

04<sup>th</sup> October, 2017

To  
The General Manager  
Department of Corporate Services  
Bombay Stock Exchange Ltd,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400 001

Dear Sir/Madam,

**Sub: Annual Report Submission – Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

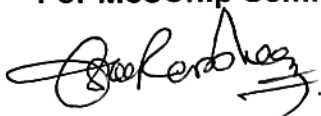
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Pursuant to Regulation 34 of SEBI ((Listing Obligations and Disclosure Requirements) Regulations, 2015 please find the enclosed 18<sup>th</sup> Annual Report of the Company as approved by the Shareholders in their meeting held on Friday, the 29<sup>th</sup> day of September, 2017.

This is for your information and record.

Thanking you,

Yours truly,  
**For MosChip Semiconductor Technology Limited**



**CS Suresh Bachalakura**  
**Company Secretary & Compliance Officer**



Encl: As above

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**MOSCHIP SEMICONDUCTOR TECHNOLOGY LTD.**

CIN: L31909TG1999PLC032184

Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road No. 2, Banjara Hills, Hyderabad-500 034. INDIA  
Tel: +91 40 6622 9292, Fax: +91 40 6622 9393 Website: [www.moschip.com](http://www.moschip.com)



**18<sup>th</sup> ANNUAL REPORT**  
**2016-2017**

**MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED**



**DREAM.  
INSPIRE.  
INNOVATE.**





We identify challenges. We deliver solutions to complex problems. We develop best in class technologies. We create from concept to production to reality to create a better, more connected world.

Damodar Rao Gummadapu  
CEO



Dear Shareholders,

Your company delivered satisfactory performance during financial year 2016-17, Consistent YoY revenue growth by 615.50%, Profit after tax increased impressively by 110.51% & EBIDTA Margins increased by 129.86%.

I am very proud to say that we have a very strong and highly motivated associates and management team to help achieve the goals and deliver the value to our stakeholders. You are all part of our success story and the rapid growth that we have achieved, particularly during the last one year.

During the year under review, MosChip successfully achieved following and set the company in a growth path.

- Clear strategy for growth with four business units (Semiconductor, IOT, Systems and IP)
- Established strong management team and increased the associates strength to 400+ across Milpitas, Hyderabad, Bangalore and Pune
- Established a robust Business Development teams across India, US and Europe
- Successfully acquired four companies adding capabilities in Digital/Analog/Mixed Signal Verification, Systems & Board development and end to end IoT/E implementations

This is an important time for MosChip and also for the Industry where, Technology and Innovation alone drive success. Our aim is to strengthen our capabilities across all our business units. We must establish ourselves as a leader in all of our business units from Chip Design to Analytics. Quality Service and on-time delivery is only respected by our clients. The contribution made by each one of you in quality delivery is amazing. Our Company is well respected in the market for the knowledge, quality and efficiency of our Associates.

As a growth strategy, we have defined four Business Units. We have highly qualified leaders to drive each Business Unit. Each leader has a clear understanding of their respective area.

We clearly see that our strategy to grow the company with four business units is working with our recent wins in all the business units and feel strongly that IOT and Systems business units will help to grow the company in coming years.

Coupled with a strong list of clients and complete product development, and life cycle management/solution, single point of accountability for (System Development) hardware, software, QA/testing & Sustenance Engineering capabilities, our Semiconductor business unit is equipped to undertake any size project, scale and complexity.

With the existing robust capabilities in Smart Cities and M2M areas of IOT and strong product set in Systems business Unit, we are gaining more orders from clients across the globe. We are exploring to invest more in these business units to expand capacity, develop new solutions and products to meet the growing demand from our clients. To achieve our goal, we are adding two manufacturing/assembly facilities in about 35,000 sft built-up space in Hyderabad. These two facilities will be operational shortly.

