evolve with changing times. We enables enterprises adapt to changing market conditions and derive maximum value from their investments. Our deep understanding of technology's role as a value creator and the agility to provide customers rapid response has been instrumental in sustaining and growing our leadership position.

XIUS IoT Platform is software-based and unique in the IoT market in being a truly horizontal, end-to-end services delivery framework built for the new mobile world of connected devices and emerging services across a disparate array of devices in a secure and cost- effective manner.

As the IoT market takes off and mobile service providers begin thinking beyond simple connectivity and beyond one vertical, very few players will emerge as having the capability to create, deliver and manage new services the way we can.

Leveraging hybrid cloud architecture to resolve one of the most challenging issues facing IoT services, security is assured by distributing data and making any potential system-wide breach of security unlikely with least amount of potential exposure.

Operational simplicity is achieved through seamless integration with mobile operators' existing back-office systems allowing them to rapidly and cost effectively, deploy and manage multi- service solutions without requiring any major investments in new operations systems or staff training.

Being seamlessly integrated with the BSS/ Billing / Support modules of our MSP Platform, Enterprise customers including universities, Fleet operators, Healthcare service providers, large corporates, can additionally avail these systems as well when opting for XIUS IOT Suite.

4. Mobile Networks

Our expertise in current network technologies and IT transformation helps our clients realize significant operational efficiencies and discover new sources of revenue. For nearly 25 years, we have been providing telecom services to Tier 1 & 2 Communication Service Providers across five continents.

Our services span the entire network lifecycle, from network consulting & planning, design development & engineering, integration & testing, operations & maintenance environments to managing end-to-end services efficiently.

We have a team of domain & technology experts with decades of experience in mobile technology and have successfully executed several global turnkey IT transformation projects. With our customer-centric delivery approach we operate & manage applications and telecom / IT systems for clients across the globe.

Core Focus:

- Agile enable CSPs
- Onboard OTT service providers
- Network Audit & Optimization
- Implementation & Integration
- Predictive Analytics

5. Mobile Services Platform (MSP)

- a. XIUS Mobile Infrastructure Solutions and Services enhance the way service providers across an array of industries deliver and capitalize upon next-generation mobile services.
- b. XIUS MSP provides end-to-end infrastructure for 3G, 4G, (soon full 5G) Mobile Operators, MVNE/MVNOs, Converged Broadband 4G (LTE) Service Providers, Mobile Operator Wholesale Departments, and M2M, IoT Service Providers
- c. XIUS MSP offers a complete suite of cost-competitive and reliable infrastructure options that enable mobile services delivery along with real-time rating and billing.
- d. MSP's comprehensive Billing Module (Real-time Postpaid & prepaid, Inter-connect &Roaming) combined with its vast CRM capabilities offer Mobile operators a comprehensive platform to offer a wide range of services to their subscribers.
- e. Our Company has already successfully upgraded MSP into a fully Cloud enabled Platform to host state-of-the-art features and capabilities on the Cloud – private, hybrid and public cloud networks.

6. Mobile Payments Manager (PM)

Our Company's XIUS PM is one of the most comprehensive Digital Mobile payment platform available in the world today. A large highly scalable transaction engine at its core, XIUS PM offers, channel management, Banking & Payment Gateways, Digital wallet and loyalty systems, P-2-P payments, settlements and a fully regulatory compliant reporting system. That makes XIUS PM an ideal choice for a variety of financial services needs

Our Revenue from operations were ₹ 1248.84 Lakhs, ₹ 2034.40 Lakhs and ₹ 2363.77 Lakhs for the period December 31, 2020, March 31, 2020 and March 31, 2019. The following table shows are revenues generated in domestic and international currencies:

(₹ in Lakhs)

Revenue from operations	Period ended December 31, 2020		Period ended March 31, 2020		Period ended March 31, 2019	
	Revenue	% of total revenue from operations	Revenue	% of total revenue from operations	Revenue	% of total revenue from operations
Domestic	88.07	7.05	117.43	5.77	87.92	3.72
Export	1160.77	92.95	1916.97	94.23	2275.85	96.28
Total	1248.84	100.00	2034.40	100.00	2363.77	100.00

Our Strategies

The Company has the following strategy:

1. Mobile Services Platform (MSP) for MVNOs in Americas and (AMEA):

In Latin America, MVNO offerings are rapidly expanding and new launches are happening all the major countries, Mexico, Colombia, Peru, Chile, Ecuador etc. In Colombia, MVNOs now have double-digit market share with more than 5 million subscribers. Mexico, being the largest Market, is also witnessing a rapid growth of MVNO services with large brands from other industries moving to provide Virtual Mobile services.

Our company has vast operational experience of having deployed its Mobile Services Platform (MSP) for many MVNE/O clients and in this region and is fast emerging as the Market Leader in Latin America. We intend to grow in scale and scope and also leverage our specialty cloud-based MSP to further extend into new services and specialists segments.

2. Mobile Based Digital Payments, Mobile Wallet and Digital financial services

Our Company, with its most comprehensive end-to-end mobile payment platforms and over 10 years of extensive experience, is well poised to take good share of Mobile based digital payment processing and Digital financial market as a technology vendor of choice to Financial service providers, old and new in this vast market.

India is now acknowledged across the world as the biggest success story in adapting digital payments as well as use of mobile connectivity to provide financial inclusivity to all sections of the population. In January 2020, over 97% of payments by volume in India was digital. This phenomenal growth has been achieved through home grown solutions and technology. Thus globally our company has an image advantage in this area.

Designed and developed to address a large variety of payment needs, our Payment Manager system also provides a comprehensive settlement infrastructure connection between payment service providers including banks, channel partners, mobile network operators and electronic money institutions to create a central payment clearing for instant domestic and international transactions across multiple currencies including digital ones

3. Focus on Internet of Things (IoT) Market

With billions of connected devices predicted to come to market by 2024, IoT will transform usage of telecom networks from consumer centric to a device centric framework. In fact, 5G is touted as a “Network for Networks” and roll out of 5G IS expected to exponentially growth the IOT market globally.

This is likely to put mobile operators in a strong position to have a key relationship with consumers and a wealth of information to foster untapped business potential (within the bounds of privacy laws).

For global mobile service providers who seek to deliver a growing bouquet of services, the end-to-end management and ability to integrate into an operator's service management systems is fundamental for our XIUS suite of IoT platforms are an ideal choice for the same.

Our Company has gain good traction in USA, has partnered with a leading mobile operator there and will be deploying its platform for a variety of customers there in the coming months / years.

4. Continued Innovation and R&D Efforts

Our Company's ability to ideate, innovate and successfully launch new technology platforms and services has always been the corner stone for its continued success, survival and growth all these years and our Company will continue this tradition of innovation in this year as well. New Product teams are working on building cutting edge technologies and new offerings to be launched in the coming years and Our Company accordingly expects to launch many new products & services.

OUR MANAGEMENT

Our Board of Directors

Set forth below are details regarding our Board as on the date of this Draft Letter of Offer:

Name, Designation, DIN, Date of Birth, Age, Occupation, Address, Nationality, Original date of appointment, Change in designation and Period of Directorship`	Other directorships in Companies
<p>KUMAR VENKATARAMAN GANDARVAKOTTAI Designation: CEO and Managing Director DIN: 00059107 Date of Birth: July 31, 1966 Age: 54 years Occupation: Business Address: Plot No. 37, 8-2-293/82/F2/A/37, Road No. 12, Jubilee Hills Film Nagar Co-op, Housing Society, Hyderabad – 500 833 Nationality: Indian Original Date of Appointment: September 01, 2004 Re-appointment as Managing Director & CEO – April 01, 2019 Period of Directorship: For a term of three years commencing from April 01, 2019</p>	<ul style="list-style-type: none"> • Soma Tollways Private Limited • Soarg Technologies Private Limited
<p>ANIL KUMAR SOOD Designation: Independent Director DIN: 00086577 Date of Birth: January 01, 1963 Age: 58 Years Occupation: Professional Address: Plot No. 26, Quiet Lands, Gachi Bowli, Hyderabad – 500 032, Andhra Pradesh, India Nationality: Indian Original Date of Appointment: April 28, 2007 Re-appointment as an Independent Director: December 26, 2019 Period of Directorship: For a term of five years commencing from December 26, 2019</p>	NIL
<p>ANISH MATHEW Designation: Independent Director DIN: 02545538 Date of Birth: August 19, 1965 Age: 55 Years Occupation: Professional Address: 1, TG RHU, #12 -02 Singapore, PIN - 436879 Nationality: Singapore Original Date of Appointment: January 31, 2009 Re-appointment as an Independent Director: December 26, 2019 Period of Directorship: For a term of five years commencing from December 26, 2019</p>	NIL
<p>LEONA AMBUJA Designation: Independent Director DIN: 07138817 Date of Birth: December 31, 1986 Age: 34 Years Occupation: Service</p>	NIL

Name, Designation, DIN, Date of Birth, Age, Occupation, Address, Nationality, Original date of appointment, Change in designation and Period of Directorship`	Other directorships in Companies
<p>Address: 10-1-162/163, 2nd Floor, Flat No 203, Sai Prashant kutter II, Chintal Basti, Khairatabad, Hyderabad-500004 Telangana Nationality: Indian Original Date of Appointment: March 31, 2015 Re-appointment as an Independent Director: April 01, 2020 Period of Directorship: For a term of five years commencing from April 01, 2020</p>	
<p>SIVALENKA KALYAN VIJAY Designation: Additional Non-Executive Director DIN: 06404449 Date of Birth: May 02, 1980 Age: 40 Years Occupation: Investment Professional Address: 32-127/312, Street No. 20, Satya Sai Enclave, Secundrabad 500 009 Nationality: Indian Original Date of Appointment: September 29, 2020 Period of Directorship: Up to Next Annual General Meeting</p>	<ul style="list-style-type: none"> • Springforth Capital Advisors Private Limited • Springforth Investment Managers Private Limited • Springforth Wealth Advisors Private Limited • Springforth Holdings Private Limited • Springforth Logistics Holdings Private Limited • Springforth Capital Advisors East Private Limited
<p>UPENDAR MEKALA REDDY Designation: Additional Non-Executive Director DIN: 08898174 Date of Birth: December 10, 1981 Age: 39 Years Occupation: Investment Professional Address: 2-111/5, Plot No. 20, Engineers Enclave, Gangaram, Chandanagar, Hyderabad, Telangana, India – 500 050 Nationality: Indian Original Date of Appointment: September 29, 2020 Period of Directorship: upto Next Annual General Meeting</p>	<ul style="list-style-type: none"> • Sai Wardha Power Generation Limited • Sigma Microsystems Private Limited

Confirmations

None of our Directors is or was a director of any listed companies, whose shares have been or were suspended from being traded on any stock exchanges having nationwide terminals, during the five (5) years preceding from the date of this Draft Letter of Offer, during their term of directorship in such company.

None of our Directors is or was, a director of any listed companies, which has been or were delisted from any stock exchange(s), during the ten (10) years preceding from the date of this Draft Letter of Offer, during their term of directorship in such company.

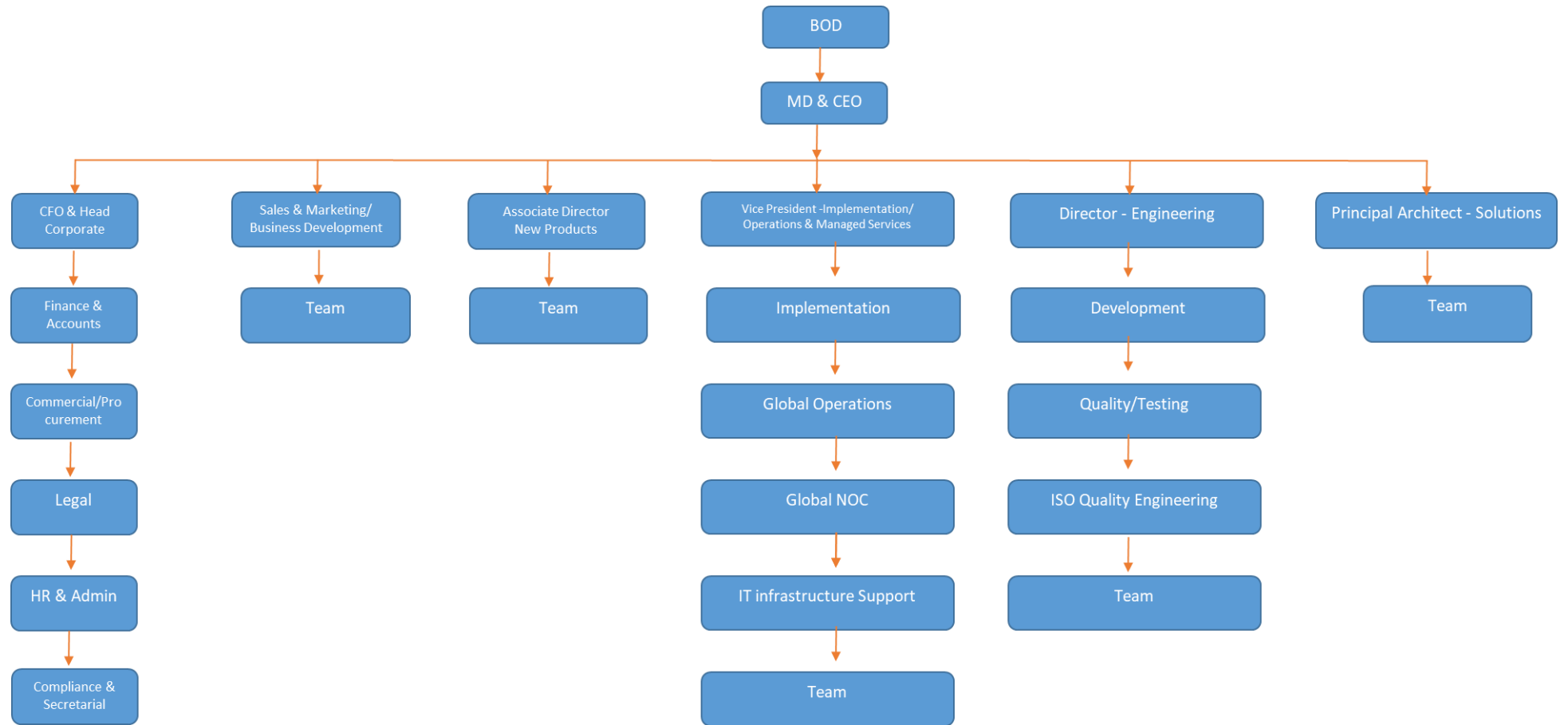
KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Following are the Key Managerial Personnel of our Company:

Details of Key Managerial Personnel and Senior management Personnel

Name of the KMPs	Designation
Kumar Venkataraman Gandarvakottai	CEO and Managing Director
Shridhar Thathachary	Chief Financial Officer
Srivalli Susarla	Company Secretary and Compliance Officer

Management Organisation Structure:



SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Particulars	Page No.
Unaudited Financial Statements for the period ended December 31, 2020	72 – 77
Audited Consolidated Financial Statements for the year ended March 31, 2020	78-113
Audited Consolidated Financial Statements for the year ended March 31, 2019	114-142

Independent Auditor's Review Report on Consolidated unaudited quarterly and year to date financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Review report to

Board of Directors of Megasoft Limited

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Megasoft Limited ('The Company') ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended 31st December, 2020 and for the period from 1st April, 2020 to 31st December, 2020 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 31st December, 2020 and the corresponding period from 1st April, 2020 to 31st December, 2020, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review by us.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:
 - a. Megasoft Consultants SDN BHD
 - b. XIUS Holding Inc
 - c. XIUS Corp
 - d. XIUS DE RL DE CV
5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial results of 4 subsidiaries included in the consolidated unaudited financial results, whose interim financial results reflect total revenues of ₹ 4,049.21 lakhs and total net profit / (loss) after tax of ₹ 18.82 lakhs and total comprehensive income / (loss) of ₹ 18.82 lakhs, for the quarter ended 31st December, 2020 and for the period from 1st April, 2020 to 31st December, 2020 respectively. The consolidated unaudited financial results also includes the Group's share of net profit after tax of ₹ 18.82 lakhs for the quarter ended 31st December, 2020 and for the period from 1st April, 2020 to 31th December, 2020, respectively. These interim financial results and other information of

foreign subsidiaries have been reviewed by other Auditors whose reports 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 these subsidiaries is based solely on the reports of the other Auditors and the procedures performed by us stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matter.

For N.C. Rajagopal & Co.,
Chartered Accountants,
(Firm Regn No.: 003398S)

Arjun S

Partner

(Membership No. 230448)

UDIN:21230448AAAABP8291

Place: Chennai

Date: 12.02.2021

Sr. No.	Particulars	Consolidated					
		Quarter ended			Year to date		Year Ended
		31/12/2020 (Unaudited)	30/09/2020 (Unaudited)	31/12/019 (Unaudited)	31/12/2020 (Unaudited)	31/12/2019 (Unaudited)	31/03/2020 (Unaudited)
A	INCOME						
I	Revenue from Operations	1510.58	1537.58	1625.97	4398.17	4113.12	5673.26
II	Other Income	129.04	127.07	186.55	404.49	489.66	650.28
III	Total Revenue (I+II)	1639.62	1664.65	1812.52	4802.66	4602.78	6323.54
IV	EXPENDITURE						
a.	Cost of materials consumed	409.66	533.40	535.56	1363.33	1166.28	1644.82
b.	Purchase of stock-in-trade	-	-	-	-	-	-
c.	Changes in inventories of finished goods, traded goods and work-in-progress	-	-	-	-	-	-
d.	Employee benefit expenses	326.53	333.64	321.79	970.91	953.30	1246.41
e.	Finance costs	138.42	138.34	200.61	410.38	540.21	682.82
f.	Depreciation and amortisation expense	101.60	109.72	133.35	332.46	401.83	437.58
g.	Other Expenses	638.13	456.40	507.63	1550.45	1314.47	2244.98
IV	Total Expenses	1614.34	1591.50	1698.94	4627.53	4376.09	6256.61
V	Profit before tax and exceptional items and tax (III-IV)	25.28	73.15	113.58	175.13	226.69	66.93
VI	Exceptional items	-	-	-	-	-	-
VII	Profit/(Loss) after exceptional items and before tax (V-VI)	25.28	73.15	113.58	175.13	226.69	66.93
VIII	Tax expense :						
	(i) Current tax	9.00	-	-	9.00	-	
	(ii) Deferred tax	-	0.01	-	-	-	(3.78)
IX	Total Tax Expense	9.00	0.01	-	9.00	-	(3.78)
X	Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement						
XI	Profit (loss) for the period from continuing operations (VII-IX+X)	16.28	73.14	113.58	166.13	226.69	70.71

Sr. No.	Particulars	Consolidated					
		Quarter ended			Year to date		Year Ended
		31/12/2020 (Unaudited)	30/09/2020 (Unaudited)	31/12/019 (Unaudited)	31/12/2020 (Unaudited)	31/12/2019 (Unaudited)	31/03/2020 (Unaudited)
XII	Profit (loss) for the period from discontinued operations	-	-	-	-	-	-
XIII	Tax expense of discontinued operations	-	-	-	-	-	-
XIV	Profit (loss) for the period from discontinued operations (after tax)	-	-	-	-	-	-
XV	Share of profit (loss) of associates and joint ventures accounted for using equity method	-	-	-	-	-	-
XVI	Profit for the year	16.28	73.14	113.58	166.13	226.69	70.71
XVII	Other Comprehensive Income	-	-	-	-	-	-
	All items that will not be reclassified to profit and loss						
	(i) Remeasurement of post employment benefit obligations	-	-	-	-	-	(0.10)
	(ii) Changes in revaluation surplus	-	-	-	-	-	-
	B. Items that will be reclassified to profit and loss	-	-	-	-	-	-
	(i) Fair Value Changes in Equity Instructions through OCI	-	-	-	-	-	-
	II. Income tax relating to these items	-	-	-	-	-	-
XVIII	Total Comprehensive income for the year	16.28	73.14	113.58	166.13	226.69	70.61
XIX	Total Profit or Loss, attributable to						
	Profit / Loss attributable to owners of parents	-	-	-	-	-	-
	Profit / Loss attributable to non-controlling interests	-	-	-	-	-	-
XX	Total Comprehensive income for the period attributable to						
	Comprehensive income for the period attributable to owners of parents	-	-	-	-	-	-

Sr. No.	Particulars	Consolidated					
		Quarter ended			Year to date		Year Ended
		31/12/2020 (Unaudited)	30/09/2020 (Unaudited)	31/12/019 (Unaudited)	31/12/2020 (Unaudited)	31/12/2019 (Unaudited)	31/03/2020 (Unaudited)
	Comprehensive income for the period attributable to non-controlling interests	-	-	-	-	-	-
XXI	Details of Equity Share Capital						
	ACTUAL						
A	Paid- up equity share capital	4426.73	4426.73	4426.73	4426.73	4426.73	4426.73
B	(face value of the share shall be indicated)	10	10	10	10	10	10
XXII	Details of debt securities						
XXIII	Reserves excluding revaluation reserve	6933.89	6944.32	6913.84	6933.89	6913.84	6836.52
XXIV	Debenture Redemption Reserve						
XXV	Earning per equity share						
	Basic Earning per equity share for continuing operations (face value of ₹ 10/- each):	0.04	0.17	0.26	0.38	0.51	0.16
	Diluted Earning per equity share for continuing operations (face value of ₹ 10/- each):	0.04	0.17	0.26	0.38	0.51	0.16
B	Earning per equity share for discontinued operations						
	Basic Earning per equity share for discontinuing operations (face value of ₹ 10/- each):	-	-	-	-	-	-
	Diluted Earning per equity share for discontinuing operations (face value of ₹ 10/- each):	-	-	-	-	-	-
C	Earning per equity share for continued and discontinued operations						
	Basic Earning per equity share for continuing and discontinuing operations (face value of ₹ 10/- each):	0.04	0.17	0.26	0.38	0.51	0.16
	Diluted Earning per equity share for continuing and discontinuing operations (face value of ₹ 10/- each):	0.04	0.17	0.26	0.38	0.51	0.16

Sr. No.	Particulars	Consolidated					
		Quarter ended			Year to date		Year Ended
		31/12/2020 (Unaudited)	30/09/2020 (Unaudited)	31/12/019 (Unaudited)	31/12/2020 (Unaudited)	31/12/2019 (Unaudited)	31/03/2020 (Unaudited)
XXVI	Disclosure of notes on financial results						
							For Megasoft Limited
							GV Kumar
							CEO & Managing Director
Date : 12.02.2021							
Place: Hyderabad							

Notes:

1. The above results were reviewed by the Audit / Risk & Compliance Committee and approved by the Board of Directors at their meetings held on 12th February, 2021
2. The Company has a single reportable segment, that of telecom and has been disclosed
3. Previous periods' figures have been rearranged wherever necessary to conform to the current period classifications/ disclosures.