As we move towards new horizons, I draw strength from "Team - MosChip" and from their dedication to take your company to even greater glory in the coming years. As I conclude, may I on behalf of the Board and the employees of your company, once again thank our valued shareholders, for continued support and confidence reposed on us.

With regards  
Damodar Rao Gummadapu  
CEO

A handwritten signature in blue ink that reads "G Damodar Rao". The signature is written in a cursive, slightly stylized font.

## THE GLOBAL LEADER IN PRODUCT DEVELOPMENT

MosChip is an end-to-end product development company with extensive engineering expertise in Chip Design, Systems Design and Development for the Internet of Things (IoT), and Vision Solutions catering to the Aerospace and Defense, Consumer Electronics, Automotive, Medical, Telecommunications, and Mobile industries.

We have established ourselves as a preferred partner for technology and excellence. At MosChip, we strive to provide unparalleled service and support to our clients with on-time delivery being our strength and commitment. Our customer driven approach is our focus. We aim to offer a unique combination of services and solutions giving them an advantage over competitors in their industry by aligning ourselves to the vision of our clients.

Our customer-driven approach focuses on all facets of the product development process, including not only technology but also time-to-market and returns on investment (ROI).

Supported by a focused team of engineering, technology, and domain experts, MosChip has embarked on a journey with a difference – to be a partner in growth.

**16+**  

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**Years  
of Experience**

**400+**  

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**Engineers**

**400+**  

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**Clients**

**140+**  

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**Countries**



## OUR VISION

To become your partner throughout the entire product development cycle, designing and building comprehensive and best in class solutions on-time to achieve your business and operational goals, and keep you at the forefront of the ever-changing competitive market.

We aim to be recognized as global experts who not only use our expertise to solve our clients' complex problems but also leverage solutions with the promise of a seamless interface between humans and technology.

# OUR VALUES

## EMPOWERING PEOPLE. EXPANDING POSSIBILITIES.



MosChip is a complete product development company that stimulates the development and character of our people.

We empower people to expand possibilities.

These are Our Values.



### **Clients First**

We succeed when our clients succeed. Our client-driven approach demonstrates our ability to collaborate and execute with excellence.



### **Integrity is Execution**

The culture we continuously build is honest. There are no shortcuts. We deliver excellence with integrity in everything we do.



### **Embracing a Global Network**

We embrace the power of a global network no matter where you perform business.



### **Driven by Innovation**

We challenge innovation at every level. We encourage the growth of our client's future with our highly motivated and qualified team of engineers.



### **Respect for Individuals**

We treat everyone as they should be treated, with the utmost respect. We support an open environment where people can evolve and grow in their ideas and thoughts. We celebrate a diverse cultures and perspectives.

# OUR JOURNEY





# TURNKEY SOLUTION PROVIDER

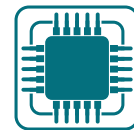
Our experience has given us a clear objective – to be a business focused partner to our clients and offer a unique combination of services and solutions which will give them an advantage in the industry. Supported by a focused team of domain experts, we have expertise in ASIC design and verification, embedded solutions, product and systems engineering, and IoT solutions.



Internet of Things  
IoT Enablement



System and FPGA  
Platform Solutions



Semiconductor  
Development



Engineering Services  
with Strategic  
Customer Engagement



IP Development for  
Vision Processing  
and Deep Learning

# 360-DEGREE ENGINEERING SOLUTIONS

## IOT SOLUTIONS

MosChip has vast experience in developing M2M and IoT applications and has delivered end-to-end applications in record time. From industrial controls to high-end machines, heavy equipment, HVAC controls, smart meters, and home appliances, MosChip is capable of delivering M2M solutions by taking responsibility for hardware design, embedded development, cloud connectivity, and smartphone accessibility.



Smart Metering



Smart Lighting



Sales Force Tracking



Diesel Generator Monitoring



Heavy Equipment Monitoring



Solar and Windmill Monitoring

## SYSTEMS

MosChip manages Electronic System Hardware and Software Design for Automation Applications. We offer embedded solutions for Analog, Digital, Mixed Signal, and Power Electronics domains used in Industrial, Military, and Aerospace Applications. MosChip is committed to serving the needs of our clients offering exceptional value through highly competent interdisciplinary engagements and numerous years of hands-on experience in the Automatic Test Equipment (ATE) Industry, and Embedded Systems and Software.



Product Engineering



System Design



Board Design



Original Design Manufacturing



Compliance and Certifications



Embedded Software

## SEMICONDUCTOR

With more than a decade experience in product development and semiconductor services, MosChip masters the science behind ASIC, SoC, and FPGA design, verification, synthesis, STA, physical design, SW, and FW development, PCB Board design, testing, silicon bring-up, protocol validation, and certification.



ASIC, SoC Design, and Verification



FPGA Design and Verification



BSP



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## We provide simple solutions for your complex challenges

Our philosophy is simple. Unparalleled service and support for our clients' business success. Our commitment to meeting the needs, requirements, and expectations of our clients for bottom-line improvements and sustained value is our priority. MosChip's collaborative approach in strategic decision making is aimed at providing and delivering high quality solutions.

# INDUSTRIES WE SERVE

We deliver a wide range of services and solutions to a diversified client base of 300+ clients, including Fortune 500 companies, across 12 industries that include:



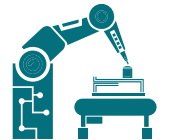
Smart Cities



Aerospace and Defense



Network and Telecom



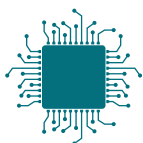
Medical Devices



Aerospace and Defense



Network and Telecom



Semiconductor



Automation



Transport and Logistic



Retail



Consumer Electronics



Mobile Communication

# WE AIM TO BE YOUR MOST VALUED PARTNER

- ✔ 16+ years of product development experience.
- ✔ Claimed several FIRST-PASS verification successes.
- ✔ Expertise in managing end-to-end product life cycles, from concept to design, build, test, release, and support.
- ✔ Trusted verification eyes to develop your standards, protocols, and test infrastructures, whilst product companies focus on their designs and development.
- ✔ Go to center of excellence where results really matter.
- ✔ Developed and integrated several Verification IPs.
- ✔ Pioneered and deployed several traditional and advanced Digital, MS, and LP methodologies.
- ✔ Designed, developed, and sold approximately 8 million connectivity (PCI, USB, PCIe) chips.
- ✔ Developed SOCs for networking and storage domain.
- ✔ Single point of accountability for (system development) hardware, software, QA/testing and sustenance engineering
- ✔ Early adopters of advanced ASIC verification methodologies such as VMM, OVM, and UVM bringing about reusability and scalability





## AWARDS

Mentor Graphic corporation (NASDAQ:MENT), a leader in electronic hardware and software design solution along with Silicon India, announces the 2016 Leadership Awards for Embedded / VLSI industry.

The Silicon India Award is one of its kind, felicitating the best of VLSI/Embedded industry, since 2010. This is the 6th edition, where in the best of VLSI/Embedded industry were honoured with a great show.

Among few others best firms, Moschip grabbed the award for the BEST ELECTRONIC SYSTEM DESIGN – ESTABLISHED INDIAN COMPANY. Moschip is one of the pioneers in publicly listed semiconductor design and service company. It has an extensive experience in arrays of industries like Aerospace and defence, Consumer electronics, IoT to name a few.



**Mentor**  
**Graphics** & **siliconindia**

MOSCHIP SEMICONDUCTOR TECHNOLOGY LTD, a Premier Semiconductor Design and Service Company with extensive design experience in Aerospace, Defense, Consumer Electronics, Audio and Video, Networking and telecommunications, Mobile Electronics, Security and Software Development received the Prestigious Award as the “Best Product Design Company in A & D” in the category of “Best Embedded Product Design and Services Company in A & D – INDIA”.