Independent Auditor’s Report on the Audit of the Consolidated Financial Statements for the year ended March 31, 2020

1. Opinion

We have audited the Consolidated Ind AS Financial Statements of MEGASOFT LIMITED and its Subsidiaries Megasoft Consultants Sdn Bhd, XIUS Holding Corp, XIUS Corp and XIUS S DE RL DE CV (collectively called as “the Group) which comprise the Consolidated balance sheet as at 31st March 2020, and Consolidated statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Consolidated Cash flow Statement, notes to Consolidated Ind AS Financial Statements and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, (changes in equity) and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Ind AS 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 together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS 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.

Sr.No	Key Audit Matter	Auditor’s Response
1	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers”:</p> <p>The application of the Ind AS 115 involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of</p>	<p>We assessed the Company’s process and policy to identify the impact of adoption of Ind AS 115. Our audit approach consisted testing of the design and operative effectiveness of internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> ➤ Evaluated the process relating to implementation of the new revenue accounting standard.

Sr.No	Key Audit Matter	Auditor's Response
	<p>the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Hence, under Ind AS 115 revenue should be recognized when an entity transfers control of a goods or services to a customer. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Accordingly, the Company has not recognized revenue for sales initiated in the current year for which physical delivery of goods has happened in the next financial year.</p>	<ul style="list-style-type: none"> ➤ Selected a sample of continuing and new contracts relating to identification of the distinct performance obligations and we carried out a combination of procedures involving observation and inspection of evidence in this regard. ➤ Identified the distinct performance obligations in these contracts. ➤ Compared these performance obligations with that identified and recorded by the Company. ➤ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
2	<p>Capitalization of Property and collection of Lease Rentals The Company has capitalized a property that had been given on Joint development which has started yielding lease rentals during the year.</p>	<ul style="list-style-type: none"> ➤ We have reviewed the Joint Development Agreement. ➤ We have verified the Partial Occupancy certificate given by the ZM and Commissioner. ➤ We have verified the lease rental agreements entered into by the Company. ➤ We have verified the entries passed in the books of accounts for capitalization and recognition of lease rentals.
3	<p>Evaluation of uncertain tax positions: The Company has uncertain tax and legal positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer "Contingent Liability and Data for Notes on accounts" annexure.</p>	<ul style="list-style-type: none"> ➤ We obtained the list of legal cases filed by and on the Company. ➤ We Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. ➤ We also reviewed Company's correspondences and appeal documents. ➤ We obtained status reports from the existing counsels handling each case. ➤ Ascertained whether the chances of crystallization of liability are probable/ possible/ remote. ➤ Ensured appropriate disclosure under Notes on accounts.

4. Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but doesn't include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS 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 Ind AS 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 Ind AS Financial Statements or our knowledge obtained in 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.

5. Management’s Responsibility for the Consolidated Ind AS Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

6. Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Ind AS 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 Ind AS 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 control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the 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 Consolidated Ind AS 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 Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Consolidated Ind AS 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.

7. Other Matter

We did not audit the financial statements of all the 4 subsidiaries whose Financial statements reflect total assets of ₹ 7,885.37 lakhs as at 31st March ,2020, total revenues of ₹ 5,501.15 lakhs and net cash flows amounting to ₹ 387.07 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associate, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary and associate is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to

our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

8. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- b. 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.
- c. 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.
- d. The Balance Sheet, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to Consolidated Ind AS Financial Statements and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- e. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with (Indian Accounting Standards) Rules, 2015 as amended.
- f. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- h. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.
- i. 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, in our opinion and to the best of our information and according to the explanations given to us:
 1. The Company has disclosed the impact of pending litigation on its financial position in its Consolidated Ind AS Financial Statements – Refer Note no. 26 to the Financial Statements.
 2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 3. There has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company.

For N.C. Rajagopal & Co.,

Chartered Accountants
(Firm Regn No.003398S)

Arjun S

Partner

(M No. 230448)

UDIN: 20230448AAAABK3440

Place: Chennai

Date: 30 July 2020

ANNEXURE - A TO THE AUDITORS' REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Megasoftware Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in outside India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

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 in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS

financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding 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, 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 4 subsidiary companies, which are companies incorporated in outside India, is based on the corresponding reports of such companies incorporated in outside India.

For N.C. Rajagopal & Co.
Chartered Accountants
Firm Reg No: 003398S
ArjunS
(Partner)
Membership No. 230448
UDIN: 20230448AAAABK3440

Place: Chennai
Date: 30 July 2020

Consolidated BalanceSheet		₹ in lakhs	
		As at	As at
	Note	31-Mar-2020	31-Mar-2019
ASSETS			
Non-Current assets			
Non-Financial Assets			
Property, Plant and Equipment	2	16,339.29	12,837.12
Capital WIP	2	-	3,081.40
Goodwill		7936.12	7936.12
Financial Assets			
Investments			
Other Financial Assets	3	137.39	124.87
Deferred Tax Assets	4	60.75	56.90
Other Non Current Assets	5	-	11.49
Current Assets			
Financial Assets			
Trade Receivables	6	5,933.22	5,847.16
Cash And Bank Balances	7	583.57	258.60
Other Balances with Bank	8	33.05	45.05
Current Tax Assets (Net)	9	572.81	469.73
Other Current Assets	10	1,530.09	1,506.13
TOTAL ASSETS		33,126.29	32,174.57
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11 A	4,426.73	4,426.73
Other Equity	11 B	9,610.25	9,305.34
Total Equity		14,036.97	13,732.07
Non-Current Liabilities			
Financial Liabilities			
Other Financial Liabilities	12	1,432.04	1,084.60
Provisions	13	129.94	126.59
Current Liabilities			
Financial Liabilities			
Borrowings	14	3,964.65	4,081.98
Trade payables	15	1,210.62	1,469.08
Other financial liabilities	16	1,833.78	1,580.70
Provisions-Current	17	860.35	746.11
Other current liabilities	18	9,657.93	9,353.45
TOTAL EQUITY & LIABILITES		33,126.29	32,174.57
Significant Accounting Policies	1		
Other Notes to Financial Statements	2-36		

The notes referred to above form integral part of these financial statements

As per our Report of even date attached For and on behalf of the Board of Megasoft Limited

for **N.C. Rajagopal & Co**

Chartered Accountants

Firm registration no: 003398 S

Arjun.S

Membership No: 230448

Place: Hyderabad

Date: 30 July 2020

GV Kumar
Managing Director

Anish Mathew

Director

Srivalli Susarla
Company Secretary

Anil kumar Sood
Director

**Shridhar
Thathachary**
Chief Financial
Officer

Consolidated Statement of Profit & Loss
(Rs. in Lakhs)

	Note	For the year ended	For the year ended
		31-Mar-2020	31-Mar-2019
Revenue from Operations			
Revenue from sale of services	19	5,673.26	6,187.37
Other Income	20	650.28	863.94
		6,323.54	7,051.31
Expenses			
Software, hardware and material cost		1,644.82	2,179.24
Employee benefits expense	21	1,246.41	1,677.95
Finance costs	22	682.82	614.83
Depreciation and amortisation expense	2	437.58	375.76
Other expenses	23	2,244.98	2,133.02
TOTAL EXPENSES		6,256.61	6,980.79
Profit/(Loss) Before tax		66.93	70.52
Tax expense			
Current tax		-	2.86
Deferred tax		(3.78)	34.24
Total tax expense		(3.78)	37.10
Profit/(Loss) for the year		70.71	33.42
Other Comprehensive Income/(Loss)			
A Items that will not be reclassified to profit and loss			
i) Remeasurements of post employment benefit obligations		(0.10)	12.47
ii) Changes in Revaluation Surplus			2,773.73
B Items that will be reclassified to profit and loss		-	-
i) Fair Value Changes in Equity Instruments through OCI			(2,221.38)
Other Comprehensive Income for the year		(0.10)	564.82
Total Comprehensive Income for the year		70.61	598.24
Earnings per equity share (in ₹)			
(1) Basic		0.16	0.08
(2) Diluted		0.16	0.08
Significant Accounting Policies	1		
Other Notes to Financial Statements	2-36		

The notes referred to above form integral part of these financial statements

As per our Report of even date attached

For and on behalf of the Board of Megasoft Limited

For **N.C. Rajagopal & Co**

Chartered Accountants

Firm registration no: 003398 S

Arjun .S

Membership No: 230448

Place: Hyderabad

Date : 30 July 2020

GV Kumar

Managing Director

Anish Mathew

Director

Srivalli Susarla

Company Secretary

Anil kumar Sood

Director

Shridhar Thathachary

Chief Financial Officer

Statement of changes in equity

A Equity Share Capital							(Amounts in Lakhs)		
Equity shares of ₹10 each, Issued, Subscribed and Paid up	Balance as at 31st March 2019		Changes in equity share capital			Balance as at 31st March, 2020			
Equity shares with voting rights	4,426.73		-			4,426.73			
Total	4,426.73		-			4,426.73			
B Other Equity									
Particulars	Securities Premium Reserve						Retained Earnings	Other Comprehensive Income	Total
		Capital Reserve	Foreign Currency Translation Reserve	General Reserve	Business Reconstruction Reserve	Revaluation Reserve			
Balance as at 1st April 2019	250.66	5.59	(2,484.05)	2,546.71	21.38	2,773.73	8,372.09	(2180.78)	9,305.32
Addition during the current year	-	-	234.31	-	-	-	-	(0.10)	234.21
Profit for the year	-	-	-	-	-	-	70.71	-	70.71
Balance as at 31st March 2020	250.66	5.59	(2,249.74)	2,546.71	21.38	2,773.73	8,442.80	(2,180.88)	9,610.25

As per our Report of even date attached

for **N.C. Rajagopal & Co**

Chartered Accountants

Firm registration no: 003398 S

Arjun .S

Membership No: 230448

Place: Hyderabad

Date : 30 July 2020

For and on behalf of the Board of Megasoft Limited

GV Kumar
Managing Director

Anish Mathew

Director

Srivalli Susarla
Company Secretary

Anil kumar Sood
Director

Shridhar Thathachary
Chief Financial Officer

Consolidated Cash Flow Statement		
	For the year ended 31-Mar-2020	For the year ended 31-Mar-2019
	₹ in lakhs	₹ in lakhs
A. Cash flow from Operating Activities		
Net Profit Before Tax	66.93	70.52
Adjusted for:		
Bad Debts	340.00	700.45
Depreciation	437.58	375.76
Adjustment arising out of ROU Assets	(165.11)	-
Provision for retirement benefits	(0.10)	12.47
Interest Income	(13.68)	(12.32)
Interest & Bank Charges	682.82	513.27
Sundry Credit balance written back	-	619.11
Unrealised Foreign Exchange Fluctuation	234.31	(393.94)
Operating Profit Before Working Capital Changes	1582.74	1885.33
Adjusted for:		
Trade and other Receivables	(429.90)	989.55
Trade and other payables	714.40	2,290.70
Prepaid Expenses	11.49	11.46
Other Financial Assets	(139.56)	(11.35)
Cash Generated from operations	1739.17	5,165.67
Net prior year adjustments	-	-
Current Tax (Current and relating to Previous years)	-	(2.86)
Deferred Tax	3.78	(34.84)
Net Cash from / (Used in) Operating Activities [A]	1,742.95	5,127.97
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(3724.91)	(6,488.07)
Capital Work In Progress (WIP)	3,081.40	2,680.00
Interest Income (Gross)	13.68	12.32
Intangibles	-	-
Net Cash from / (Used in) Investing Activities [B]	(629.83)	(3,795.75)
C Cash flow from Financial Activities		
Realization of deposits / (Repayment of deposits)	12.00	-
Repayment of Borrowings	(117.33)	(622.48)
Interest & Bank Charges	(682.82)	(513.27)
Net Cash flow from/(Used in) Financing Activities [C]	(788.15)	(1,135.76)
Net Cash Flows during the year {A+B+C}	324.97	197.06
Cash & Cash Equivalents (Opening Balance)	258.60	61.54
Cash & Cash Equivalents (Closing Balance)	583.57	258.60

As per our Report of even date attached

N.C. Rajagopal & Co

Chartered Accountants
Firm registration no: 003398 S

Arjun .S

Membership No: 230448

Place: Hyderabad
Date : 30 July 2020

For and on behalf of the Board of Megasoft
Limited

GV Kumar
Managing Director

Anish Mathew

Director

Srivalli Susarla
Company Secretary

Anil kumar Sood
Director

**Shridhar
Thathachary**
Chief Financial
Officer

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in the financial statements are presented in lakhs, as otherwise stated)

Note 1A: Company information and Significant accounting policies

a. Background

Megasoft Limited, a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956, on 29 June 1999 and is registered office in Chennai. The company's shares are listed on BSE and NSE, in India. The company is a unique trans-nation company with customers, employees and operations across multiple continents and combines the best global practices with a focus on the global telecommunication domain.

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

Name of the Wholly owned Subsidiary Companies	Country of Incorporation	% Holding
XIUS Holding Corp	USA	100%
Xius Corp	USA	100%
XIUS S DE RL DE CV (formerly, Boston Communications Group De Mexico, S.R.L)	Mexico	100%
Megasoft Consultants SdnBhd	Malaysia	100%

b. Basis of Preparation

These Financial Statements have been prepared on accrual basis of accounting in accordance with Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rule, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The Financial Statements upto year ended 31st March 2017 were prepared in accordance with Generally Accepted Accounting principles (GAAP) in India, accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies Act, 2013 collectively referred to as "Indian GAAP". The company followed the provisions of IND AS 101 in preparing its opening IND AS Balance Sheet as on the date of transition viz. 1st April, 2016. Some of the Company's IND AS accounting policies used in the opening balance sheet are different from the previous GAAP policies applied as at 31st March, 2016 and accordingly adjustments were made to restate the opening balances as per IND AS. The adjustments arose from events and transactions before the date of transition of IND AS were recognised directly to Retained earnings as at 1st April, 2016, as required by IND AS 101.

Disclosures under IND AS are made only in respect of material items and in respect of the items that will be useful to the users of Financial Statements in making economic decisions.

c. Basis of Measurement

The Financial Statements have been prepared in Going concern basis and on an accrual method of accounting. Historical cost is used in preparation of Financial Statements except for the following items which are measured at Fair value:

- i) Certain Financial assets and liabilities
- ii) Net Defined benefit (Asset)/ Liability

d. Functional and Presentation currency

The Financial Statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs, except as stated otherwise.

e. Use of estimates and management judgement

The preparation of Financial Statements in conformity with the accounting policies requires the management to make estimates and assumption considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize.

Note 1B Significant accounting policies

A Summary of significant accounting policies applied in the preparation of Financial Statements is given below. These accounting policies have been applied consistently to all the periods presented in the Financial Statements.

a. Revenue Recognition

Revenue from software development on time and material basis is recognized based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts or on the percentage of completion basis. Provision for estimated losses on incomplete contract is recorded in the period in which such losses become probable based on the current estimates. Revenue from product licenses and related revenue are recognized as follows:

- License fees, on delivery and subsequent milestone schedule as per the terms of the contract with the end use
- Product maintenance revenues, over the period of the maintenance contract

b. Property, Plant and Equipment

i. Initial and Subsequent Recognition:

All items of Property, Plant and equipment (PPE) are measured at Historical cost, which includes capitalised borrowing cost less accumulated depreciation and impairment loss, if any.

Items of spare parts, standby equipment and servicing equipment which meet the definition of property, plant and equipment are capitalised. Other spare part are carried as inventory and recognised in the Statement of Profit and Loss on consumption.

Where the cost of depreciable assets has undergone a change during the year due to increase/ decrease in long term liabilities on account of exchange fluctuation price adjustment, change in duties or similar factors, and the unamortized balance of such asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/ amortization.

Spare parts are recognised when they meet the definition of Property, Plant and Equipment , otherwise, such items are classified as inventory.

On transition to IND AS, the company has elected to adopt the cost model i.e., cost less accumulated depreciation for all of its Property, Plant and Equipment as at 1st April, 2016. Except for land which has been revalued to reflect the fair value.

The Property, Plant and equipment of the Company are physically verified in a phased manner to cover all the items of PPE over a period of three years, which in the Management's opinion, is reasonable having regard to the size of the Company and the nature of its assets.

ii. Depreciation

Depreciation is recognised in Statement of Profit and Loss on a straight – line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation on additions to/ deductions from property, plant and equipment during the year is charged on pro – rata basis from/ up to the month in which the asset is available for use/ disposed.

iii. Goodwill and Other Intangible Assets:

On transition to IND AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2016, measured at previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period five years or its license period, whichever is less.

On Transition to IND AS the company has elected to continue with the carrying value of all intangible assets recognised as at 1st April, 2016 measured as per the previous GAAP and use the carrying value as deemed cost.

iv. Capital work – in – progress:

The cost of self – constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis of the cost of related assets.

Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

v. Leases:

The company's lease assets primarily comprises of buildings. The company assesses whether a contract contains a lease at the inception of the contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

vi. Transition

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 are accounted for as per the provisions of the standard. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate. Right of Use (ROU) assets have been recognized by the Company at an amount equal to the lease liability, adjusted for previously recognized prepaid or accrued lease payments.

c. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in IND AS 7 “Cash Flow Statement”.

d. Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities, and equity for the earliest period presented, are restated.

e. Income Tax

Income tax expense comprises Current and Deferred tax. Current Tax expense is recognised in Statement of Profit and Loss except to the extent that it relates to items recognised directly in Other Comprehensive Income (OCI) or Equity, in which case it is recognised in OCI or Equity.

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

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Deferred tax assets are recognized for all temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

Deferred Tax expense is recognised in Statement of Profit and Loss except to the extent that it relates to items recognised directly in Other Comprehensive Income (OCI) or Equity, in which case it is recognised in OCI or Equity.

f. Employee Benefits

Defined contribution plans: Contribution to defined contribution plans are recognized as expenses when employees have rendered services entitling them to such benefits.

Defined benefit plans: For defined benefit plans, the cost of providing benefits using the projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date. Actuarial gains and losses are recognised in full in the other Comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as expenses at the earlier of (a) when the plan amendment or curtailment occurs: and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any assets resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

g. Foreign currency translation

The consolidated financial statements are prepared in Indian Rupees, which is the functional currency for Megasoft Limited. The translation of the functional currencies into the reporting currency is performed for assets and liabilities of the foreign subsidiary companies at the currency exchange rate which is in effect at the balance sheet date; for revenue, costs and expenses the translation is done using average exchange rates prevailing during the reporting periods and for share capital, using the exchange rate at the date of the transaction. The resultant translation exchange gain/loss has been disclosed as “Foreign Currency Translation Reserve” under “Reserve & Surplus”.