The Award is declared by the Indian Electronics and Semiconductor Association (IESA), the premier trade body representing the Indian Electronic System Design and Manufacturing (ESDM) industry and The National Association of Software and Services Companies (NASSCOM) in the DEFTRONICS AWARDS 2016. The Award is to applaud the outstanding contribution in the Aerospace and Defence Electronics space which is presented at the Annual Aerospace, Defence & Internal Security focused event – DEFTRONICS.



Winner of “BEST PRODUCT DESIGN COMPANY IN AEROSPACE AND DEFENSE” at the 2016 DEFTRONICS Awards



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**BOARD OF DIRECTORS**

Mr. K. Ramachandra Reddy	--	Chairman
Mr. Seetha Ramam Voleti	--	Whole Time Director & CFO
Mr. G. Prasad	--	Independent Director
Ms. Poornima Shenoy	--	Independent Director
Mr. Camillo Martino	--	Independent Director

Mr. Damodar Rao Gummadapu resigned as Director and appointed as Chief Executive Officer W.e.f 06th April, 2017.  
Mr. Kotamraju Venkata Ramana resigned as Director W.e.f 24th August, 2017

**COMMITTEES OF THE BOARD**

**Audit Committee.**

Mr. G. Prasad	-	Chairman
Mr. Seetha Ramam Voleti	-	Member
Mr. Camillo Martino	-	Member

**Nomination & Remuneration Committee.**

Mr. G. Prasad	-	Chairman
Mr. Camillo Martino	-	Member
Ms. Poornima Shenoy	-	Member

**Stakeholders Relationship Committee.**

Mr. G. Prasad	-	Chairman
Mr. Seetha Ramam Voleti	-	Member
Ms. Poornima Shenoy	-	Member

**Mr. Damodar Rao Gummadapu**

Chief Executive Officer

**CS Suresh Bachalakura**

Company Secretary & Compliance Officer

**REGISTERED OFFICE**

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

**STATUTORY AUDITORS**

**M/S Gokhale & Co.**

Chartered Accountants  
3-6-322, Office No. 306, Mahavir House  
Basheer Bagh, Hyderabad – 500029

**SECRETARIAL AUDITORS**

**M/S S. Srikanth & Associates**

Company Secretaries  
Off: Parameswara Apartments  
# 6-3-626, 5th Floor, 5 – A  
Anand Nagar, Khairatabad  
Hyderabad - 500004.

**REGISTRAR AND SHARE TRANSFER AGENTS**

**Karvy Computershare Pvt. Ltd.**

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

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**To the Members,**

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Financial Statements (both Consolidated & Standalone) of the Company for the year ended 31st March 2017.

**Financial Results**

	Year ended 31 March 2017		Year ended 31 March 2016	
	Standalone	Consolidated	Standalone	Consolidated
Total Income	1859.14	3944.34	524.44	551.27
Operating Profit before Depreciation & Tax	(118.93)	(38.83)	(1053.22)	(1128.80)
Less: Depreciation	15.98	25.40	17.65	17.82
Profit before Tax	(102.95)	(13.43)	(1070.87)	(1146.62)
Less: provision for FBT	0	0	0	0
Profit after Tax before extraordinary and Prior period item	(102.95)	(25.53)	(1070.87)	(1146.62)
Less: Extraordinary and prior period item	0	0	4.23	47.24
Less: Pre acquisition (+) Profit/ (-) loss	0	(151.00)	0	0
Profit after tax after extraordinary and Prior period item	(102.95)	125.47	(1118.10)	(1193.86)
Earnings per Share (EPS)				
Before extraordinary and prior period item				
Basic	(0.09)	(0.01)	(2.33)	(2.49)
Diluted	(0.09)	(0.01)	(2.33)	(2.49)
After extraordinary and prior period item				
Basic	(0.09)	0.11	(2.43)	(2.59)
Diluted	(0.09)	0.11	(2.43)	(2.59)

**Company's performance**

On consolidated basis, revenue from operations for FY 2016-17 at Rs.3944.34 lakhs as against Rs.551.27lakhs for the FY 2015-16. Consolidated Net profit for the FY 2016-17 was Rs.125.47 lakhs as against to the Net loss of Rs. 1193.86 lakhs for the FY 2015-16.