All income and expenditure transactions of the foreign branch during the year are included in these accounts at the average rate of exchange. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation is translated at the rates used

for the transaction of the values of the assets on which depreciation is computed. Net gain/loss on foreign currency translation is recognized in the profit & loss Account.

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and / or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expenses or income over the life of the contract.

Gain / Losses on settlement of transaction arising on cancelled or renewal of such a forward exchange contract are recognized as income or expenses for the period. In all other cases the gain or loss on contract is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier period) is recognized in the profit or loss account for the period.

h. Borrowing Cost

Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Borrowing costs include interest, amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

i. Impairment of Non – Financial Assets

The carrying amount of Company’s Non – financial Assets are reviewed at each reported date to determine whether there is an indication of impairment ‘considering the provisions of IND AS 36 “Intangible Assets”.

Impairment loss is recognised if the carrying amount of the assets or its Cash Generating Units (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in Profit and Loss.

Impairment losses recognised in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Non-Financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Earnings per share

Basic earnings per share are computed by dividing the net profit/loss after tax attributable to the equity shareholders of the company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/loss after tax attributable to the equity shareholders of the company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

k. Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events 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. Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the Financial Statements and are disclosed in the Notes. A Contingent asset is neither recognized nor disclosed in the Financial Statements.

l. Business Combination

As part of the transition to IND AS, the company has decided to apply the IND AS 103, Business combinations, to only those business combinations that occurred on or after 1st April, 2015.

In respect of Business combinations, prior to 1st April, 2015, goodwill represents the amount recognised under the company's previous accounting framework under Indian GAAP and the same is tested annually for impairment.

m. Financial Instruments

All Financial Assets and Liabilities are recognised and measured initially at fair value adjusted by transaction cost, except for those carried at fair value through Profit or Loss which are measured initially at fair value. For the purpose of subsequent measurement, Financial Assets are classified into following categories upon initial recognition:

- Amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through Other Comprehensive Income (FVOCI)

➤ **Financial asset**

Amortised Cost

A financial asset is measured at amortised cost using effective interest rates if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) 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.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designed at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognised in profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non – trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognised in Other Comprehensive Income, except for interest and dividend income and foreign exchange differences on monetary assets, which are recognised in statement of profit and loss.

➤ **Financial Liabilities**

Initial recognition and measurement

All financial liabilities are initially recognised at Book value and in the case of loans and borrowings and payables, net of attributable transaction costs (example: Upfront processing fees).

The company's financial liabilities include trade and other payables, loan and borrowings including bank overdrafts and financial guarantee contracts.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivate financial instruments are accounted for at FVTPL.

2. Fixed Assets

(₹ in lakhs)

Particulars	Gross Block					Depreciation					Net Block	
	Cost as at 1-Apr-2019	Additions/ Revaluation	Deletions / Adjustments	Foreign Exchange translation difference	Cost as at 31-Mar-2020	As at 1-Apr-2019	For the period / year	On Deletions / Adjustments	Foreign Exchange translation difference	Total as at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
(A) Tangible Assets												
Land & Land Development	3673.32	-	-		3,673.32	-	-	-		-	3,673.32	3673.32
Building	6,492.94	3087.43	-		9580.37	25.65	110.72	-		136.37	9444.00	6467.29
Leasehold building(ROU)		214.83			214.83		167.76			167.76	47.07	-
Plant & Machinery	524.73	93.11	-	28.62	646.46	388.87	52.98	-	4.25	446.10	200.36	135.86
Computer systems & Software	13,973.81	368.77	-	932.79	15,275.37	12,013.00	96.65	-	836.06	12,945.71	2,329.66	1960.81
Furniture & Fittings	633.45	45.10		46.34	724.89	504.65	9.47	-	37.56	551.68	173.21	128.80
Vehicles	84.80		-	1.33	86.13	75.82			0.68	76.50	9.63	8.98
Sub Total	25,383.05	3,809.24	-	1,009.08	30,201.36	13,007.99	437.58	-	878.55	14,324.12	15,877.24	12,375.06
(B) Intangible Assets												
Intellectual Property Rights	68.00	-	-		68.00	68.00	-	-		68.00	-	-
Patents	1,253.64	-	-		1,253.64	791.59	-	-		791.59	462.05	462.05
Sub Total	1,321.64	-	-	-	1,321.64	859.59	-	-	-	859.59	462.05	462.05
(C) Capital WIP	3081.40	-	3,081.40	-	-	-	-	-	-	-	-	3081.40
TOTAL	29,786.09	3,809.24	3,081.40	1,009.08	31,523.00	13,867.58	437.58	-	878.55	15,183.71	16,339.29	15,918.52
Previous year	22,880.90	9,907.85	2,481.22	516.12	29,786.09	13,168.42	375.76	-	357.96	13,867.57	15,918.52	9712.48

DESCRIPTION	Property, Plant and equipment	Right of Use Asset	Total
Gross Carrying Value			
As at March 31, 2019	25,383.05	-	25,383.05
ROU recognised on April 1, 2019	-	-	
Reclassified on account of adoption of Ind AS 116	-	-	
Additions	3,594.41	214.83	3,809.24
Disposals	-	-	
Foreign exchange translation difference	1,009.08	-	
As at March 31, 2020	29,986.53	214.83	30,201.36
Accumulated Depreciation			
As at March 31, 2019	13,007.98	-	13,007.98
ROU recognised on April 1, 2019	-	-	
Reclassified on account of adoption of Ind AS 116		-	
Charge for the year	269.82	167.76	437.58
Adjustment for disposal	-	-	
Foreign exchange translation difference	878.55		
As at March 31, 2020	14,156.35	167.76	14,324.11
Net Block as at March 31, 2019	12,375.07	-	12,375.07
Net Block as at March 31, 2020	15,830.18	47.07	15,877.24
Summary of Depreciation charged in P&L account			
On account of ROU assets (Ind AS 116)	167.76		
On account of Others (incl. Building)	269.82		
	437.58		

	As at	As at
	31-Mar-2020 ₹ in lakhs	1st-Apr-2019 ₹ in lakhs
3 Financial Asset		
Security deposit	137.39	124.87
Total	137.39	124.87
4 Deferred Tax Asset - Non Current		
On account of depreciation	160.76	2.97
On account of others	(221.51)	53.92
Total	60.75	56.90
5 Other Non Current asset		
Prepaid expenses	-	11.49
Total	-	11.49
6 Trade Receivables		
Unsecured, considered good		
- Exceeding six months from the date they were due for payment	4,723.06	5,000.25
- Others	1,210.16	846.91
Total	5,933.22	5,847.16
7 Cash And Bank Balances		
(A) Balances with Banks:		
- Current accounts	583.56	258.47
- Cash on hand	0.01	0.13
Total	583.57	258.60
8 Other Bank balances		
Deposits held as Margin Money	33.05	45.05
Total	33.05	45.05
9 Current Tax (Liabilities)/Asset		
Advance Tax (Net off Provision for Taxation: CY-NIL; PY-2.26)	572.81	469.73
Total	572.81	469.73
10 Other Current Assets		
Prepaid Expenses	487.38	482.98
Security Deposits	79.67	57.32
Accrued Interest Receivable	14.99	14.18
Indirect Tax Receivable	421.98	586.17
Other Advances		
-Staff Advances	496.88	30.08
-Others	29.18	335.41
Total	1,530.08	1,506.13
11A: Share Capital		
a) Authorised Capital	7,500.00	7,500.00
7,50,00,000 Equity shares of ₹ 10 each		
(PYs: 7,50,00,000 Equity shares of ₹ 10 each)	7,500.00	7,500.00
Issued, Subscribed and Fully Paid-up Capital		
4,42,67,293 Equity Shares of ₹ 10/- each, Fully-paid up	4,426.73	4,426.73
(FY: 2018- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)		
(FY: 2017- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)		

Total	4,426.73	4,426.73
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b) Reconciliation of number of shares outstanding at the beginning and end of reporting period

Particulars	Equity Shares As at 31st March,2020		Equity Shares As at 31st March,2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73

c) (i) Rights and Preferences attached to equity shares

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares

d) Details of shareholders holding more than 5 % shares in the company

Particulars	Equity Shares As at 31st March,2020		Equity Shares As at 31st March,2019	
	No. of Shares	%	No. of Shares	%
I labs Venture Capital Fund	3,762,375	8.50%	3,762,375	8.50%
Ravindra Babu S	2,688,768	6.07%	2,688,768	6.07%
Venkatraman Kumar Gandaravakottai	2,226,911	5.03%	2,226,911	5.03%

e) During the period of five years immediately preceding the reporting date including the current year, the company has neither bought back nor issued any bonus shares.

11B Other Equity

A	Securities Premium Account		
	Opening balance	250.66	250.66
	Closing balance	250.66	250.66
B	Capital Reserve	5.59	5.59
	Closing balance	5.59	5.59
C	Foreign Currency Translation Reserve	(2,484.05)	(2,090.11)
	Changes during the year	234.31	(393.94)
	Closing balance	(2,249.74)	(2,484.05)
D	Business Reconstruction Reserve	21.38	21.38
	Closing balance	21.38	21.38
e	General Reserve	2,546.71	2,546.71
	Closing balance	2,546.71	2,546.71
f	Retained Earnings		
	Opening balance	8,372.09	8,338.67
	Net Profit/ (Loss) for the year	70.71	33.42
	Closing balance	8,442.80	8,372.09
g	Revaluation Surplus		
	Opening balance	2,773.33	-

	Changes during the year	-	2,773.33
	Closing balance	2,773.73	2,773.33
h	Other Comprehensive Income		
	As per Last Balance Sheet	(2,180.78)	28.13
	Add: Movement in OCI during the year (net)	(0.10)	564.82
	Less: Transfer to Revaluation Surplus	-	(2,773.73)
	Total Other Comprehensive Income	(2,180.88)	(2,180.78)
	Total	9,610.25	9,305.32
12	Other Financial Liability - Non Current		
	Security Deposit-JDA	1,302.39	1,030.86
	Deferred Premium Translation of financial Liabilities	129.64	53.75
	Total	1,432.04	1,084.60
13	Provisions - Non Current		
	Provision for Gratuity	102.82	102.28
	Provision for leave encashment	27.13	24.32
	Total	129.94	126.59
14	Borrowings - Current		
	Secured		
	Loans repayable on demand - Working Capital Loan	3,964.65	4,081.98
	Unsecured		
	Others	-	-
	Total	3,964.65	4,081.98
15	Trade Payables		
	Dues to micro, small and medium enterprises	-	
	Total outstanding due of creditors other than micro and small enterprises	1,210.62	1,469.08
	Total	1,210.62	1,469.08
16	Other Financial Liabilities		
	Interest Accrued and due on Borrowings	1,744.00	1,486.85
	Deferred premium translation of Financial Liabilities	40.06	93.86
	Current maturities of finance lease obligations	49.72	-
	Total	1,833.78	1,580.70
17	Provisions – Current		
	Provision for Gratuity	10.41	59.35
	Provision for Leave Encashment	6.11	21.46
	Provision for Outstanding Expenses	843.83	665.30
	Total	860.35	746.11
18	Other current liabilities		
	Statutory Dues Payable	198.52	88.69
	Salary Payable	325.53	259.32
	Other Payables*	9,133.88	9,005.44
	* Includes amounts received on JDA property.		
	Total	9,657.93	9,353.45
19	Revenue From Operation		
	Revenue from sale of services	5,673.26	6,187.37
	Total	5,673.26	6,187.37

20 Other Income		
Interest Income - Security Deposit (Ind AS)	12.52	11.35
Amortization Income - JDA Land (Ind AS)	78.31	83.59
Other non-operating income		
Rental Income	471.90	112.90
Interest Received	1.16	0.97
Sub Total	563.89	208.81
Other gains and losses		
Creditor Written Back	-	619.11
Net foreign exchange gain	86.30	35.39
Profit on Sale of Fixed Asset Miscellaneous	- 0.09	0.63 -
Sub Total	86.39	655.13
Total	650.28	863.94
21 Employee benefit expense		
Salaries and Wages	1,159.96	1,584.01
Contribution to Provident Fund and other funds	49.48	59.45
Staff Welfare	36.97	34.49
Total	1,246.41	1,677.95
22 Finance costs		
Interest expenses	578.87	513.27
- Interest on Bank loan	408.93	
- Interest on Ind AS and others	169.94	
Bank Charges	103.95	101.56
Total	682.82	614.83
23 Other expenses		
Services Rendered by business associates and Others	615.98	469.69
Electricity Charges	67.83	70.27
Insurance Expenses	48.63	69.07
Travelling and conveyance	87.05	89.90
Legal and professional charges	47.88	52.31
Rates and taxes	106.44	24.10
Rent	61.42	240.38
Repairs and Maintenance	98.09	85.61
Security charges	15.80	11.51
Communication costs	28.17	35.49
Business promotion expenses	586.21	210.24
Printing and stationery	5.90	4.98
Audit fees (Excluding Taxes)	-	-
Statutory Audit Fees	26.95	21.30
Tax and Other Matters	-	5.00
Sitting fees paid	6.60	4.35
Bad Debt Written Off	340.00	700.45
Commission	78.65	-

Miscellaneous expenses (under this head, there is no expenditure which is in excess of 1% of Revenue of Operations or ₹ 10 Lakhs whichever is higher)	23.39	38.36
Total	2,244.98	2,133.02

24 Earnings Per Share		
Net Profit /(Loss) attributable to Equity Shareholders (A) (In ₹)	70.71	33.42
Weighted average number of equity shares outstanding during the period (B) (In Nos.)	4,42,67,293	4,42,67,293

Basic & Diluted EPS (A/B) (in ₹)	0.16	0.08
25 Related party transactions		
A. Associates		

Entities controlled by Director/s

D Sudhakar Reddy

NMR Property Development Private Limited
Sricity Private Limited
Suprani Farms Private Limited

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

B. Directors & Key Management Personnel

GV Kumar – Managing Director
D Sudhakar Reddy – Executive Director-till 26.10.2019

Details of Related Party Transactions during the year :		
Particulars	For Year Ended 31.03.2020	For year ended 31.03.2019
Associates :		
1. Reimbursement of Common Expenses received	(2.40)	9.64
2. Due to / (from)	-	(2.40)
Directors & Key Management Personnel :		
3. Remuneration to Executive Directors	46.48	52.06
4. Commission to Non Executive Directors	-	-
5. Directors Sitting Fees	6.60	4.35

26. Commitments & Contingencies

- (i) Bank guarantees 176.29 168.84
- (ii) Issuance of Stand-by Letter of credit by the company's bankers in respect of working capital loan taken by the wholly owned subsidiary. The said loan taken by the subsidiary is further secured by way of a corporate guarantee of the company.
- (iii) The Company has appealed against the Assessment order for a demand of ₹ 645.88 lakhs for the Assessment years 2012-13 and 2013-14 and 2013-14 to 2016-17 of CIT Appeals, TDS circle and Income Tax Appellate Tribunal.

27.Segmental Information

The company has a single reportable segment, that of Telecom.

Secondary segmental reporting is reported on the basis of the geographical location of customers Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.

	Period ended	Period ended
	31-Mar-2020	31-Mar-2019
	₹ in lakhs	₹ in lakhs
Business Segment (Primary)		
Revenues – Telecom	5,673.26	6,187.37
Segment profit	537.05	197.17
Less: Finance cost	682.82	614.83
Less: Depreciation	437.58	375.76
Other Income / (Expenses)	650.28	863.94
Profit before taxes	66.93	70.52
Less: Taxes	(3.78)	37.10
Profit after taxes	70.71	33.42
Other Comprehensive Income	(0.10)	564.82
Total Comprehensive Income	70.61	598.24
Geographical Segment (Secondary)		
Revenues		
USA & North America	1,159.30	556.86
Latam	3,914.55	2,969.94
EMEA / India / APAC	599.41	2,660.57
	5,673.26	6,187.37
Carrying amount of segment assets		
USA & North America	8,943.97	8,934.93
Latam	5,829.84	5,428.40
EMEA / India	8,127.38	7,846.58
APAC	1,518.03	1,365.57
Total	24,419.22	23,575.48

28. Employee benefits:

Gratuity Plan (defined benefit plan): Every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of the provisions of the Payment of Gratuity Act, 1972.

Based on actuarial valuation necessary provisions have been created in the books to meet the liability as per IndAS 19 - Employee Benefits. Following table presents the disclosure requirements in respect of employee benefit pursuant to Ind AS 19 - Employee Benefits:

Reconciliation of balances of the present value of the defined benefit obligation

Particulars	Gratuity	
	31-03-2020	31-03-2019
Present Obligation at period beginning – Current	161.63	156.54
Service cost	9.59	15.58
Interest on defined benefit obligation	12.34	12.17
Past Service Cost	-	-

Actuarial (gain) / Loss	-	-
Benefit Directly Paid by the Employer	(70.44)	(10.20)
Current Liability (within 12 months)	-	-
Actuarial (gain) / Loss	1.96	4.76
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	4.99	1.17
Actuarial (gain) / Loss- Due to Change In Financial Experience	(6.85)	(18.41)
Present Value of Benefit Obligation at the End of the Period	113.23	161.63

Amount Recognized in Balance Sheet

Particulars	31st March 2020	31st March 2019
(Present Value of Benefit Obligation at the end of the Period)	(113.23)	(161.63)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(113.23)	(161.63)
Net (Liability)/Asset Recognized in the Balance Sheet	(113.23)	(161.63)

Expenses recognized in statement of profit and loss account

Particulars	31st March 2020	31st March 2019
Current Service Cost	9.59	15.58
Net Interest Cost	12.34	12.17
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effects of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	21.94	27.76

Expenses Recognized in Other Comprehensive Income (OCI) for Current Period

Particulars	31st March 2020	31st March 2019
Actuarial (Gains)/Losses on Obligation for the period	(0.10)	(12.47)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	(0.10)	(12.47)

Sensitivity Analysis

Particulars	31st March 2020	31st March 2019
Projected Benefit Obligation on Current Assumptions	113.23	161.63
Delta Effect of +1% Change in Rate of Discounting	(7.04)	(7.91)
Delta Effect of -1% Change in Rate of Discounting	7.95	9.03
Delta Effect of +1% Change in Rate of Salary Increase	6.84	7.93
Delta Effect of -1% Change in Rate of Salary Increase	(5.39)	(7.09)
Delta Effect of +1% Change in Rate of Employee Turnover	0.35	1.33
Delta Effect of -1% Change in Rate of Employee Turnover	(0.38)	(1.48)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

29. Leases

Information on leases as per Indian Accounting Standards (Ind AS) 116 on 'Leases'

(a) Lease Income

Company as a Lessor

Other Income includes ₹ 471.90 lakhs pertaining to Lease rentals received by the Company arising out of capitalization of a Property that had been given on Joint Development by the Company.

(a) Lease Expense

Company as a Lessee

(i) Future minimum lease payments*

As at year end, the future minimum lease payments to be made under non-cancellable operating leases as follows:

	March,31 2020	March,31 2019
Payable within one year	49.72	-
Payable between one and five years	-	-
Payable after five years	-	-
Total	49.72	-

*The above lease payables figures have been arrived at without considering future escalations, which is subject to negotiations.

(ii) Amount recognized in profit or loss

	March,31 2020	March,31 2019
Lease expense-minimum lease payments	13.76	-
Total	13.76	-

(iii) Impact of adoption of Ind AS 116

Effective 1st April 2019, the company has adopted Ind AS 116 "Leases " and applied the standard to all lease contracts existing on 1st April 2019 according to the provisions of standard.

On the transition date, the application of new accounting standard resulted in recognition of "Right of use asset" and corresponding "Lease Liability" to the extent of ₹ 214.82 Lakhs.

Particulars	Apr-Mar'20
Reclassified on account of adoption of Ind AS 116	-
Additions	214.82
Repayments(a)	178.87
Closing Lease liability	35.95
Interest Expenses in Finance cost(b)	13.76
Hitherto accounted as	
Rental Expenses (c) = (a)+(b)	192.63
Depreciation on Right of Use Assets(d)	167.76
Impact of adoption of Ind AS 116 in profit and Loss Account (d+b-c)	(11.11)

Particulars	March,31 2020	March,31 2019
Carrying value of Right of Use Assets	47.07	-

30. Assets Pledged as Security:

Particulars	31st March 2020	31st March 2019
Non-current assets		
First Charge		
Non - Financial Assets		
Property, Plant and Equipment	13,253.71	10,166.28
Capital work-in-progress		
Intangible assets		
Total Non-current assets pledged as security	13,253.71	10,166.28
Current assets		
First Charge		
Financial assets		
Trade receivable	5,933.22	5,847.16
Cash and cash equivalents		
Other bank balances		
Total Current assets pledged as security	5,933.22	5,847.16
Total assets pledged as security	19,186.92	16,013.43

31. Fair Value Measurements:

a) Financial Instruments by Category and their Fair Values:

Particulars	As at 31st March 2020		As at 31st March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Security Deposits	137.39	137.39	124.87	124.87
Trade Receivables	5,933.22	5,933.22	5,847.16	5,847.16
Cash and Cash Equivalents	583.57	583.57	258.60	258.60
Other Bank balances	33.05	33.05	45.05	45.05

Particulars	As at 31st March 2020		As at 31st March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total Financial Assets	6,687.23	6,687.23	6,275.68	6,275.68
Financial Liabilities:				
Borrowings	3,964.65	3,964.65	4,081.98	4,081.98
Trade Payables	1,210.62	1,210.62	1,469.08	1,469.08
Other Financial Liabilities	3,265.81	3,265.81	2,665.31	2,665.31
Total Financial Liabilities	8,441.08	8,441.08	8,216.36	8,216.36

b) Fair Value Hierarchy:

The Company has estimated all its financial assets and liabilities under Level 3 prescribed under the Indian Accounting Standards.

c) Valuation Techniques:

The discount rates considered is the borrowing rate charged by the lead lender of the Company after giving effect to the applicable tax rate. The carrying amount of current financial assets and liabilities are considered to be the same as their fair values due to their short-term nature. For financial assets and liabilities that are measured at fair value, the carrying amount is equal to their fair values.

32. Capital Management:

The Company monitors capital on the basis of total equity on periodic basis. Equity comprises of all components of equity including fair value impact and debt includes both long-term and short-term loans.

Particulars	As at 31st March 2020	As at 31st March 2019
Equity	4,426.73	4,426.73
Debt	3,964.65	4081.98
Total	8,391.38	8,508.71

33. Income Taxes:

The major components of Income Tax expense for the years ended 31st March, 2020 and 31st March, 2019 are as under:

a) Income Tax recognized in Statement of Profit and Loss:

(₹ in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Current Tax	-	2.86
Deferred Tax	(3.78)	34.24
Total	(3.78)	37.10

Deferred tax asset as at 31st March, 2020 and 31st March, 2019 is recognized to the extent of Deferred tax liability arising out of temporary differences between accounting as per books and accounting as per Income Tax Act, 1961.

b) Reconciliation of Tax expense and the accounting profit multiplied by the tax rate:

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Profit before tax	66.93	70.52

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Tax on the above	-	2.86
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:	-	
Adjustments to profit as per previous year GAAP under Ind AS	-	-
Income Tax expense	-	2.86

a) Tax assets / liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Opening tax (asset) / liability	(469.73)	(454.57)
Add : Taxes Paid	(40.00)	-
Add : Credit availed	(63.08)	(15.16)
Less : Refund		
Less: Current tax payable	-	-
Closing tax (asset) / liability	(572.81)	(469.73)

b) Deferred Tax

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred Tax Liability:		
On account of Depreciation differences	160.76	-
On account of Employee Benefits		
Total Deferred Tax Liability	160.76	-
Deferred Tax Asset:		
On account of Depreciation differences		2.97
On account of Others	(221.51)	53.92
Total Deferred Tax assets available	(221.51)	56.90
Recognition of Deferred Tax Asset (Net)	60.75	56.90

34. Financial Risk Management:

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables and financial assets measured at amortized cost.	Ageing analysis	Diversification of bank deposits and LCs
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

Market risk – foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee	Sensitivity analysis	Un hedged
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged

a. Credit Risk:

The Company is exposed to credit risk, which is the risk that counter party will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, financial assets carried at amortized cost and deposits with banks and financial institutions, as well as credit exposures to trade customers including outstanding receivables.

Credit risk management

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

b. Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Company's objective in relation to its existing operating business is to maintain sufficient funding to operate at an optimal level.

Maturities of Financial Liabilities: 31st March, 2020:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	3,964.65			3,964.65
Trade Payables	1,210.62			1,210.62
Other Financial Liabilities	1,833.78	1,432.04		3,265.81
Total Financial Liabilities	7,009.05	1,432.04	-	8,441.09

31st March, 2019:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	4,081.98	-	-	4,081.98
Trade Payables	1,469.08	-	-	1,469.08
Other Financial Liabilities	1,580.70	1,084.60	-	2,665.31
Total Financial Liabilities	7,131.76	1,084.60	-	8,216.36

c. Market Risk:

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as:

i. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure foreign currency risk in case of Trade and other payables.

ii. 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 main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2019 the Company's borrowings at variable rate were mainly denominated in Rupees. The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS -107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Variable rate borrowings	3,964.65	4,081.98

Interest Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact of Profit before tax	
	31st March, 2020	31st March, 2019
Interest cost – increase by 5% on existing Interest cost*	28.94	25.66
Interest cost – decrease by 5% on existing Interest cost*	(28.94)	(25.66)

* Holding all other variables constant.

33. Disclosure on the impact of the COVID-19 pandemic

- a) Operations in India: The Company, in compliance with State and Central Government Lock down orders, shut down its Offices in India for the period 20 March 2019 to 7 May 2020, during which all employees worked from home. While Customer support and core operations team functioned fully, certain routine work like product development were not undertaken during this period. All the operations were resumed in a phased manner subsequently, in accordance with the procedures and guidelines issued by the Central, State Governments and the local authorities. Currently about 35% employees are physically attending office while the balance continue to work from home. For the staff who are working from home, the company has provided with appropriate infrastructure to facilitate work from home.
- b) Ability to maintain operations including units, office spaces functioning: Subsequent to receipt of permissions from the authorities, the Company has resumed its operations fully and is able to maintain its operations. Safety of our employees and their well-being being paramount during the current CoVID-19 pandemic, the Company has taken several measures to ensure their well-being including measures such as maintaining physical distancing, frequent use of hand sanitizer, wearing of face masks. The Company has developed a policy in line with directives issued by MHA and WHO. All the facilities have been properly sanitized so that our people are safe and secure at the workplace. All safety protocols of temperature sensing, wearing of safety gears, social distancing, facility and vehicle sanitizing etc are being adhered to stringently. Digital medium of communication for meetings etc is being used extensively and the organization as a whole has evolved to work under the new normal.

- c) Capital and financial resources: The Company did face delay in receipt of payments from its customers, during the period March till the mid of July 2020 resulting in periodic cash flow disruptions. From second half of July onwards the situation has improved. The company will continue to closely watch the situation in the coming month as it happens.
- d) Profitability: The Company did face an abrupt stoppage of on-going projects since beginning of March 2020 (resulting in a marginal revenue drop in 2019-20) but subsequently, most of them have been resumed by the customers. Being part of an essential & core services industry (Mobile Telecom), the company does not expect a major impact on its revenue or profitability during 2020-21 as of now.
- e) Supply chain: Due to impact of Covid-19 on the global supply chain, the delivery of hardware at our customer premises was delayed impacting implementation delivery times. This results in delayed collections from the customer. Also the payment terms and schedules to the suppliers had to be revised with unplanned cash outflows from the company. The Company hopes that the business will become normal soon.
- f) Internal financial reporting and control: The Internal financial reporting control have been intact. Since the offices are closed due to lockdown, challenges in availability of documents and preparation of financial reporting are being faced as compared to normal course. Financial reporting is delayed due to lockdown. All transactions are duly checked and authorized by concerned competent persons through emails.
- g) Ability to service debt and other financing arrangements: The Company did face difficulties during the period of April – June 2020 and availed interest moratorium during that period. However subsequently the operations and the resultant cash flows have returned to near normal levels and the Company has resumed interest payments etc. Hence the Company does not foresee any difficulty in servicing its debt and interest obligations moving forward.
- h) Estimation of future impact of COVID-19 on its operations: Business landscape is fast changing and continuously evolving. The circumstances are extremely dynamic, hence it is not in a position to ascertain, the future impact on its operations. The Company will continue to closely monitor the developments and the material impact, if any, will be disclosed from time to time to the stock exchanges.
34. 35. Previous Years Figures have been regrouped/reclassified wherever necessary to confirm to current years classification.

As per our Report of even date attached

For and on behalf of the Board of
Megasoft Limited

for **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

GV Kumar
Managing Director

Anil kumar Sood
Director

Arjun.S

Anish Mathew

**Shridhar
Thathachary**
Chief Financial
Officer

Membership No: 230448

Director

Place: Hyderabad
Date: 30 July 2020

Srivalli Susarla
Company Secretary

Report on the consolidated financial Statements for the Year ended March 31, 2019

1. Opinion

We have audited the Consolidated Ind AS Financial Statements of MEGASOFT LIMITED (“the Company”), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to Consolidated Ind AS Financial Statements and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, (changes in equity) and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Ind AS 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 together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

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

S. No	Key Audit Matter	Auditor’s Response
1	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers”: The application of the Ind AS 115 involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance	We assessed the Company’s process and policy to identify the impact of adoption of Ind AS 115. Our audit approach consisted testing of the design and operative effectiveness of internal controls and substantive testing as follows: <ul style="list-style-type: none">• Evaluated the process relating to implementation of the new revenue accounting standard.

	<p>obligations, the appropriateness of the basis used to measure revenue recognised over a period. Hence, under Ind AS 115 revenue should be recognized when an entity transfers control of a goods or services to a customer. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Accordingly, the Company has not recognized revenue for sales initiated in the current year for which physical delivery of goods has happened in the next financial year.</p>	<ul style="list-style-type: none"> • Selected a sample of continuing and new contracts relating to identification of the distinct performance obligations and we carried out a combination of procedures involving observation and inspection of evidence in this regard. • Identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company. • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
2	<p>Capitalization of Property and collection of Lease Rentals The Company has capitalized a property that had been given on Joint development which has started yielding lease rentals during the year.</p>	<ul style="list-style-type: none"> • We have reviewed the Joint Development Agreement. • We have verified the Partial Occupancy certificate given by the ZM and Commissioner. • We have verified the lease rental agreements entered into by the Company. <p>We have verified the entries passed in the books of accounts for capitalization and recognition of lease rentals.</p>
3	<p>Evaluation of uncertain tax positions: The Company has uncertain tax and legal positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer “Contingent Liability and Data for Notes on accounts” annexure.</p>	<ul style="list-style-type: none"> • We obtained the list of legal cases filed by and on the Company. • We Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. • We also reviewed Company’s correspondences and appeal documents. • We obtained status reports from the existing counsels handling each case. • Ascertained whether the chances of crystallization of liability are probable/ possible/ remote. • Ensured appropriate disclosure under Notes on accounts.

4. Information Other than the Financial Statements and Auditor’s Report thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Board’s report, including Annexure to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information but doesn’t include the Consolidated Ind AS Financial Statements and our auditor’s report thereon.

Our opinion on the Consolidated Ind AS 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 Ind AS 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 Ind AS Financial Statements or our knowledge obtained in 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.

5. Management’s Responsibility for the Consolidated Ind AS Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

6. Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Ind AS 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 Ind AS 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 control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the 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 Consolidated Ind AS 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 Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Consolidated Ind AS 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.

7. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to Consolidated Ind AS Financial Statements and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian

Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

- e) On the basis of the written representations received from the directors as on 31st March,2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigation on its financial position in its Consolidated Ind AS Financial Statements – Refer Note no. 26 to the Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company.

For N.C. Rajagopal & Co.,
Arjun S
Chartered Accountants Partner
(Firm Regn No.003398S)
(Membership No. 230448)
Place: Hyderabad
Date: 28 May 2019

Consolidated Balance Sheet			
		As at	As at
	Note	31-Mar-2019	31-Mar-2018
		₹ lakhs	₹ lakhs
ASSETS			
Non-Current assets			
Property, Plant and Equipment	2	12,837.12	3,951.08
Capital WIP	2	3,081.40	5,761.40
Goodwill		7,936.12	10,157.50
Financial Assets			
-Other Financial Assets	3	124.87	113.52
Deferred Tax Assets	4	56.90	91.74
Other Non Current Assets	5	11.49	22.95
Current Assets			
-Trade Receivables	6	5,847.16	7,461.41
-Cash And Bank Balances	7	258.60	61.54
Other Balances with Bank	8	45.05	28.30
Current Tax Assets (Net)	9	469.73	454.57
Other Current Assets	10	1,506.15	1,578.96
TOTAL ASSETS		32,174.59	29,682.97
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11 A	4,426.73	4,426.73
Other Equity	11 B	9,305.34	9,101.05
Total Equity		13,732.07	13,527.78
Non-Current Liabilities			
Financial Liabilities			
-Other Financial Liabilities	12	1,084.60	861.79
Provisions	13	126.59	165.86
Current Liabilities			
Financial Liabilities			
- Borrowings	14	4,081.98	4,704.46
- Trade payables	15	1,478.69	2,686.47
- Other financial liabilities	16	1,580.70	1,601.62
Provisions-Current	17	746.11	561.91
Other current liabilities	18	9,343.85	5,573.08
TOTAL EQUITY & LIABILITES		32,174.59	29,682.97
Significant Accounting Policies	1		
Other Notes to Financial Statements	2-35		

The notes referred to above form integral part of these financial statements

As per our Report of even date attached

For and on behalf of the Board of Megasoft Limited

For **N.C. Rajagopal & Co**

Chartered Accountants

Firm registration no: 003398 S

Arjun .S

Membership No: 230448

Place: Hyderabad

Date : 28 May 2019

GV Kumar
Managing Director

Anish Mathew

Director

Anil kumar Sood
Director

D Sudhakar Reddy

Executive Director

Shridhar Thathachary
Chief Financial Officer

Srivalli Manda
Company Secretary

Consolidated Statement of Profit & Loss

	Note	For the year ended	For the year ended
		31-Mar-2019	31-Mar-2018
		₹ lakhs	₹ lakhs
Income			
Revenue from Operation	19	6,187.37	6,625.94
Other Income	20	863.94	99.13
		7,051.31	6,725.07
Expenses			
Software, hardware and material cost		2,179.24	2,158.34
Employee benefits expense	21	1,677.95	2,045.82
Finance costs	22	614.83	519.87
Depreciation and amortisation expense		375.76	431.16
Other expenses	23	2,133.02	1,460.98
TOTAL EXPENSES		6,980.79	6,616.17
Profit/(Loss) Before tax		70.52	108.91
Tax expense			
Current tax		2.86	-
Deferred tax		34.24	(60.23)
Total tax expense		37.10	(60.23)
Profit/(Loss) for the year		33.42	169.14
Other Comprehensive Income/(Loss)			
A Items that will not be reclassified to profit and loss			
i) Remeasurements of post employment benefit obligations		12.47	28.13
ii) Changes in Revaluation Surplus		2,773.73	-
B Items that will be reclassified to profit and loss		-	-
i) Fair Value Changes in Equity Instruments through OCI		(2,221.38)	-
Other Comprehensive Income for the year		564.82	28.13
Total Comprehensive Income for the year		598.24	197.26
Earnings per equity share (in ₹)			
(1) Basic		0.08	0.38
(2) Diluted		0.08	0.38
Significant Accounting Policies	1		
Other Notes to Financial Statements	2-35		

The notes referred to above form integral part of these financial statements

As per our Report of even date attached

For and on behalf of the Board of Megasoft Limited

For **N.C. Rajagopal & Co**

Chartered Accountants

Firm registration no: 003398 S

GV Kumar
Managing Director

D Sudhakar Reddy
Executive Director

Arjun .S

Membership No: 230448

Anish Mathew
Director

Shridhar Thathachary
Chief Financial Officer

Place: Hyderabad
Date : 28 May 2019

Anil kumar Sood
Director

Srivalli Manda
Company Secretary

changes in equity

A Equity Share Capital								(Amounts in Lakhs)	
Equity shares of ₹ 10 each, Issued, Subscribed and Paid up				Balance as at 1st April, 2018	Changes in equity share capital	Balance as at 31st March, 2019			
Equity shares with voting rights				4,426.73	-	4,426.73			
Total				4,426.73	-	4,426.73			
B Other Equity									
	Securities Premium Reserve	Capital Reserve	Foreign Currency Translation Reserve	General Reserve	Business Reconstruction Reserve	Revaluation Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as at 1st April 2018	250.66	5.59	(2,090.11)	2,546.73	21.38	-	8,338.67	28.13	9,101.05
Addition during the current year	-	-	(393.94)	-	-	2,773.73	-	-2208.90	170.88
Profit for the year	-	-	-	-	-	-	33.42	-	33.41
Balance as at 31st March 2019	250.66	5.59	(2,484.05)	2,546.73	21.38	2,773.73	8,372.09	(2,180.78)	9,305.34

As per our Report of even date attached
For **N.C. Rajagopal & Co**
Chartered Accountants
Firm registration no: 003398 S

Arjun .S

Membership No: 230448

Place: Hyderabad
Date : 28 May 2019

For and on behalf of the Board of Megasoftware Limited

GV Kumar
Managing Director

Anish Mathew
Director

Anil kumar Sood
Director

D Sudhakar Reddy
Executive Director

Shridhar Thathachary
Chief Financial Officer

Srivalli Manda
Company Secretary

Consolidated Cash Flow Statement		
	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
	₹ lakhs	₹ lakhs
A. Cash flow from Operating Activities		
Net Profit Before Tax	70.52	108.91
Adjusted for:		
Depreciation	375.76	431.16
Provision for retirement benefits	12.47	(28.13)
Interest Income	(12.32)	(2.45)
Interest & Bank Charges	513.27	519.87
Unrealised Foreign Exchange Fluctuation	(393.94)	(167.02)
Operating Profit Before Working Capital Changes	565.76	862.34
Adjusted for:		
Trade and other Receivables	1,690.00	(1,723.71)
Trade and other payables	2,909.81	1,926.00
Prepaid Expenses	11.46	583.30
Other Financial Assets	(11.35)	(10.32)
Cash Generated from operations	5,165.67	1,637.61
Net prior year adjustments	-	-
Current Tax (Current and relating to Previous years)	(2.86)	(8.91)
Deferred Tax	(34.84)	(60.15)
Net Cash from / (Used in) Operating Activities [A]	5,127.97	1,568.55
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(6,488.07)	(20.45)
Capital Work In Progress (WIP)	2,680.00	(1,611.40)
Interest Income (Gross)	12.32	2.45
Intangibles	-	448.82
Net Cash from / (Used in) Investing Activities [B]	(3,795.75)	(1,180.58)
C. Cash flow from Financial Activities		
Increase on Short Term Borrowings		106.40
Repayment of deposits		31.61
Proceeds from Borrowings	-	-
Repayment of Borrowings	(622.48)	-
Interest & Bank Charges	(513.27)	(519.87)
Net Cash flow from/(Used in) Financing Activities [C]	(1,136)	(382)
Net Cash Flows during the year {A+B+C}	197.06	5.46
Cash & Cash Equivalents(Opening Balance)	61.54	56.08
Cash & Cash Equivalents (Closing Balance)	258.60	61.54

As per our Report of even date attached
N.C. Rajagopal & Co

Chartered Accountants
Firm registration no: 003398 S

Arjun .S

Membership No: 230448

Place: Hyderabad
Date : 28 May 2019

For and on behalf of the Board of Megasoft Limited for

GV Kumar Managing Director	D Sudhakar Reddy Executive Director
Anish Mathew Director	Shridhar Thathachary Chief Financial Officer
Anil kumar Sood Director	Srivalli Manda Company Secretary

Notes forming part of Consolidated Financial Statements

(All amounts in the financial statements are presented in Rupees in lakhs, as otherwise stated)

Note 1: Company information and Significant accounting policies

Background

Megasoft Limited, a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956, on 29 June 1999 and is registered office in Chennai. The company's shares are listed on BSE and NSE, in India. The company is a unique trans-nation company with customers, employees and operations across multiple continents and combines the best global practices with a focus on the global telecommunication domain.

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

Name of the Wholly owned Subsidiary Companies	Country of Incorporation	% Holding
XIUS Holding Corp	USA	100%
Xius Corp	USA	100%
XIUS S DE RL DE CV (formerly, Boston Communications Group De Mexico, S.R.L	Mexico	100%
Megasoft Consultants SdnBhd	Malaysia	100%

Basis of Preparation

These Financial Statements have been prepared on accrual basis of accounting in accordance with Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rule, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. These are the Company's first Financial Statements under Indian Accounting Standards (IND AS).

The Financial Statements upto year ended 31st March 2017 were prepared in accordance with Generally Accepted Accounting principles(GAAP) in India, accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies Act, 2013 collectively referred to as "Indian GAAP". The company followed the provisions of IND AS 101 in preparing its opening IND AS Balance Sheet as on the date of transition viz. 1st April, 2016. Some of the Company's IND AS accounting policies used in the opening balance sheet are different from the previous GAAP policies applied as at 31st March, 2016 and accordingly adjustments were made to restate the opening balances as per IND AS. The adjustments arose from events and transactions before the date of transition of IND AS were recognised directly to Retained earnings as at 1st April, 2016, as

required by IND AS 101.

Disclosures under IND AS are made only in respect of material items and in respect of the items that will be useful to the users of Financial Statements in making economic decisions.