On standalone basis, revenue from operations for FY 2016-17 at Rs.1859.14 lakhs as against Rs.524.44 lakhs for the FY 2015-16. Standalone Net Loss for the FY 2016-17 was Rs.102.95 lakhs as against Net Loss of Rs.1118.10 lakhs for the FY 2015-16.

**MosChip India**

MosChip Semiconductor Technology Limited (MosChip India) is a fabless model semiconductor and Internet of Things/Everything (IOT/E) focused company specializes in providing value added services in VLSI design, Software development & development SOC

(System On a Chip) for Aerospace & Defense, Consumer and Industrial applications and IOT/E Products and Services across various industries.

**Management Discussion & Analysis**

Pursuant to the provisions SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, a report on Management Discussion & Analysis is set out as **Annexure – A** to this report.

**Subsidiaries, Joint Ventures and Associate Companies**

At the beginning of the year, the Company had 1 direct subsidiary. As on March 31, 2017, the Company has 5 direct subsidiaries and 1 step-down subsidiary.

Names of 6 subsidiaries as on March 31, 2017 are:

- 01) MosChip Semiconductor Technology, USA
- 02) ElitePlus Semiconductor Technologies Private Limited



- 03) Orange Semiconductors Private Limited
- 04) Maven Systems Private Limited
- 05) TexoTech Solutions Private Limited
- 06) MosChip Global Pte Limited

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

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

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiary, are available on the website of the Company.

#### **Dividend**

In view of the losses (Standalone) your directors have not recommended any dividend for the year under review.

#### **Increase in Paid-up Share Capital**

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

- i. On 18.02.2016, the Company has issued 6,77,57,000 Equity Shares of Rs.2 at a premium of Rs.3.41 through Private Placement, and all 6,77,57,000 Eq. Shares were allotted on 12.04.2016.
- ii. On 30.09.2016, 4,51,000 Equity Shares were allotted at a price of Rs.5.98, on exercise of ESOP's Scheme.
- iii. On 09.09.2016, the Company has issued 1,14,89,000 Eq. Shares, 63,00,000 Series 1 Warrants, 66,36,000 Series 2 Warrants and 20,00,000 Warrants through Private Placement. On 04.01.2017, the Company has allotted 1,06,24,998 Equity Shares of Rs.2.00 each at a premium of Rs.19.80 per Share.

Consequent to the above, the subscribed and paid-up Equity Share capital of your Company as on March 31, 2017 stood at Rs.249,737,030/- comprising of 124,868,515 Equity Shares of Rs.02/- each.

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

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

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

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

#### **Transfers to Reserves**

In view of the loss, your Board of Directors does not appropriate any amount to be transferred to the reserves during the year under review.

#### **Buy Back of Securities**

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

#### **Sweat Equity**

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

#### **Bonus Shares**

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

#### **Dematerialization of Shares**

96.70% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2017 and balance 3.30% is in physical form. The Company's Registrars are Karvy Computershare Pvt. Ltd., Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad, Telangana- 500 032,.

#### **Number of Board Meetings held**

A tentative calendar of Board Meetings to take place in each year is prepared and circulated to Board Members before the beginning of each Financial Year. The Board of Directors duly met 08 times during the financial year from 1st April, 2016 to 31st March, 2017. The dates on which the meetings were held are as follows:

(i) April 12, 2016, (ii) May 27, 2016, (iii) July 15, 2016, (iv) August 31, 2016, (v) September 09, 2016, (vi) September 30, 2016, (vii) October 27, 2016 and (viii) February 14, 2017.