An explanation of how the transition to IND AS has affected the previously reported financial position, financial performance and cash flows is provided in Notes 30 and 31 to the Financial statements.

Basis of Measurement

The Financial Statements have been prepared in Going concern basis and on an accrual method of accounting. Historical cost is used in preparation of Financial Statements except for the following items which are measured at Fair value:

- Certain Financial assets and liabilities
- Net Defined benefit (Asset)/ Liability

Functional and Presentation currency

The Financial Statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs, except as stated otherwise.

Use of estimates and management judgement

The preparation of Financial Statements in conformity with the accounting policies requires the management to make estimates and assumption considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize.

Note 1B Significant accounting policies

A Summary of significant accounting policies applied in the preparation of Financial Statements is given below. These accounting policies have been applied consistently to all the periods presented in the Financial Statements.

a. Revenue Recognition

Revenue from software development on time and material basis is recognized based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed- price contracts, revenue is recognized based on the milestones achieved as specified in the contracts or on the percentage of completion basis. Provision for estimated losses on incomplete contract is recorded in the period in which such losses become probable based on the current estimates. Revenue from product licenses and related revenue are recognized as follows:

- License fees, on delivery and subsequent milestone schedule as per the terms of the contract with the end use
- Product maintenance revenues, over the period of the maintenance contract

b. Property, Plant and Equipment

i. Initial and Subsequent Recognition:

All items of Property, Plant and equipment (PPE) are measured at Historical cost, which includes capitalised borrowing cost less accumulated depreciation and impairment loss, if any.

Items of spare parts, standby equipment and servicing equipment which meet the definition of property, plant and equipment are capitalised. Other spare part are carried as inventory and recognised in the Statement of Profit and Loss on consumption.

Where the cost of depreciable assets has undergone a change during the year due to increase/ decrease in long term liabilities on account of exchange fluctuation price adjustment, change in duties or similar factors, and the unamortized balance of such asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/ amortization.

Spare parts are recognised when they meet the definition of Property, Plant and Equipment , otherwise, such items are classified as inventory.

On transition to IND AS, the company has elected to adopt the cost model i.e., cost less accumulated depreciation for all of its Property, Plant and Equipment as at 1st April, 2016. Except for land which has been revalued to reflect the fair value.

The Property, Plant and equipment of the Company are physically verified in a phased manner to cover all the items of PPE over a period of three years, which in the Management's opinion, is reasonable having regard to the size of the Company and the nature of its assets.

ii. Depreciation

Depreciation is recognised in Statement of Profit and Loss on a straight – line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation on additions to/ deductions from property, plant and equipment during the year is charged on pro – rata basis from/ up to the month in which the asset is available for use/ disposed.

iii. Goodwill and Other Intangible Assets:

On transition to IND AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2016, measured at previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period five years or its license period, whichever is less.

On Transition to IND AS the company has elected to continue with the carrying value of all intangible assets recognised as at 1st April, 2016 measured as per the previous GAAP and use the carrying value as deemed cost.

iv. Capital work – in – progress:

On transition to IND AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2016, measured at previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period five years or its license period, whichever is less.

On Transition to IND AS the company has elected to continue with the carrying value of all intangible assets recognised as at 1st April, 2016 measured as per the previous GAAP and use the carrying value as deemed cost.

c. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in IND AS 7 “Cash Flow Statement.

C. Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities, and equity for the earliest period presented, are restated.

D. Income Tax

Income tax expense comprises Current and Deferred tax. Current Tax expense is recognised in Statement of Profit and Loss except to the extent that it relates to items recognised directly in Other Comprehensive Income (OCI) or Equity, in which case it is recognised in OCI or Equity.

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

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Deferred tax assets are recognized for all temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

Deferred Tax expense is recognised in Statement of Profit and Loss except to the extent that it relates to items recognised directly in Other Comprehensive Income (OCI) or Equity, in which case it is recognised in OCI or Equity.

E. Employee benefits

Defined contribution plans: Contribution to defined contribution plans are recognized as expenses when employees have rendered services entitling them to such benefits.

Defined benefit plans: For defined benefit plans, the cost of providing benefits using the projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date. Actuarial gains and losses are recognised in full in the other Comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as expenses at the earlier of (a) when the plan amendment or curtailment occurs: and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any assets resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

F. Foreign Currency Translation

The consolidated financial statements are prepared in Indian Rupees, which is the functional currency for Megasoft Limited. The translation of the functional currencies into the reporting currency is performed for assets and liabilities of the foreign subsidiary companies currency exchange rate in effect

at the balance sheet date, for revenue, costs and expenses using average exchange rates prevailing during the reporting periods and for share capital, using the exchange rate at the date of the transaction. The resultant translation exchange gain/loss has been disclosed as “Foreign Currency Translation Reserve” under “Reserve & Surplus”.

All income and expenditure transactions of the foreign branch during the year are included in these accounts at the average rate of exchange. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation is translated at the rates used for the transaction of the values of the assets on which depreciation is computed. Net gain/loss on foreign currency translation is recognized in the profit & loss Account.

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and / or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expenses or income over the life of the contract.

Gain / Losses on settlement of transaction arising on cancelled or renewal of such a forward exchange contract are recognized as income or expenses for the period. In all other cases the gain or loss on contract is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier period) is recognized in the profit or loss account for the period.

G. Borrowing Cost

Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Borrowing costs include interest, amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

H. Impairment of Non – Financial Assets

The carrying amount of Company’s Non – financial Assets are reviewed at each reported date to determine whether there is an indication of impairment ‘considering the provisions of IND AS 36 “Intangible Assets”.

Impairment loss is recognised if the carrying amount of the assets or its Cash Generating Units (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in Profit and Loss. Impairment losses recognised in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Non-Financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or

amortisation, if no impairment loss had been recognised.

I. Earnings Per Share

Basic earnings per share are computed by dividing the net profit/loss after tax attributable to the equity shareholders of the company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/loss after tax attributable to the equity shareholders of the company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

J. Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events 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. Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the Financial Statements and are disclosed in the Notes. A Contingent asset is neither recognized nor disclosed in the Financial Statements.

K. Business Communication

As part of the transition to IND AS, the company has decided to apply the IND AS 103, Business combinations, to only those business combinations that occurred on or after 1st April, 2015.

In respect of Business combinations, prior to 1st April, 2015, goodwill represents the amount recognised under the company's previous accounting framework under Indian GAAP and the same is tested annually for impairment

L. Financial Instruments

All Financial Assets and Liabilities are recognised and measured initially at fair value adjusted by transaction cost, except for those carried at fair value through Profit or Loss which are measured initially at fair value. For the purpose of subsequent measurement, Financial Assets are classified into following categories upon initial recognition:

- Amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through Other Comprehensive Income (FVOCI)

V. Financial Cost

Amortised Cost

A financial asset is measured at amortised cost using effective interest rates if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. 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.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designed at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognised in profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial Assets at FVOCI

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non – trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognised in Other Comprehensive Income, except for interest and dividend income and foreign exchange differences on monetary assets, which are recognised in statement of profit and loss.

Financial Liabilities

Initial recognition and measurement

All financial liabilities are initially recognised at Book value and in the case of loans and borrowings and payables, net of attributable transaction costs (example: Upfront processing fees).

The company's financial liabilities include trade and other payables, loan and borrowings including bank overdrafts and financial guarantee contracts

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivate financial instruments are accounted for at FVTPL.

2. Fixed Assets

Particulars	Gross Block					Depreciation					Net Block	
	Cost as at 1-Apr-2018	Additions/Revaluation	Deletions / Adjustments	Foreign exchange translation difference	Cost as at 31-Mar-2019	As at 1-Apr-2018	For the period/year	On Deletions / Adjustments	Foreign exchange translation difference	Total as at 31-Mar-2019	As at 31-Mar-2019	As at 31-Mar-2018
(A) Tangible Assets												
Land & Land Development *	899.60	2,773.72	-	-	3,673.32	-	-	-	-	-	3,673.32	899.60
Building	-	6,492.94	-	-	6,492.94	-	25.65	-	-	25.65	6,467.29	-
Plant & Machinery	394.61	96.12	-	34.00	524.73	247.98	119.52	-	21.37	388.87	135.86	146.63
Computer systems & Software	13,911.20	148.39	-518.79	433.00	13,973.81	11,560.39	154.12	-	298.49	12,013.00	1,960.81	2,350.81
Furniture & Fittings	572.10	12.23	-	49.12	633.45	443.81	22.73	-	38.11	504.65	128.80	128.29
Vehicles	84.80	-	-	-	84.80	75.82	-	-	-	75.82	8.98	8.98
Sub Total	15,862.31	9,523.40	-518.79	516.12	25,383.05	12,328.00	322.02	-	357.96	13,007.98	12,375.07	3,534.31
(B) Intangible Assets												
Intellectual Property Rights	68.00	-	-	-	68.00	68.00	-	-	-	68.00	-	-
Patents	1,189.19	64.45	-	-	1,253.64	772.42	19.17	-	-	791.59	462.05	416.77
Sub Total	1,257.19	64.45	-	-	1,321.64	840.42	19.17	-	-	859.59	462.05	416.77
(C) Capital WIP	5,761.40	320.00	3,000	-	3,081.40	-	-	-	-	-	3,081.40	5,761.40
Total	22,880.90	9,907.85	2,481.22	516.12	29,786.09	13,168.42	341.19	-	357.96	13,867.57	15,918.52	9,712.48
Previous year	21,474.87	1,716.89	-	-310.86	22,880.90	12,945.42	431.16	-	-208.16	13,168.42	8,529.45	9,215.84

	As at 31-Mar-2019 ₹ lakhs	As at 1st-Apr-2018 ₹ lakhs
3 Financial Asset		
Other Financial Assets	124.87	113.52
Total	124.87	113.52
4 Deferred Tax Asset - Non Current		
On account of depreciation	2.97	30.34
On account of others	53.92	61.40
Total	56.90	91.74
5 Other Non Current asset		
Prepaid expenses	11.49	22.95
Total	11.49	22.95
6 Trade Receivables		
Unsecured		
- considered good	5,847.25	7,461.41
- Others	-	-
Less: Allowance for unsecured bad and doubtful debts	-	-
Total	5,847.16	7,461.41
7 Cash And Bank Balances		
(A) Balances with Banks:		
- Current accounts	258.47	61.42
- Cash on hand	0.13	0.12
Total	258.60	61.54
8 Other Bank balances		
Deposits held as Margin Money	45.05	28.30
Total	45.05	28.30
9 Current Tax (Liabilities)/Asset		
Provision For Taxation	469.73	454.57
Total	469.73	454.57
10 Other Current Assets		
Loan and advances to subsidiary company		
Prepaid Expenses	482.98	560.36
Security Deposits	57.32	58.20
Accrued Interest Receivable	14.18	13.31
Indirect Tax Receivable	586.17	561.38
Other Advances		
-Staff Advances	30.08	6.11
-Others	335.43	379.60
Total	1,506.15	1,578.96
11A : Share Capital		
a) Authorised Capital	7,500.00	7,500.00
75,00,00,000 Equity shares of ₹ 10 each		
(PYs: 75,00,00,000 Equity shares of ₹ 10 each)	7,500.00	7,500.00
Issued, Subscribed and Fully Paid up Capital		
4,42,67,293 Equity Shares of ₹ 10/- each, Fully paid up	4,426.73	4,426.73
(PY : 2017- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)		
(PY : 2016- 4,42,67,293 Equity shares of ₹ 10/- each, fully paid up)		
Total	4,426.73	4,426.73

b) Reconciliation of number of shares outstanding at the beginning and end of reporting period

Particulars	Equity Shares As at March 31, 2019		Equity Shares As at March 31, 2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,42,67,293	4,426.73	4,42,67,293	4,426.73

c) i) Rights and Preference attached to Equity Shares

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

d) Details of shareholders holding more than 5 % shares in the company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	%	No. of shares	%
I labs Venture Capital Fund	3,762,375	8.50	3,762,375	8.50
Venkatraman Kumar Gandaravakottai	2,226,911	5.03	2,226,911	5.03

e) During the period of five years immediately preceding the reporting date including the current year, the company has neither bought back nor issued any bonus shares.

11B Other Equity

a	Securities Premium Account		
	Opening balance	250.66	250.66
	Closing balance	250.66	250.66
b	Capital Reserve	5.59	5.59
	Closing balance	5.59	5.59
c	Foreign Currency Translation Reserve	(2,090.11)	(2,257.13)
	Changes during the year	(393.94)	167.02
	Closing balance	(2,484.05)	(2,090.11)
d	Business Reconstruction Reserve	21.38	21.38
	Closing balance	21.38	21.38
e	General Reserve	2,546.73	2,546.73
	Closing balance	2,546.73	2,546.73
f	Retained Earnings		
	Opening balance	8,338.67	8,169.53
	Net Profit/ (Loss) for the year	33.42	169.14
	Closing balance	8,372.09	8,338.67
g	Revaluation Surplus		
	Opening balance	-	-
	Changes during the year	2,773.73	-
	Closing balance	2,773.73	-
h	Other Comprehensive Income		
	As per Last Balance Sheet	28.13	-
	Add: Movement in OCI during the year (net)	564.82	28.13
	Less: Transfer to Revaluation Surplus	(2,773.73)	-
	Total Other Comprehensive Income	(2,180.78)	28.13
	Total	9,305.34	9,101.05
12	Other Financial Liability - Non Current		
	Security Deposit-JDA	1,030.86	803.79
	Deferred Premium Translation of financial Liabilities	53.75	58.00

	Total	1,084.60	861.79
13	Provisions - Non Current		
	Provision for Gratuity	102.28	130.54
	Provision for leave encashment	24.32	35.32
	Total	126.59	165.86
14	Borrowings - Current		
	Secured		
	Loans repayable on demand - Working Capital Loan	4,081.98	4,305.76
	Unsecured		
	Others	-	398.71
	Total	4,081.98	4,704.46
	15 Trade Payables		
	Due to micro, small and medium and micro enterprises	1,478.69	2,686.47
	Total	1,478.69	2,686.47
	16 Other Financial Liabilities		
	Interest Accrued and due on Borrowings	1,486.85	1,524.64
	Deferred premium translation of Financial Liabilities	93.86	76.98
	Total	1,580.70	1,601.62
	17 Provisions - Current		
	Provision for Gratuity	59.35	26.00
	Provision for Leave Encashment	21.46	6.83
	Provision for Outstanding Expenses	665.30	529.07
	Total	746.11	561.91
	18 Other current liabilities		
	Statutory Dues Payable	24.84	88.84
	Salary Payable	259.32	359.96
	Other Payables*	9,059.70	5,124.28
	* Includes amounts received on JDA property.		
	Total	9,343.85	5,573.08
	19 Revenue From Operation		
	Revenue from sale of services	6,187.37	6,625.94
	Total	6,187.37	6,625.94
	20 Other Income		
	Interest Income - Security Deposit	11.35	12.77
	Amortization Income - JDA Land	83.59	76.98
	Other non-operating income		
	Rental Income	112.90	-
	Interest Received	0.97	0.82
	Sub Total	208.81	90.57
	Other gains and losses		
	Creditor Written Back	619.11	-
	Net foreign exchange gain	35.39	8.56
	Profit on Sale of Fixed Asset	0.63	-
	Sub Total	655.13	8.56
	Total	863.94	99.13
	21 Employee benefit expense		
	Salaries and Wages	1,584.01	1,940.60
	Contribution to Provident Fund and other funds	59.45	84.16
	Staff Welfare	34.49	21.06
	Total	1,677.95	2,045.82
	22 Finance costs		
	Interest expenses	513.27	468.92

Bank Charges	101.56	50.95
Total	614.83	519.87
23 Other expenses		
Services Rendered by business associates and Others	469.69	461.41
Electricity Charges	70.27	69.39
Insurance Expenses	69.07	91.41
Travelling and conveyance	89.90	205.86
Legal and professional charges	52.31	80.23
Rates and taxes	24.10	2.39
Rent	240.38	243.64
Repairs and Maintenance	85.61	85.88
Security charges	11.51	-
Communication costs	35.49	46.93
Business promotion expenses	210.24	97.07
Printing and stationery	4.98	4.71
Audit fees (Excluding Taxes)		
Statutory Audit Fees	21.30	25.03
Tax and Other Matters	5.00	--
Sitting fees paid	4.35	6.45
Bad Debt Written Off	700.45	-
Miscellaneous expenses (under this head, there is no expenditure which is in excess of 1% of Revenue of Operations or ₹ 10 Lakhs whichever is higher)	38.36	40.55
Total	2,133.02	1,460.98
24 Earnings Per Share		
Net Profit /(Loss) attributable to Equity Shareholders (A) (In ₹)	33.42	169.14
Weighted average number of equity shares outstanding during the period (B) (In Nos.)	4,42,67,293	4,42,67,293
Basic & Diluted EPS (A/B) (in ₹)	0.08	0.38
25 Related party transactions		
A. Associates		

Entities controlled by Director/s

D Sudhakar Reddy

NMR Property Development Private LimitedA.
Limited

Sricity Holdings India Private

Sricity Private Limited
Limited

Sricity Utility Services Private

Suprani Farms Private Limited

Sri Dhruva Builders Private Limited

B. Directors & Key Management Personnel

GV Kumar – Managing Director

D Sudhakar Reddy – Executive Director

Details of Related Party Transactions during the year :		
Particulars	For Year Ended 31.03.2019	For year ended 31.03.2018
Associates :		

Details of Related Party Transactions during the year :		
Particulars	For Year Ended 31.03.2019	For year ended 31.03.2018
1. Reimbursement of Common Expenses received	9.64	13.92
2. Due to / (from)	(2.39)	(2.45)
Directors & Key Management Personnel :		
3. Remuneration to Executive Directors	52.06	52.06
4. Commission to Non Executive Directors	-	-
5. Directors Sitting Fees	4.35	6.45

26. Commitments & Contingencies

- (i) Bank guarantees 168.84 67.05
- (ii) Issuance of Stand-by Letter of credit by the company's bankers in respect of working capital loan taken by the wholly owned subsidiary. The said loan taken by the subsidiary is further secured by way of a corporate guarantee of the company.
- (iii) The Company has appealed against the Assessment order for a demand of ₹ 645.88 lakhs for the Assessment years 2012-13 and 2013-14 and 2013-14 to 2016-17 of CIT Appeals, TDS circle and Income Tax Appellate Tribunal

27. Segmental Information

Subsequent to divestment of IT Services ('BlueAlly') Division, w.e.f. 1 October 2009, the company has a single reportable segment, that of Telecom.

Secondary segmental reporting is reported on the basis of the geographical location of customers. Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.

	Period ended	Period ended
	31-Mar-2019	31-Mar-2018
	₹ in Lakhs	₹ in Lakhs
Business Segment (Primary)		
Revenues - Telecom	6,187.37	6,625.94
Segment profit	197.17	960.80
Less: Finance cost	614.83	519.87
Less: Depreciation	375.76	431.16
Other Income / (Expenses)	863.94	99.13
Profit before taxes	70.52	108.90
Less: Taxes	37.10	(60.23)
Profit after taxes	33.42	169.13
Geographical Segment (Secondary) Revenues		
USA & Canada	556.86	861.37
South America & Latam	2,969.94	2,716.64
Middle East & Africa	1,608.72	1,192.67
APAC	1,051.85	1,855.26
	6,187.37	6,625.94
Carrying amount of segment assets		
USA & Canada	8,934.93	6,901.47
South America	5,428.40	4,498.50
Middle East & Africa	1,365.57	1,171.36
APAC	7,846.58	6,271.36
Total	23,575.48	18,842.69

28. Employee Benefits

Gratuity Plan (defined benefit plan): Every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of

the provisions of the Payment of Gratuity Act, 1972.

Based on actuarial valuation necessary provisions have been created in the books to meet the liability as per IndAS 19 - Employee Benefits. Following table presents the disclosure requirements in respect of employee benefit pursuant to IndAS 19 - Employee Benefits:

Reconciliation of balances of the present value of the defined benefit obligation

Particulars	Gratuity	
	31-03-2019	31-03-2018
Present Obligation at period beginning – Current	156.54	152.5
Service cost	15.58	18.42
Interest on defined benefit obligation	12.17	11.45
Past Service Cost	-	2.24
Actuarial (gain) / Loss	-	-
Benefit Directly Paid by the Employer	(10.20)	-
Current Liability (within 12 months)	-	-
Actuarial (gain) / Loss	4.76	(5.40)
Actuarial (gain) / Loss- Due to Change In Financial Assumptions	1.17	(4.13)
Actuarial (gain) / Loss- Due to Change In Financial Experience	(18.41)	(18.58)
Present Value of Benefit Obligation at the End of the Period	161.63	156.54

Amount Recognized in Balance Sheet

Particulars	31 st March 2019	31 st March 2018
(Present Value of Benefit Obligation at the end of the Period)	(161.63)	(156.54)
Fair Value of Plan assets at the end of the period	-	-
Funded Status (Surplus / Deficit)	(161.63)	(156.54)
Net (Liability)/Asset Recognized in the Balance Sheet	(161.63)	(156.54)

Expenses recognized in statement of profit and loss account

Particulars	31 st March 2019	31 st March 2018
Current Service Cost	15.58	18.42
Net Interest Cost	12.17	11.45
Past Service Cost	-	2.23
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effects of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	27.76	32.11

Expenses Recognized in Other Comprehensive Income (OCI) for Current Period

Particulars	31 st March 2019	31 st March 2018
Actuarial (Gains)/Losses on Obligation for the period	(12.47)	(28.12)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net(Income)/Expense for the period recognized in OCI	(12.47)	(28.12)

Sensitivity Analysis

Particulars	31 st March 2019	31 st March 2018
Projected Benefit Obligation on Current Assumptions	161.63	156.54
Delta Effect of +1% Change in Rate of Discounting	(7.91)	(13.82)
Delta Effect of -1% Change in Rate of Discounting	9.03	16.30
Delta Effect of +1% Change in Rate of Salary Increase	7.93	15.02

Particulars	31 st March 2019	31 st March 2018
Delta Effect of -1% Change in Rate of Salary Increase	(7.09)	(12.92)
Delta Effect of +1% Change in Rate of Employee Turnover	1.33	2.65
Delta Effect of -1% Change in Rate of Employee Turnover	(1.48)	(3.04)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

29. Lease Income

Other Income includes ₹ 112.90 lakhs pertaining to Lease rentals received by the Company arising out of capitalization of a Property that had been given on Joint Development by the Company.

30. Assets Pledged as Security

Particulars	31 st March 2019	31 st March 2018
Non-current assets		
First Charge		
Non - Financial Assets		
Property, Plant and Equipment	10,166.28	899.60
Capital work-in-progress		
Intangible assets		
Total Non-current assets pledged as security	10,166.28	899.60
Current assets		
First Charge		
Financial assets		
Trade receivable	5,847.16	7,461.41
Cash and cash equivalents		
Other bank balances		
Total Current assets pledged as security	5,847.16	7,461.41
Total assets pledged as security	16,013.43	8,361.01

31. Fair Value Measurement

a) Financial Instruments by Category and their Fair Values:

Particulars	As at 31 st March 2019		As at 31 st March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Security Deposits	124.87	124.87	113.52	113.52
Trade Receivables	5,847.16	5,847.16	7,461.41	7,461.41
Cash and Cash Equivalents	258.60	258.60	61.54	61.54

Particulars	As at 31st March 2019		As at 31st March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Other Bank balances	45.05	45.05	28.30	28.30
Total Financial Assets	6,275.68	6,275.68	7,664.77	7,664.77
Financial Liabilities:				
Borrowings	4,081.98	4,081.98	4,704.46	4,704.46
Trade Payables	1,478.69	1,478.69	2,686.47	2,686.47
Other Financial Liabilities	2,665.31	2,665.31	2,463.41	2,463.41
Total Financial Liabilities	8,225.97	8,225.97	9,854.34	9,854.34

b) Fair Value Hierarchy:

The Company has estimated all its financial assets and liabilities under Level 3 prescribed under the Indian Accounting Standards.

c) Valuation Techniques:

The discount rates considered is the borrowing rate charged by the lead lender of the Company after giving effect to the applicable tax rate. The carrying amount of current financial assets and liabilities are considered to be the same as their fair values due to their short-term nature. For financial assets and liabilities that are measured at fair value, the carrying amount is equal to their fair values.

32. Capital Management

The Company monitors capital on the basis of total equity on periodic basis. Equity comprises of all components of equity including fair value impact and debt includes both long-term and short-term loans.

Particulars	As at 31st March 2019	As at 31st March 2018
Equity	4,426.73	4,426.73
Debt	4081.98	4,704.46
Total	8,508.71	9,131.19

33. Income Taxes

The major components of Income Tax expense for the years ended 31st March, 2019 and 31st March, 2018 are as under:

a) Income Tax recognized in Statement of Profit and Loss:

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Current Tax	2.86	-
Deferred Tax	34.24	(60.23)
Total	37.10	(60.23)

Deferred tax asset as at 31st March, 2019 and 31st March, 2018 is recognized to the extent of Deferred tax liability arising out of temporary differences between accounting as per books and accounting as per Income Tax Act, 1961.

b) Reconciliation of Tax expense and the accounting profit multiplied by the tax rate:

Particulars	Year ended 31 st March 2019	Year ended 31 st March 2018
Profit before tax	70.52	108.91
Tax on the above	2.86	
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Adjustments to profit as per previous year GAAP under Ind AS	-	-

Income Tax expense	2.86	-
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c) Tax assets / liabilities c) Tax assets / liabilities

Particulars	As at 31st March 2019	As at 31st March 2018
Opening tax (asset) / liability	(454.57)	(364.73)
Add : Taxes Paid	-	-
Add : Credit availed	(15.16)	(89.84)
Less : Refund		
Less: Current tax payable	-	-
Closing tax (asset) / liability	(469.73)	(454.57)

d) Deferred Tax

Particulars	As at 31st March 2019	As at 31st March 2018
Deferred Tax Liability:		
On account of Employee Benefits	-	
Total Deferred Tax Liability	-	-
Deferred Tax Asset:		
On account of Depreciation differences	2.97	30.34
On account of Employee Benefits	53.92	61.40
Total Deferred Tax assets available	56.90	91.74
Recognition of Deferred Tax asset to the extent of Deferred Tax liability	56.90	91.74
Unused Deferred Tax asset (Not recognized)	-	-

34. Financial Risk Management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables and financial assets measured at amortized cost.	Ageing analysis	Diversification of bank deposits and LCs
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee	Sensitivity analysis	Un hedged
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged

a) Credit Risk:

The Company is exposed to credit risk, which is the risk that counter party will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, financial assets carried at amortized cost and deposits with banks and financial institutions, as well as credit exposures to trade customers including outstanding receivables.

b) Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Company's objective in relation to its existing operating business is to maintain sufficient funding to operate at an optimal level.

Maturities of Financial Liabilities: 31st March, 2019:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	4,081.98			4,081.98
Trade Payables	1,478.69			1,478.69
Other Financial Liabilities		2,665.31		2,665.31
Total Financial Liabilities	5,560.66	2,665.31	-	8,225.97

31st March, 2018:

Financial Liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	4,704.46	-	-	4,704.46
Trade Payables	2,686.47	-	-	2,686.47
Other Financial Liabilities	-	2,463.41	-	2,463.41
Total Financial Liabilities	7,390.93	2,463.41	-	9,854.34

c) Market Risk:

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as:

i. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure foreign currency risk in case of Trade and other payables.

ii. 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 main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2019 the Company's borrowings at variable rate were mainly denominated in Rupees. The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS -107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Variable rate borrowings	4,081.98	4,704.46

Interest Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact of Profit before tax
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Interest sensitivity	31st March, 2019	31st March, 2018
Interest cost – increase by 5% on existing Interest cost*	25.66	23.45
Interest cost – decrease by 5% on existing Interest cost*	(25.66)	(23.45)

* Holding all other variables constant.

35. Previous Years Figures have been regrouped/reclassified wherever necessary to confirm to current years classification

KEY ACCOUNTING RATIOS

The following tables present certain accounting and other ratios derived from the relevant Consolidated Financial Statements. For details see "Financial Statements" on page 71 of this Draft Letter of Offer

Ratios	2019-20	2018-19	As on Dec'20	As on Dec'19
Profit After Tax as per Consolidated P&L Account* (₹ in Lakhs)	70.71	33.42	166.13	226.69
Weighted Average Number of Equity Shares at the end of the Year	4,42,67,293	4,42,67,293	4,42,67,293	4,42,67,293
Net Worth (₹ in Lakhs)(Refer Note 1)	13417.16	13112.14	11360.62	11340.57
Earnings Per Share				
Basic & Diluted	0.16	0.08	0.38	0.51
Return on Net Worth (%)	0.53%	0.25%	1.46%	2.00%
Net Asset Value Per Share (₹)	30.31	29.62	25.66	25.62
Nominal Value per Equity share (₹)	10.00	10.00	10.00	10.00

Note 1:

Calculation of Networth:

(₹ in lakhs)

Reserve and Surplus	2019-20	2018-19	As on Dec'20	As on Dec'19
Securities Premium Account	250.66	250.66	0	0
Foreign Exchange Translation Reserve	(2249.74)	(2484.05)	0	0
General Reserve	2546.71	2546.71	0	0
Retained Earnings	8442.80	8372.09	0	0
Total Reserve & Surplus (A)	8990.43	8685.41	6933.89*	6913.84*
Equity Share Capital (B)	4426.73	4426.73	4426.73	4426.73
Networth (A+B)	13417.16	13112.14	11360.62	11340.57

*The figures have taken from the financial results submitted to Stock Exchange

The ratios have been computed as below:

Basic earning per share	Profit/(loss) for the period/year as per consolidated statement of profit and loss attributable to owners of Company / Weighted average number of Equity shares outstanding during the period/ year as adjusted for effects of all dilutive potential equity shares
Return on net worth (%)	Profit/(loss)for the period/year as per the consolidated statement of profit and loss in the financial statements / Net Worth at the end of the year /period
Net asset value per Equity Share	Net Worth / Number of Equity shares subscribed and fully paid outstanding as at March 31 and December 31

MANAGEMENT DISCUSSION AND ANALYSIS CONDITION AND RESULTS OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with the “Financial Statements” beginning on page 71. Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read “Risk Factors” and “Forward Looking Statements” beginning on page 20 and 14, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our financial statements included in this Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards such as IFRS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscal 2020 included herein is based on the Audited Consolidated Financial Statements and the financial information included herein for the nine months ended December 31, 2020 is based on the Unaudited Consolidated December Financial Results, included in this Letter of Offer. For further information, see “Financial Statements” beginning on page 71.

Background and Review

Our Company derives most of its revenues as a technology supplier to the global telecoms industry, especially mobile carriers. Mobile services is a dynamic industry that is constantly undergoing market changes, regulatory changes, technology changes and changes in customer preferences. Mobile operators need to constantly reinvent themselves and stay relevant in this fast-changing market environment and hence their need for key & new technologies is a constant driver for your company’s growth opportunities. With OTT Platforms mobile enabling many traditional industries and New emerging areas like 5-G, enterprise mobile markets and the Internet of Things (IoT) opening up wholly new business segments, the mobile technology industry continues its expansion. Our company too is well positioned to take advantage of this constant growth and changes.

For further details please refer section titled “Our Business” on page 61 of this Draft Letter of Offer.

The COVID-2019 Pandemic

The COVID-2019 pandemic has affected and is expected to continue to affect our business and results of operations in the near future.

For further details please refer section titled “Risk Factor” on page 20 of this Draft Letter of Offer.

Basis of Consolidation

Our Company together with its subsidiary companies (collectively “the Group”) is engaged in the business of providing Information Technology services to customer The following table sets forth the Subsidiaries, which are considered in the consolidation:

Name of the Wholly owned Subsidiary Companies	Country of Incorporation	% Holding
XIUS Holding Corp	USA	100%
Xius Corp	USA	100%
XIUS S DE RL DE CV (formerly, Boston Communications Group De Mexico, S.R.L)	Mexico	100%
Megasoft Consultants SdnBhd	Malaysia	100%

Significant Policies

Revenue Recognition

Revenue from software development on time and material basis is recognized based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts or on the percentage of completion basis. Provision for estimated losses on incomplete contract is recorded in the period in

which such losses become probable based on the current estimates. Revenue from product licenses and related revenue are recognized as follows:

- License fees, on delivery and subsequent milestone schedule as per the terms of the contract with the end use
- Product maintenance revenues, over the period of the maintenance contract

Property, Plant and Equipment

a. Initial and Subsequent Recognition:

All items of Property, Plant and equipment (PPE) are measured at Historical cost, which includes capitalised borrowing cost less accumulated depreciation and impairment loss, if any.

Items of spare parts, standby equipment and servicing equipment which meet the definition of property, plant and equipment are capitalised. Other spare part are carried as inventory and recognised in the Statement of Profit and Loss on consumption.

Where the cost of depreciable assets has undergone a change during the year due to increase/ decrease in long term liabilities on account of exchange fluctuation price adjustment, change in duties or similar factors, and the unamortized balance of such asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/ amortization.

Spare parts are recognised when they meet the definition of Property, Plant and Equipment , otherwise, such items are classified as inventory.

On transition to IND AS, the company has elected to adopt the cost model i.e., cost less accumulated depreciation for all of its Property, Plant and Equipment as at 1st April, 2016. Except for land which has been revalued to reflect the fair value.

The Property, Plant and equipment of the Company are physically verified in a phased manner to cover all the items of PPE over a period of three years, which in the Management's opinion, is reasonable having regard to the size of the Company and the nature of its assets.

b. Depreciation

Depreciation is recognised in Statement of Profit and Loss on a straight – line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation on additions to/ deductions from property, plant and equipment during the year is charged on pro – rata basis from/ up to the month in which the asset is available for use/ disposed.

Goodwill and Other Intangible Assets:

On transition to IND AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2016, measured at previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period five years or its license period, whichever is less.

On Transition to IND AS the company has elected to continue with the carrying value of all intangible assets recognised as at 1st April, 2016 measured as per the previous GAAP and use the carrying value as deemed cost.

Capital work – in – progress:

The cost of self – constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis of the cost of related assets.

Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

Employee Benefits

Defined contribution plans: Contribution to defined contribution plans are recognized as expenses when employees have rendered services entitling them to such benefits.

Defined benefit plans: For defined benefit plans, the cost of providing benefits using the projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date. Actuarial gains and losses are recognised in full in the other Comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as expenses at the earlier of (a) when the plan amendment or curtailment occurs: and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any assets resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme

Borrowing Cost

Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Borrowing costs include interest, amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

Revenue & Expenditure

Revenue from other Income

Revenue from other Income comprises of Interest income on Security Deposit, Amortization Income, Rental Income, Interest Received, Net foreign exchange gain / Loss

Employee Benefit Expense

Employee Benefit Expense comprises of salaries and wages, Staff Welfare & Contribution to Provident Fund

Finance Cost

Finance Cost comprises of Interest Expends on bank loan and Bank Charges

FINANCIAL PERFORMANCE COMPAISON FOR THE YEAR ENDED DECEMBER 31, 2020 AND DECEMBER 2019 (CONSOLIDATED)

Share capital

There is no change in the company's equity share capital during the financial year under review.

Results of operations (consolidated)

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019
	₹ in lakhs	₹ in lakhs
Revenues	4,802.66	4,602.78
EBIDTA	917.97	1,168.74

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019
	₹ in lakhs	₹ in lakhs
Finance cost	410.38	540.21
Depreciation	332.46	401.83
Profit before tax	175.13	226.69
Less: Taxes	(9.00)	0.00
Profit after tax	166.13	226.69

Revenues

The consolidated revenues increased by ₹ 285.05 lakhs to ₹ 4,398.17 lakhs for the period ended December 31, 2020 from ₹ 4113.12 lakhs in December 31, 2019.

Software, hardware and material costs

The Software, hardware and material costs increased to ₹ 1,363.33 lakhs in December 31, 2020 against the cost for the period ended December 31, 2019 ₹ 1,166.28 lakhs.

Employee cost

The increase in employee cost to ₹ 970.91 lakhs in December 31, 2020 from ₹ 953.30 lakhs in December 31, 2019 is in the normal course of business.

Other expenses

The increase in other expenses to ₹ 1,550.45 lakhs in December 31, 2020 from ₹ 1,314.47 lakhs in December 31, 2019 is in the normal course of business.

Finance cost

The finance cost decreased by ₹ 129.83 Lakhs to ₹ 410.38 lakhs in December 31, 2020 from ₹ 540.21 lakhs in December 31, 2019.

Depreciation

Depreciation was charged on a pro-rata basis on fixed assets purchased / sold during the year. Depreciation on assets acquired under finance lease / hire purchase was provided using the straight-line method over the shorter of the lease / hire purchase term and useful life of the asset. The movement in depreciation charge from ₹ 401.38 lakhs in the December 31, 2019 to ₹ 332.46 lakhs in December 31, 2020 is on account of some assets that got fully depreciated during the said period i.e estimated useful life of the asset got over.

FINANCIAL PERFORMANCE COMPAISON FOR THE YEAR ENDED MARCH 31, 2020 ("Current Year") AND MARCH 31 2019 "Previous Year" (CONSOLIDATED)

Share capital

There is no change in the company's equity share capital during the financial year under review.

Reserves and surplus

The movement in Foreign Currency Translation Reserve during the financial year under review was due to fluctuation in foreign currency rate.

The profit earned during the year has been carried forward in full.

Borrowings

The total debt in the current year Decreased to Rs.3,964.65 lakhs from Rs. 4,081.98 lakhs in the previous year. The changes are due to part payment of loans and fluctuations in foreign currency rate.

Deferred tax liability / asset

The deferred tax asset is Rs.60.75 lakhs at the end of the financial year as against deferred tax asset of Rs.56.90 lakhs in the previous year.

Trade Payables & Other liabilities

The trade payables and other current liabilities increased to Rs.15,124.66 lakhs in 2020 from Rs. 14,360.54 lakhs in 2019. The increase is due to deposits received for Tower 2 at Nanakramguda property and also in the normal course of business.

Provisions

As at	Short term		Long term		Total	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Provision for retirement benefits	16.52	80.81	129.94	126.59	146.46	207.40

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

Fixed assets

The fixed assets increased to ₹ 16,339.29 lakhs in the current year from ₹ 15,918.52 lakhs in the previous year in the normal course of business and fluctuation of the foreign currency.

Goodwill on consolidation

Goodwill on consolidation was on account of accumulated losses in the overseas companies on the date of their acquisition and the excess consideration paid over and above their respective capital.

Investments

No additional investments were made during the financial year under review.

Trade receivables

The total trade receivables (net of provisions) stood at Rs.5,933.22 lakhs as against Rs.5,847.16 lakhs in the previous year. This is in the normal course of business plus exchange fluctuation.

Cash and bank balances

The current year cash and bank balances of ₹ 583.57 lakhs was higher on account of lower operating expenses. The previous year-end balance was ₹ 258.60 lakhs.

Results of operations (consolidated)

For the period / year ended	31-Mar-2020	31-Mar-2019
	₹ in lakhs	₹ in lakhs
Revenues	5673.26	6187.37
EBIDTA	1187.33	1061.10
Finance cost	682.82	614.83
Depreciation	437.58	375.76
Profit before tax	66.93	70.52
Less: Taxes	(3.78)	37.10
Profit after tax	70.71	33.42
Other Comprehensive Income	(0.10)	564.82
Total Comprehensive Income	70.61	598.24

Revenues

The consolidated revenues Decreased to ₹ 5,673.26 lakhs in 2020 from ₹ 6,187.37 lakhs in 2019.

Other Income / (Expenses)

The foreign exchange profit (net) was ₹ 86.30 lakhs in current year 2020 as against ₹ 35.39 lakhs profit (net) in 2019 in the previous financial year. This movement was on account of foreign currency rate fluctuation and also during the year, there also rental income received towards occupancy of Tower 1 at Nanakramguda property for the full period as against a partial period in the previous year.

Software, hardware and material costs

The Software, hardware and material costs of ₹ 1,644.82 lakhs in 2020 and the same was ₹ 2,179.24 lakhs in 2019.

Employee cost

The decrease in employee cost to ₹ 1,246.41 lakhs in 2020 from ₹ 1,677.95 lakhs in 2019 is in the normal course of business.

Other expenses

The increase in other expenses to ₹ 2,244.98 lakhs in 2020 from ₹ 2,133.02 lakhs in 2019 is in the normal course of business.

Finance cost

The finance cost increased to ₹ 682.82 lakhs in 2020 from ₹ 614.83 lakhs in 2019. The increase is primarily due to effect of Ind As translation and others (₹ 169 lakhs)

Depreciation

Depreciation was charged on a pro-rata basis on fixed assets purchased / sold during the year. Depreciation on assets acquired under finance lease / hire purchase was provided using the straight-line method over the shorter of the lease / hire purchase term and useful life of the asset. The movement in depreciation charge from ₹ 375.76 lakhs in the previous financial year to ₹ 437.58 lakhs in 2020 is on account of capitalization of the building at Nanakramguda (₹ 110 lakhs) and also on account of Ind As translation pertaining to ROU asset (₹ 167 lakhs).

FINANCIAL PERFORMANCE COMPAISON FOR THE YEAR ENDED MARCH 31, 2019 (“Current Year”) AND MARCH 31 2018 “Previous Year” (CONSOLIDATED)

Share capital

There is no change in the company’s equity share capital during the financial year under review.