Details of number of Meetings attended by each Director have been given in the corporate governance report, which forms part of the Annual Report.

#### **Directors and Key Managerial Personnel**

Inductions, Changes & Cessations in Directorships

Mr. C. Dayakar Reddy (DIN: 00042663), Whole-time Director resigned on 12.04.2016. The Board in its Meeting dated 12.04.2016, placed on record its appreciation for the Services, assistance and guidance provided by Mr. C. Dayakar Reddy since incorporation of the Company as a Director.

On recommendation of the Nominations and Remuneration Committee, the Board has appointed Mr. Damodar Rao Gummadapu (DIN: 07027779) and Mr. Seetha Ramam Voleti (DIN: 07332440) as Additional Directors with effect from 12.04.2016 and their appointments were regularized in the AGM held on 30.09.2016. Mr. Damodar Rao Gummadapu has rich experience in various capacities in several companies Mr. Seetha Ramam Voleti has rich experience in various capacities in Banking & Finance industry.

In the Board Meeting held on 31.08.2016, Mr. Damodar Rao Gummadapu (DIN: 07027779) was re-designated as Non-Executive Director of the Company and Mr. Seetha Ramam Voleti (DIN: 07332440) was appointed as Whole-time Director of the Company for a period of five years with effect from 01.09.2016 and approval members was taken in the AGM held on 30.09.2016.

On 06.04.2017, Mr. Kadiri Ramachandra Reddy was re-designated as Non-Executive Director, as he resigned from the office of the Whole-time Director and CEO.

On 06.04.2017, Mr. Gummadapu Damodar Rao resigned from the office of the Director.

On recommendation of the nominations and Remuneration Committee, the Board has appointed Mr. Camillo Martino (DIN: 07785530) as Additional Directors in the Independent Category with effect from 06.04.2016.

Approval of members by way of ordinary resolution is required for regularization of appointment of Mr. Camillo Martino at the ensuing Annual General Meeting scheduled to be held on September 29, 2017.

Directors retire by rotation:

Pursuant to the requirements of the Companies Act, 2013 and Articles of Association of the Company Mr. Seetha Ramam Voleti, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers them self for re-appointment.

**Key Managerial Personnel**

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company as on 01.04.2016 were –

Mr. K. Ramachandra Reddy – Chief Executive Officer.

Mr. Kasinath Tumuluru - Chief Financial Officer

Mr. CS Suresh Bachalakura – Company Secretary

Changes in the key managerial personnel :

On 31.08.2016, Mr. Kasinath Tumuluru resigned from the office of Chief Financial Officer. And the Board has appointed Mr. Seetha Ramam Voleti as Chief Financial Officer with effect from 01.09.2016.

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

**Appointment of Independent Directors**

At the Fifteenth Annual General Meeting held on 11.09.2014, Mr. G. Prasad, Mr. K.V.Ramana and Ms. Poornima Shenoy were appointed as Independent Directors of the Company to hold office for a period of 3 years.

On recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company as its meeting held on 24.08.2017, approved, subject to the members' approval, reappointment of Mr. G. Prasad, and Ms. Poornima Shenoy as Independent Directors for a second term of five year.

Mr. Camillo Martino who has been appointed as an Additional Director in the category of Independent possess appropriate balance of skills, expertise and knowledge and are qualified for appointment as Independent Directors.

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

**Familiarization programme for Independent Directors**

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

**Board evaluation**

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

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

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

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

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

#### **Audit Committee**

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

#### **Nomination and Remuneration Policy**

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

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

#### **Corporate Social Responsibility (CSR) Initiatives:**

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

#### **Internal control systems and their adequacy:**

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

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

#### **Employee Stock Option Plan**

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

- (a) MosChip Stock Option Plan – 2001
- (b) MosChip Stock Option Plan – 2002
- (c) MosChip Stock Option Plan – 2004
- (d) MosChip Stock Option Plan – 2005(MI)
- (e) MosChip Stock Option Plan – 2005(WOS)
- (f) MosChip Stock Option Plan – 2008
- (g) MosChip Stock Option Plan – 2008(ALR)
- (h) MosChip Stock Option Plan – 2008(Director)

During the year the company has not issued stock options. The details of the employee stock options plan form part of the Notes to accounts of the financial statements in this Annual Report.