Reserves and surplus

The movement in Foreign Currency Translation Reserve during the financial year under review was due to fluctuation in foreign currency rate.

The profit earned during the year has been carried forward in full.

Borrowings

The total debt in the current year decreased to ₹ 4,081.98 lakhs from ₹ 4,704.46 lakhs in the previous year. The changes are due to Part payment of Loans and fluctuations in foreign currency rate.

Deferred tax liability / asset

The deferred tax asset is ₹ 56.90 lakhs at the end of the financial year as against deferred tax asset of ₹ 91.74 lakhs in the previous year.

Trade Payables & Other current liabilities

The trade payables and other current liabilities increased to ₹ 14,360.54 lakhs in 2019 from ₹ 11,450.72 lakhs in 2018. The increase is due to trade payables in the normal course of business and also on account of monies received from the developer of Nanakramguda property, the entire money of which was utilised for settling the old contractor.

Provisions

As at	Short term		Long term		Total	
	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
	₹ lakhs	₹lakhs	₹lakhs	₹lakhs	₹lakhs	₹lakhs
Provision for retirement benefits	80.81	32.83	126.59	165.86	207.40	198.69

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

Fixed assets

The fixed assets increased to ₹15,918.52 Lakhs in the current year from ₹9712.48 lakhs in the previous year. This is the net effect capitalisation of the completed block 1 at the company's property at Nanakramguda.

Goodwill on consolidation

Goodwill on consolidation was on account of accumulated losses in the overseas companies on the date of their acquisition and the excess consideration paid over and above their respective capital.

Investments

No additional investments were made during the financial year under review.

Trade receivables

The Decrease in trade receivables (net of provisions) stood at ₹ 5,847.16 lakhs as against ₹ 7,461.41 lakhs in the previous year.

Cash and bank balances

The current year cash and bank balances of ₹ 303.65 lakhs was higher on account of lower operating expenses. The previous year-end balance was ₹ 89.84 lakhs.

Short term loans and advances

The short term loans and advances decreased to ₹ 1,506.15 lakhs in 2019 from ₹ 1,578.96 lakhs in 2018

Results of operations (consolidated)

For the period / year ended	31-Mar-2019 ₹ lakhs	31-Mar-2018 ₹ lakhs
Revenues	6187.37	6625.94
EBIDTA	1061.10	1059.94
Finance cost	614.83	519.87
Depreciation	375.76	431.16
Profit before tax	70.52	108.91
Less: Taxes	37.10	-60.23
Profit after tax	33.42	169.14

Revenues

The consolidated revenues Decreased to ₹ 6187.37 lakhs in 2019 from ₹ 6625.94 lakhs in 2018.

Other Income / (Expenses)

The foreign exchange profit (net) was ₹ 35.39 lakhs in current year 2019 as against ₹ 8.56 lakhs profit (net) in 2018 in the previous financial year. This movement was on account of foreign currency rate fluctuation. During the year, there was also rental income received towards partial occupancy at nanakramguda property.

Software, hardware and material costs

The Software, hardware and material costs of ₹ 2,179.24 lakhs in 2019 and ₹ 2,158.34 lakhs in 2018 are on account of project supplies at the customer site through execution of the project contracts.

Employee cost

The decrease in employee cost to ₹ 1677.95 lakhs in 2019 from ₹ 2,045.82 lakhs in 2018 is in the normal course of business.

Other expenses

The increase in other expenses to ₹ 2133.02 lakhs in 2019 from ₹ 1,460.98 lakhs in 2018 is in the normal course of business.

Finance cost

The finance cost increased to ₹ 614.83 lakhs in 2019 from ₹ 519.87 lakhs in 2018.

Depreciation

Depreciation was charged on a pro-rata basis on fixed assets purchased / sold during the year. Depreciation on assets acquired under finance lease / hire purchase was provided using the straight-line method over the shorter of the lease / hire purchase term and useful life of the asset. The movement in depreciation charge from ₹ 431.16 lakhs in the previous financial year to ₹ 375.76 lakhs in 2019 is in the normal course of business.

Material Developments

Except as stated in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since December 31, 2020, which materially or adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets:

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as disclosed below, there is no outstanding litigation with respect to (i) Issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiaries; (ii) material violations of statutory regulations by our Company and/or our Subsidiaries; (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiaries; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position; and (v) other litigation, including civil or tax litigation proceedings, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position or is otherwise material in terms of for the purpose of litigation disclosures in this Draft Letter of Offer.

The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.

In this regard, please note the following:

1. *Any outstanding litigation involving our Company and/or our Subsidiaries, i.e., proceedings other than litigation involving, criminal liability, material violations of statutory regulations or proceedings related to economic offences, shall be considered material and shall be disclosed in this Draft Letter of Offer or the Abridged Letter of Offer.*
2. *Pre-litigation notices received by our Company and/or our Subsidiaries from third parties (excluding notices pertaining to any offence involving, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company and/or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.*

I. Litigation against our Company

a) Proceedings involving criminal liability on the part of our Company

NIL

b) Civil Proceedings filed against our Company

1. CMC

The Company has supplied us materials worth ₹ 227 Lakhs. for our project in Loop Mobile. As these remains unpaid till date, they have filed Recovery suit before the city civil court at Secunderabad and Our Company has filed the written counterclaim against the CMC Company. Court yet to set a date for the hearing. Since our recovery case on Loop is pending at the High Court in Mumbai, we have pleaded that Loop and its Directors be enjoined in the present suit along with the OL of the High Court of Mumbai.

Case hearing date: not updated till now.

c) Proceedings involving material violations of statutory regulations by our Company

There are no prosecution proceedings initiated, or show cause notices in adjudication proceedings which have been issued, by SEBI, and which are pending against our Company, Promoter, Directors or group companies

d) Matters involving economic offences where proceedings have been initiated against our Company

There are no matters involving economic offences where proceedings have been initiated against our Company.

e) Income Tax

i. Indirect Tax: Nil

ii. Direct Tax

There are no Income Tax proceedings Other proceedings involving our Company which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

Income Tax Appeals filed against our Company before the Income Tax Appellate Tribunal against the order of the CIT (Appeals) and provisions of the Section 10A. Section 10A of the Act provides for the deduction for ten assessment years out of 15 assessment years. The CIT (Appeals) has rightly allowed the claim of our company for deduction and the Tax Appellate Tribunal did not find any reasons to interfere with the same hence the CIT (Appeals) Order is allowed.

Appeals filed before the Income Tax Appellate Tribunal by the The Deputy Commissioner of Income Tax, at Chennai against the Lower Court Order.

Case Number and year	Court /Tribunal	Petitioner	Respondents
ITA -0001252-2015	IncomeTax Tribunal Appellate	The Deputy Commissioner of Income Tax	Megasoft Limited
ITA-0001251-2015	IncomeTax Tribunal Appellate	The Deputy Commissioner of Income Tax	Megasoft Limited
ITA-0001250-2015	IncomeTax Tribunal Appellate	The Deputy Commissioner of Income Tax	Megasoft Limited
ITA-0002560-2014	IncomeTax Tribunal Appellate	The Deputy Commissioner of Income Tax	Megasoft Limited

II. Income Tax demand screen shot as on date of this draft offer of letter as available on the Income Tax website :

Number of Cases	Amount to the extent ascertainable (Rs.)
7	13,81,33,078

The amount showing outstanding is not final and binding upon the company as there are orders passed by the Income Tax Appellate Tribunal in our Company's Favour, which is challenged by the Income Tax Authorities by filing a Case before the Madras High Court which are at the admission stage.

A.Y	Section Code	Date on which demand is raised	u/s.	Response	Date of last refresh	Aggregate amount involved (in Rs.)#
2006-07	154	31/04/2014	245	Submit	17/02/2021	38537542
2008-09	115WG	31/03/2014	245	Submit	17/02/2021	126322
2008-09	147	31/03/2014	245	Submit	17/02/2021	41051329
2009-10	115WE3	28/03/2013	245	Submit	17/02/2021	134475
2012-13	1433	07/02/2017	245	Submit	17/02/2021	33870680
2013-14	250	03/02/2020	245	Submit	17/02/2021	19423650
2015-16	1413a	30/03/2017	245	Submit	17/02/2021	4989080

III. MADRAS HIGHCOURT CASE DETAILS

Madras High Court Case status against our Company MEGASOFT LIMITED filed by the Income tax Commissioner against the Lower Court Order details of the case mentioned hereunder “Litigation filed by our Company under Income Tax Litigation”

Case details : Filing number : case status

Filing Number	Case Number	Case status	Last hearing date	Next hearing date	Order
TCA/5490/2017 (main)	TCA/282/2017 (main)	Admission	01/06/2020	Not updated	No order
CMP/12423/2017	CMP/8443/2017	Admission	01/06/2020	Not updated	No order
TCA/5494/2017	TCA/284/2017	Admission	01/06/2020	Not updated	No order
TCA/5503/2017	TCA/285/2017	Admission	01/06/2020	Not updated	No order
TCA/5509/2017	TCA/286/2017	Admission	01/06/2020	Not updated	No order
CMP/12415/2017	CMP/8442/2017	Admission	01/06/2020	Not updated	No order
TCA/5492/2017	TCA/283/2017	Admission	01/06/2020	Not updated	No order
CMP/12429/2017	CMP/8441/2017	Admission	01/06/2020	Not updated	No order
CMP/12419/2017	CMP/8444/2017	Admission	01/06/2020	Not updated	No order

All above listed matters are clubbed together and kept on the same dates & under same status as the same are filed by the Income Tax Appellate Tribunal against our Company.

Except as stated in above table there are no Income Tax proceedings and/or Other proceedings involving our Company which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

II. Litigation by our Company

a) Proceedings involving criminal case filed by our Company : Nil

b) Civil case filed by our Company

Loop Mobile civil case

Our Company has initiated legal action against the Company Loop Mobile before High Court Mumbai Court for recovery of dues of ₹ 1500 Lakhs + Taxes, being the balance Contract Value. The High Court of Bombay has passed the Winding up orders against the Loop Mobile Company and appointed the Official Liquidator vide its order dated 13th February 2015. The Mahim building of Loop was given possession to IDBI Bank, the lead bankers of Loop Mobile.

Our Company has filed a petition before the high court Bombay for possession of our assets, without any prejudice to our claim. The identification of our material was carried out by us in the presence of IDBI officials and the report submitted to the Court. The Court has asked the OL to meet all the parties and to file a report.

c) Proceedings involving material violations of statutory regulations by our Company

Except as disclosed above, there are no prosecution proceedings initiated by our Company against SEBI, and which are pending which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

d) Matters involving economic offences where proceedings have been initiated against our Company

There are no matters involving economic offences where proceedings have been initiated by our Company which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

e) Income Tax

i. Indirect Tax

ii. Direct Tax

Appeals filed before Income Tax Tribunal

- 1. A.Y. 2006-07 (outstanding amount Rs.3,85,37,542/-) and & A.Y .2008-09 (outstanding amount Rs.4, 11,77,651 /-)**

The Company has filed a appeal and received a order against the Outstanding Income Tax Demand from Income Tax Appellate Tribunal (ITAT). However, the Income Tax department has gone on further appeal and the matter is pending before its adjudication before the Hon 'ble High Court, Madras.

- 2. A.Y .2012 — 13 (outstanding amount Rs.3,38,70,680/-)**

The Company filed an appeal against the order of the CIT (Appeals) and the matter is pending before the Income Tax Appellate Tribunal (ITAT).

The Assessing Officer has issued notice for recovery of tax arrears and the company has already remitted Rs. 1.35 crores.

- 3. A.Y.2013 — 14 (outstanding amount Rs. 19423650/-)**

The Company got partial relief from the CIT (Appeals) in respect of corporate guarantee.

The CIT (Appeals) did not accept the contention of the Company with regard to Transfer Pricing methodology. The company has gone on further appeal and matter is pending before Income Tax Appellate Tribunal (ITAT).

Except as stated herein above there are no Income Tax proceedings and or Other proceedings filed by our Company, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

There are no Income Tax proceedings and or Other proceedings filed by our Company, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

(i) Civil Proceedings

NA

III. Litigation involving our Subsidiaries

a) Proceedings involving criminal liability on the part of our Subsidiaries

NIL

b) Proceedings involving material violations of statutory regulations by our Subsidiaries

There are no proceedings involving material violations of statutory regulations by our Subsidiaries. Matters involving economic offences where proceedings have been initiated against our Subsidiaries There are no matters involving economic offences where proceedings have been initiated against our Subsidiaries.

c) Civil Proceedings

There are no civil proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy.

d) Tax Proceedings

There are no tax proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy.

IV. There are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 (five) years.

There are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 (five) years.

V. Pending proceedings initiated against our Company for economic offences.

There are no pending proceedings initiated against our Company for economic offences.

VI. Inquiries, investigations etc. instituted under the Companies Act, 2013 or any previous companies enactment in the last 5 (five) years against our Company.

There are no inquiries, investigations etc. instituted under the Companies Act or any previous companies enactment in the last 5 (five) years against our Company.

VII. Material Fraud against our Company in the last 5 (five) years

There has been no material fraud committed against our Company in the last 5 (five) years.

VIII. Fines imposed or compounding of offences for default

There are no fines imposed or compounding of offences done in the last 5 (five) years immediately preceding the year of this Draft Letter of Offer for the Company for default or outstanding defaults.

IX. Non-Payment of Statutory Dues

Except as mentioned in the "Financial Statements" beginning on page 71 of this Draft Letter of offer there have been no defaults or outstanding defaults in the payment of statutory dues payable by the Company.

X. Wilful Defaulter*

Our Promoters and Directors have not been identified as a willful defaulter in terms of the SEBI ICDR Regulations as on the date of this Draft Letter of Offer.

**The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer is identifiable*

GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS

We have received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for our business and no further approvals are required by us for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

1. Our Company obtained the Certificate of Incorporation on 29th June, 1999 under registration in the name of Megasoftware Ltd. from the ROC, Tamil Nadu.
2. Our Company has obtained a Certificate of Importer-Exporter Code (IEC) dated 4th September, 2017. The IEC Number of the Company is 5199000721.
3. Our Company has obtained registration under Goods and Service Tax Act, 2017 vide Registration number 36AABCM8933A1ZO dated July 1, 2017 and 33AABCM8933A2ZT dated September 15, 2017 at Telangana and Chennai respectively.
4. The Permanent Account Number (PAN) of our Company is AABCM8933A.
5. Our Company has obtained a license under the Shops & Establishment Act, 1948, from Govt of Telangana, bearing Registration No. SER/RAN/JCL/RR/34283/2017 and validity of Registration Certificate is extended upto 31/12/2021.
6. **CERTIFICATE BUREAU OF INDIAN STANDARDS:**

SN	Authorisation Granted	Issuing Authority	Registration No. / License No.	Date of Issue	Validity
1.	QUALITY MANAGEMENT SYSTEM ISO 9001:2015	BSI	FM 633409	April 25, 2018	April 24, 2021
2.	SECURITY MANAGEMENT SYSTEM ISO/IEC 27001:2013	Certification body	9931000180	March 11, 2020	March 10, 2023

INTELLECTUAL PROPERTY & TRADEMARK RELATED APPROVALS / REGISTRATIONS

As on date of the Draft Letter of Offer, following are the Registered Trademark as per the Trademark Act, 1999:

SN	Authority Granting Approval	Application No. Certificate No.	Class	Proprietor Name	Description of the Logo / Label / Device (Applied for)	Validity	Applicable Laws
1.	Trademark Registry	2175291	42	MEGASOFT LIMITED	Device	July14,2021	Trademark Act, 1999
2.	Trademark Registry	2175290	42	MEGASOFT LIMITED	Word Mark	July14,2021	Trademark Act, 1999

Registrations under various Labour laws are made but Certificates are not available with us.

Our Company has made Registration under Professional Tax under Employee's Provident Fund and Miscellaneous Provisions Act, 1952 & under the Employees State Insurance Act, 1948, the Company were unable to fetch the said Copy of the Registration Certificates.

OTHER REGULATORY AND STATUTORY APPROVALS

AUTHORITY FOR THE ISSUE

The Issue has been authorised by a resolution of the Board of Directors passed at their meeting held on February 12, 2021 pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

Our Board in its meeting held on [●] has resolved to issue Equity Shares to the Eligible Equity Shareholders, at ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share), in the ratio of [●] Equity Shares for every [●] Equity Share as held on the Record Date. The Issue Price of ₹ [●] per Equity Share has been arrived at, in consultation with the Lead Manager, prior to determination of the Record Date.

Our company has received “In-Principle Approval” from BSE and NSE vide their letter dated [●] and [●] respectively in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in this Issue. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective Demat accounts of the Equity Shareholders of our Company. For details, see “Terms of the Issue” beginning on page 164

Association of our Directors with securities market

None of our Directors are associated with the securities market.

PROHIBITION BY SEBI

The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.

Our Company, Promoters, member of the Promoter Group, Directors and persons in control of our Company have not been prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court as on the date of this Draft Letter of Offer.

The companies with which our Promoter or our Directors are associated as promoter or directors have not been debarred from accessing the capital market by SEBI

Neither our Promoter nor our Directors have been declared as Fugitive Economic Offenders.

ELIGIBILITY FOR THE ISSUE

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on BSE and NSE. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B - Clause 1 of Schedule VI of the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges and has received their “In-Principle Approvals” for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE Limited is the Designated Stock Exchange for this Issue.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this draft Letter of Offer with the Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the websites of BSE and NSE; and
3. Our Company has an investor grievance handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this draft Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

This Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is not exceeding Rs. 5,000.00 Lakhs.

DISCLAIMER FROM OUR COMPANY AND THE LEAD MANAGER

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at instance of the above-mentioned entities and that anyone placing reliance on any other source of information, including website of our Company or Lead Manager would be doing so at his or her own risk.

Investors will be required to confirm and will be deemed to have represented to our Company, Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

DISCLAIMER IN RESPECT OF JURISDICTION

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Chennai, India only.

DISCLAIMER CLAUSE OF BSE LIMITED

The Designated Stock Exchange for the purposes of this Issue is BSE Limited. As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer will be produced by our Company in the Letter of Offer.

DISCLAIMER CLAUSE OF NSE

As required, a copy of this Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Draft Letter of Offer will be produced by our Company in the Letter of Offer.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

For more detail, please refer "*Notes to Overseas Investor*" on page 11 of this Draft Letter of Offer.

FILING

For details, please refer Section Titled "General Information" on page 39 of this Draft Letter of Offer.

LISTING

The Designated Stock Exchange for the purposes of the Right Issue will be BSE Limited. Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints. Redressal norm for response time for all correspondence including shareholders complaints is within 15 (fifteen) days. Additionally, we have been registered with SCORES, as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Letters are filed category wise after being duly attended. A well-arranged correspondence system has been developed for letters of a routine nature.

Our Company has constituted Stakeholders Relationship Committee which currently comprises of Anil Kumar Sood, Kumar Venkataraman Gandarvakottai, Leona Ambuja and Kalyan Vijay Sivalenka.

Our Company provides easy access to information regarding our services and ensure timely disclosures of financial as well as non-financial material information. Grievances are resolved in a timely, efficient and fair manner, and processes are promptly initiated to prevent recurrence.

GRIEVANCE REDRESSAL MECHANISM

The Company has an established mechanism for investor services and grievance handling, with RTA and the Compliance Officer of the Company for this purpose, being important functional nodes.

Some of the key steps undertaken by the Company for handling Investor Grievances are enumerated as follows:

- Cameo Corporate Services Limited (RTA) is entrusted with handling all share related matters.
- Investors can lodge a complaint by giving details of their name, folio no., DP ID / Client ID, nature and full particulars of their complaint directly to the company at investors@megasoft.com

- All the investor complaints/grievance received through SEBI by online “SEBI Complaints Redress System” (SCORES) are checked regularly and replied/resolved expeditiously.
- As required under Regulation 13 of the Listing Regulations, the Company files with the Stock Exchanges and places the statement of investor complaints at the Board meeting on a quarterly basis.

Status of outstanding investor complaints

As on the date of this Draft Letter of Offer, there were no outstanding Investor complaints.

As mentioned, our Company is registered with the SCORES. Consequently, Investor grievances are tracked online by our Company. The average time taken by the Registrar to the Issue for attending to routine grievances will be within 30 (thirty) days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner

Investor Grievances arising out of the Issue

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The agreement between the Company and the Registrar to the Issue provides for a period for which records shall be retained by the Registrar to the Issue in order to enable the Registrar to the Issue to redress grievances of Investors.

All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar to the Issue, with a copy to the SCSB in case of ASBA process, giving full details such as Folio No. / Demat Account No., name and address, contact telephone/ cell numbers, email id of the first Applicant, number of Rights Equity Shares applied for, serial number of Application Form, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), the name of the bank/ SCSB and the branch where the Application Form was deposited, along with a photocopy of the acknowledgement slip (in case of ASBA process) and copy of e-acknowledgment (in case of R-WAP process). In case of renunciation, the same details of the Renouncee should be furnished. For details on the ASBA and R-WAP process, please see the chapter titled “Terms of the Issue” on Page 144.

Investors may contact the Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the below mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice / share certificates / Demat credit / refund orders etc.

Registrar to the Issue

Cameo Corporate Services Ltd

Subramanian Building, No. 1,
Club House Road, Chennai 600002,
Tamil Nadu, India.

Contact Person: R. D. Ramasamy

Tele: 044 – 40020700, 28460390

Fax No: 044-28460129

Email: cameo@cameoindia.com

Website: www.cameoindia.com

Investor Grievance ID: investor@cameoindia.com

SEBI Registration No.: INR000003753

Company Secretary and Compliance Officer

Srivalli Susarla

Address: 85, Kutchery Road, Mylapore,
Chennai 600004, Tamil Nadu, India.

Email: investors@megasoft.com

Website: www.megasoft.com

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar ([https:// cameo@cameoindia.com](https://cameo@cameoindia.com)). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties is: 044-28460129.

SECTION VII - ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Relaxation Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. However, in view of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, relaxation from the strict enforcement of the SEBI – Rights Issue Circular has been provided by SEBI, vide its Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 06, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 & Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19 2021 (“SEBI Right Issue Circulars/SEBI Relaxation Circulars”). As per the said circular, in case the physical shareholders who have not been able to open a demat account or are unable to communicate their demat details, in terms of clause 1.3.4 of the SEBI – Rights Issue Circular, to the Company or Registrar to the Issue, for credit of REs within specified time, such physical shareholders may be allowed to submit their application subject to the conditions prescribed in the SEBI Circulars dated May 06, 2020, July 24, 2020 and January 19 2021. Further, this R-WAP facility in addition to ASBA and the relaxation on applications to be made by physical shareholders, are onetime relaxations made available by SEBI in view of the COVID 2019 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at www.cameoindia.com.

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have

provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable laws) on the websites of:

- our Company at www.megasoft.com.
- the Registrar to the Issue at www.cameoindia.com
- the Lead Managers at www.fedsec.in ;
- the Stock Exchanges at www.bseindia.com and www.nseindia.com;
- the Registrar's web-based application platform at www.cameoindia.com ("R-WAP").

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the issue at www.cameoindia.com by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company at www.megasoft.com.

Please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Equity Shares under the laws of any jurisdiction which apply to such person.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the R-WAP (instituted only for resident Investors in this Issue, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see "Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders" beginning on page 176 of this Draft Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

- i. the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or
- ii. the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Relaxation Circular through R-WAP) shall be treated as incomplete and shall be rejected. For details see "Grounds for Technical Rejection" on pages 174. Our Company, the Lead Managers and the Registrar shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process" beginning on page 169.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- i. apply for its Equity Shares to the full extent of its Rights Entitlements; or

- ii. apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- iii. apply for Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- iv. apply for its Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or
- v. renounce its Rights Entitlements in full.

A. Procedure for application through ASBA Facility

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application,

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Do's for Investors applying through ASBA:

- a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be Allotted in the dematerialized form only.
- b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

- e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

- a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- b) Do not send your physical Application to the Lead Managers, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- d) Do not submit Application Form using third party ASBA account

B. Procedure for Application through the Registrar's Web-based Application Platform (R-WAP)

In accordance with the SEBI Relaxation Circulars, a separate web-based application platform, i.e., the R-WAP facility (accessible at www.cameoindia.com), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process and R-WAP facility should be utilized only in the event that Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.

At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP. Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

Set out below is the procedure followed using the R-WAP:

1. Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI Relaxation Circulars.
2. Resident individual Investors should visit R-WAP (accessible at www.cameoindia.com) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
3. Non-resident Investors are not eligible to apply in this Issue through R-WAP.
4. Only resident individual Investors are eligible to apply in this issue through R-WAP
5. The Investors should ensure that Application process is verified through the e-mail / mobile number or other means as possible. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Equity Shares to be applied for in the Issue. Please note that the Application Money will be determined based on number of Equity Shares applied for.
6. The Investors who are Renounees should select the category of 'Renounee' at the application page of RWAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The

Renounees shall also be required to provide the required Application details, such as total number of Equity Shares to be applied for. A Shareholder who has purchased Rights Entitlement from the Stock Exchanges or through off-market transaction, should select “Eligible Equity Shareholder” category.

7. Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided.
8. The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
9. Verification in respect of Application through Investors’ own bank account, shall be done through the latest beneficial position data of our Company containing Investor’s bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
10. The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account [●] opened by our Company with the Escrow Collection Bank.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online / electronic dedicated investor helpdesk at cameo@cameoindia.com or call helpline numbers 044-40020700, 28460390.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. OUR COMPANY, THE REGISTRAR AND THE LEAD MANAGERS SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTORS - THE R-WAP FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS” ON PAGE 20.

Do’s for Investors applying through R-WAP:

- a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- b) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in the bank account through which payment is made using the R-WAP.
- c) Ensure that you make the payment towards your Application through your bank account only and not use any third-party bank account for making the payment.
- d) Ensure that you receive a confirmation e-mail or confirmation through other applicable means on successful transfer of funds.
- e) Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), DP ID and Client ID, as applicable and all such other details as may be required.
- f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don’ts for Investors applying through R-WAP:

- a) Do not apply from bank account of third parties.
- b) Do not apply if you are a non-resident Investor.
- c) Do not apply from non-resident account.

C. Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the

Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Managers. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THAT THE APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Megasoft Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Equity Shares entitled to;
8. Number of Equity Shares applied for within the Rights Entitlements;
9. Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Equity Shares applied for;
11. Total amount paid at the rate of ₹ [●] per Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlements nor the Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) to existing shareholders who are non-U.S. Persons and

located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such jurisdictions and (ii) within the United States or to U.S. Persons that are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) (“U.S. QIB”) pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, that are also “qualified purchasers” (as defined under the United States Investment Company Act of 1940, as amended) (“QPs”) in reliance upon section 3(c)(7) of the U.S. Investment Company Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and a non-U.S. Person and eligible to subscribe for the Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Managers or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Managers or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/ We understand and agree that the Rights Entitlements and Equity Shares may not be reoffered, resold, pledged or otherwise except in an offshore transaction in accordance with Regulation S to a person outside the United States and not reasonably known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the BSE or NSE).

I/ We acknowledge that we, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.cameoindia.com

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

D. Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Application by such Eligible Equity Shareholders is subject to following conditions:

- i. the Eligible Equity Shareholders apply only through the alternative application platform, R-WAP (for Original Shareholders only);
- ii. the Eligible Equity Shareholders are residents;
- iii. the Eligible Equity Shareholders are not making payment from non-resident account;
- iv. the Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
- v. the Eligible Equity Shareholders shall receive Rights Equity Shares, in respect of their Application, only in demat mode.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date.
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
3. The remaining procedure for Application shall be same as set out in "Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process" beginning on page 169.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process or using the R-WAP.

Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the applicable Regulations and in the manner as set out in "Basis of Allotment" beginning on page 189.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Additional general instructions for Investors in relation to making of an Application

- a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.
- b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

- c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section *“Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process”* on page 169.
- d) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- e) Applications should not be submitted to the Banker(s) to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Managers.
- f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (**“Demographic Details”**) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**
- h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible

for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.

- k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- l) All communication in connection with Application for the Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- m) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- r) Do not submit multiple Applications.
- s) No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any allotments made by relying on such approvals.
- t) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one application Form for Rights Entitlements available in a particular demat account.

- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (q) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (r) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (s) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- (t) *Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):*
 - a. Applications by non-resident Investors
 - b. Payment from third party bank accounts

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "Procedure for Applications by Mutual Funds" on page 186.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on R-WAP as well as through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected.

E. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.cameoindia.com) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.megasoft.com).

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares under dispute, including any court proceedings, as applicable g) non-institutional equity shareholders in the United States.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE[●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat

account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. www.cameoindia.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

F. Renunciation & Trading of the Rights Entitlements

Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off-market transfer.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "On Market Renunciation"); or (b) through an off-market transfer (the "Off Market Renunciation"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

a. On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN INE[●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN INE[●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

b. Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date to enable Renounees to subscribe to the Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE[●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Basis for this Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date i.e. [●].

Terms of Payment

Full amount of ₹ [●] per Equity Share (including premium of ₹ [●] per Equity Share) shall be payable on Application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circular, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Shares and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her/ their Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Ranking

The Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Equity Shares to be issued and Allotted under this Issue shall rank pari-passu with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received In-Principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given

regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip code: 532408) and NSE (Scrip code: MEGASOFT) under the ISIN: INE933B01012. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters and members of the Promoter Group

The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.

Rights of Holders of Equity Shares of our Company

Subject to applicable laws, Shareholders who have been Allotted Equity Shares pursuant to the Issue shall have the following rights:

- a. The right to receive dividend, if declared;
- b. The right to receive surplus on liquidation;
- c. The right to receive offers for rights shares and be allotted bonus shares, if announced;
- d. The right to free transferability of Equity Shares;
- e. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in the Letter of Offer; and
- f. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

General Terms of The Issue

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. Further, the Rights Equity Shares shall be allotted only in dematerialised form.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment of Rights Equity Shares shall be in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective Depository Participants (“DPs”) of the Eligible Equity Shareholders (Investors) would prevail. Any Eligible Equity Shareholders (Investor) holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its respective Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares will be traded in dematerialised form only and therefore the marketable lot is one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. However, the Letter of offer Abridged Letter of Offer, Application Form and other applicable Issue materials will be made available on the websites of the Company, registrar to the issue, stock exchanges and the lead manager to the issue. Further, best efforts will be made to reach out the Eligible Equity Shareholders who have not registered their e-mail id with our Company including but not limited to sending SMS or audio-visual advertisement on television or digital advertisement, etc.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one [•] language daily newspaper with wide circulation ([•] being the regional language of Chennai, where our Registered Office is situated).

The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Rights Equity Shares to non-resident Equity Shareholders including additional Rights Equity Shares. Further, as per the Master

Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at cameo@cameoindia.com. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Managers and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Please note that only resident Investors can submit an Application using the R-WAP.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at the office of the registrar to the issue at Subramanian Building No. 1, Club House Road, Chennai -600002, Tamil Nadu, India or e-mail at cameo@cameoindia.com.

ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 190.

ISSUE SCHEDULE

Issue Opening Date	[•]
Last date for on-market renunciation of rights / Date of closure of trading of Rights Entitlement[#]	[•]
Issue Closing Date*	[•]

Finalising the basis of allotment with the Designated Stock Exchange (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

**Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or the optional mechanism.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e. [●], see *“Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form”* on page 169.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email-to-email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdiction.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Issue Materials and the Application Form. However, the Letter of offer Abridged Letter of Offer, Application Form and other applicable Issue materials will be made available on the websites of the Company, registrar to the issue, stock exchanges and the lead manager to the issue. Further, best efforts will be made to reach out the Eligible Equity Shareholders who

have not registered their e-mail id with our Company including but not limited to sending SMS or audio-visual advertisement on television or digital advertisement, etc.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (www.cameoindia.com) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (www.megasoft.com).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date i.e. [●] and applying in this Issue, as applicable.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP which is available only for resident Investors)

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected, except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through the optional mechanism i.e., R-WAP.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “Grounds for Technical Rejection” on page 174 of this Draft Letter of Offer. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of

their Rights Entitlements. For details, see *“Application on Plain Paper under ASBA process”* on page 169 of this Draft Letter of Offer.

Applications by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renounee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

Investment / Procedure for applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- a. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

- b. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Investment by Systemically Important Non-Banking Financial Companies (NBFC – SI)

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 – IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Investment by AIFs, FVCIs, VCFs and FDI Route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any allotments made by relying on such approvals

Applications by mutual funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the Board and that such applications shall not be treated as multiple applications. the application made by an asset management company or by custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by non-resident Indians (NRIs)

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“Restricted Investors”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Last Date for Application

The last date for submission of the duly filled in Application Form is the Issue Closing Date i.e., [●]. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date i.e. [●]

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under the section, “Basis of Allotment” on page 189 of this Draft Letter of Offer.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period (before Issue Closing) by approaching the SCSB where application is submitted or sending the e-mail withdrawal request to cameo@cameoindia.com in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may **withdraw their Application post the Issue Closing Date.**

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of

failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Modes of Payment

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date subject to necessary confirmation from the regulatory authority and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

For Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

For Non-Resident Investors

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company or the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case, who make a request in this regard. Non-Resident Investors shall send their Right Entitlement credit request with ID proof to the Registrar to the Issue at cameo@cameoindia.com

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investor has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE I.E. [●] AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner” on page 191.

Basis of Allotment

Subject to the provisions contained in the Draft Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

- (e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Designated Branches or Controlling branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

- (a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Application;
- (b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- (c) The details of rejected ASBA Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank(s) with list of Allottees and corresponding amount to be transferred to the Allotment Account(s). Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

Allotment Advices/Refund Orders/Unblocking of ASBA Accounts

Our Company will send/ dispatch Allotment advice, refund instructions/intimations (including in respect of Applications made through the optional facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and "our Directors" who are officers in default shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In case of Applications through the optional facility R-WAP, refunds, if any, will be made to the registered bank account details in demat account. Therefore, the Investors should ensure that such bank accounts remain valid and active.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/locked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date i.e. [●].

The letter of allotment or refund order would be sent by registered post or speed post to the sole/ first Investor's address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date i.e. [●], have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e. [●], the following procedure shall be adhered to:

- (a) the Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company
- (b) within 6 (six) months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;
- (c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;
- (d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, etc. to such Eligible Equity Shareholders to remit such proceeds.
Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchanges after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the Application Money paid by such Eligible Equity Shareholders;
- (e) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;
- (f) After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges; and
- (g) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.
- (h) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date, i.e. [●]. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.
2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.
3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares in proportion to amount paid-up on the Rights Equity Shares, as permitted under applicable laws.
4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).
5. **The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, etc., in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.**

Payment of Refund

Mode of making refunds

In case of Applicants not eligible to make an application through ASBA process, the payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

1. Unblocking amounts blocked using ASBA facility.
2. **National Automated Clearing House ("NACH")** – NACH is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centers specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the Depositories), except where the Applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.
3. **National Electronic Fund Transfer ("NEFT")** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("IFSC Code"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with

the Registrar to our Company or with the Depository Participant while opening and operating the demat account, such MICR number and the bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

4. **Direct Credit** - Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for such refund would be borne by our Company.
5. **RTGS** – If the refund amount exceeds ₹ 200,000 Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event such IFSC Code is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for such refund would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
6. For all other Investors, the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
7. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to Non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice or Demat Credit

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be Allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement with NSDL and an agreement with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
- It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
- The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in "Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form" and "Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form" on pages 169 and 191, respectively

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

- i. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

- ii. *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- iii. *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten (10) years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three (3) times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

Minimum subscription

This Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is not exceeding Rs. 5,000.00 Lakhs.

The Company had sought and received Shareholders approval for reclassification of existing Promoter and Promoter Group to public category at their meeting held on September 22, 2020. Subsequently, on October 20, 2020 made application to BSE Limited and the National Stock Exchange of India Limited for their approval. The Stock Exchange approved the re-classification application i.e., BSE Limited approved the application vide their letter bearing number LIST/COMP/PC/043/2020-21 dated February 18, 2021 and NSE approved the application vide their letter bearing number NSE/LIST/106 dated February 18, 2021. Hence, due to re-classification our Company has no shareholder in the category of promoter and promoter group as on the date of this Draft Letter of Offer.

In accordance with proviso to Regulation 86 of SEBI ICDR Regulations amended vide SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. September 28, 2020 the minimum subscription criteria is not applicable to this issue if:

1. object of the issue involves financing other than financing of capital expenditure for a project; and
2. the promoters and the promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights except to the extent of renunciation within the promoter group.

As on the date of this Draft Letter of offer, our Company is a professional managed and does not have any identifiable promoter. Hence, our Company is not required to achieve the minimum subscription of at least 75% for this Issue.

Utilization of Issue Proceeds

Our Board of Directors/ Rights issue Committee members declares that:

- A. All monies received out of issue of shares or specified securities to the public shall be transferred to a separate bank account.
- B. Details of all monies utilised out of the issue referred to in clause (A) shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies had been utilised; and
- C. Details of all unutilised monies out of this issue referred to in clause (A) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

Undertaking

Our Company undertakes the following:

- i. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- ii. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- iii. The funds required for making refunds/unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- iv. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- v. In case of refund/unblocking of the application money/amount for unsuccessful applicants or part of the application money / amount in case of proportionate allotment, a suitable communication shall be sent to the applicants.
- vi. Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process
- vii. Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- viii. Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Investor Grievances, Communication & Important Links

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "Megasoft Limited – Rights Issue" on the envelope and postmarked in India or in the email) to the Registrar at the following address:

CAMEO CORPORATE SERVICES LTD

Subramanian Building No. 1, Club House Road,

Chennai -600002, Tamil Nadu, India

Tel. No: 044 - 28460390

Fax No: 044-28460129

E-mail Id: cameo@cameoindia.com

Website: www.cameoindia.com

Contact Person: R. D. Ramasamy

SEBI Registration No: INR000003753

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors

will be available on the website of the Registrar (www.cameoindia.com). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is 044 – 28460390.

The Investors can visit following links for the below-mentioned purposes:

- a. Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.cameoindia.com.
- b. Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: cameo@cameoindia.com
- c. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: cameo@cameoindia.com
- d. Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: cameo@cameoindia.com

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“FDI”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“DPIIT”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“FDI Circular 2020”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. 366

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue.

The Lead Managers and our Company will not be responsible for any allotments made by relying on such approvals. Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws

and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, may be inspected at the registered office of the Company between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date and Additionally, any person intending to inspect the abovementioned contracts and documents electronically, may do so, by writing an email to investors@megasoft.com.

A) Material contracts for the Issue

1. Issue Agreement dated February 22, 2021 between our Company and the Lead Manager.
2. Registrar Agreement dated February 22, 2021 between our Company and Registrar to the Issue.
3. Bankers to the Issue Agreement dated [●] amongst our Company, the Lead Manager, Banker(s) to the Issue and the Registrar to the Issue.

B) Material documents for the Issue

1. Certified true copy of Certificate of Incorporation, the Memorandum of Association and Articles of Association of our Company, as amended.
2. Resolutions of the Board of Directors dated February 12, 2021 in relation to the Issue and other related matters.
3. Resolution passed by our Rights Issue Committee dated [●] finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio.
4. The Audited Consolidated Financial Statements for year ended March 31, 2020 and March 31, 2019 and the Unaudited Consolidated Financial Results for period ended December 31, 2020.
5. Certificate dated February 17, 2021 issued by N. C. Rajagopal & Co, Chartered Accountants confirming that the borrowings of our Company, which are proposed to be repaid using the Net Proceeds have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents.
6. Consents of our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, Statutory Auditor, Lead Manager, Legal Advisor to the Issue, the Registrar to the Issue, Bankers to our Company, and Banker to the Issue to include their names in this Draft Letter of Offer and to act in their respective capacities.
7. The Report dated February 17, 2021 from the Statutory Auditors of our Company, confirming the Statement of Special Tax Benefits available to our Company and its Shareholders as disclosed in this Draft Letter of Offer.
8. Letter of Offer dated March 19, 2002 of the Rights Issue.
9. Annual Reports of our Company for Fiscal 2020, 2019, 2018, 2017 and 2016.
10. Reclassification of promoter to public category approval dated February 18, 2021 issued by BSE and NSE.
11. In-principle listing approvals dated [●] and [●] issued by BSE and NSE respectively under Regulation 28(1) of the SEBI Listing Regulations.
12. Due diligence certificate shall be submitted to SEBI by Lead Manager to the Issue.

13. Tripartite agreement amongst our Company, Central Depository Services (India) Limited and Registrar to the Issue

14. Tripartite agreement amongst our Company, National Securities Depository Limited and Registrar to the Issue.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-

Kumar Venkataraman Gandarvakottai

CEO and Managing Director

DIN:00059107

Date: February 19, 2021

Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-

Anil Kumar Sood
Independent Director
DIN: 00086577

Date: February 19, 2021

Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-

Anish Mathew
Independent Director
DIN: 02545538

Date: February 19, 2021

Place: Singapore

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-

Leona Ambuja
Independent Director
DIN: 07138817

Date: February 19, 2021

Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-

Sivalenka Kalyan Vijay
Non-Executive Director
DIN: 06404449

Date: February 19, 2021

Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-

Upendar Mekala Reddy
Non-Executive Director
DIN: 08898174

Date: February 19, 2021

Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY

Sd/-

Shridhar Thathachary
Chief Financial Officer

Date: February 19, 2021

Place: Hyderabad