#### **Vigil Mechanism / Whistle Blower Policy**

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

#### **Fixed Deposits**

The Company has not accepted any deposits from public and as such, no amount on account of principal

or interest on deposits from public was outstanding as on the date of the balance sheet.

### **Statutory Auditors and Auditors' Report**

M/s. Gokhale & Co., Chartered Accountants (Firm Registration No. 000942S) were re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 15th Annual General Meeting (AGM) held on September 11, 2014 until the conclusion of the third consecutive AGM of the Company to be held in the year 2017 (subject to ratification of their appointment by the Members at every AGM held after the AGM held on September 11, 2014). As such, M/s Gokhale & Co., retire at the conclusion of the 18th AGM. In view of the provisions of Section 139 of the Act, M/s Gokhale & Co., can no more continue as the Auditors. The Board, upon the advice of the Audit Committee, wishes to recommend the appointment of M/s. S.T. Mohite & Co., Chartered Accountants, as Auditors for a period of five years from the conclusion of the 18th AGM. A resolution to this effect is being proposed at the forthcoming AGM.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from M/s S.T. Mohite & Co., Chartered Accountants to their appointment and a Certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

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

The Report of the Statutory Auditors for the year ended 31st March, 2017, forming part of the Annual Report does not contain any qualification, reservation, observation, adverse remark or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. B S S & Associates, Company Secretaries for conducting Secretarial Audit of the Company for the financial year 2016-2017. The Secretarial Audit Report is annexed herewith as **Annexure – C.**

The Secretarial Audit report does not contain any qualification, reservation or adverse remark

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

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

### **RELATED PARTY TRANSACTIONS:**

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

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the Listing Agreement. This Policy was considered and approved by the Board has been uploaded on the website of the Company at **<http://www.moschip.com/corporategovernance/RelatedPartyPolicy>** link

### **Extract of Annual Return:**

Pursuant to section 92(3) and Section 134(3)(a), extract of the Annual Return as on March 31, 2017 in Form MGT-9 is annexed herewith as **Annexure – F.**

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

### **REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES:**

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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



- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared annual accounts on a going concern basis; and
- e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively;
- f) the directors had devised proper systems to ensure compliance by the Company with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory, and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2016-2017.

**CORPORATE GOVERNANCE AND SHARE HOLDERS INFORMATION**

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

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

The Company prohibits any form of sexual harassment and any such incidence is immediately investigated and appropriate action taken in the matter against the

offending employee(s) based on the nature and the seriousness of the offence. The Company has a policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace (the Policy) and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" notified by the Government of India vide Gazette Notification dated 23rd April, 2013.

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

Development and Implementation of a Risk Management Policy:

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

**Annexures forming part of this report**

Annexures	Particulars
A	Management Discussion & Analysis
B	Form AOC - 1
C	Secretarial Audit Report
D	Details of Energy Conservation Technology absorption, Foreign exchange earnings & out go
E	Form AOC - 2
F	Extracts of Annual Return Form MGT-9
G	Remuneration related disclosures per Section 197
H	Report on Corporate Governance

**Appreciation**

The Board wishes to gratefully acknowledge the understanding and support received by the Company from its employees. It would wish to thank the banking system, the Central Government, the various State Governments and the local authorities for the support received during the year.

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

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

**K. Ramachandra Reddy**

Place : Hyderabad

Chairman

Date : 24th August, 2017



## Annexure 'A' to the Directors' Report

**MANAGEMENT DISCUSSION AND ANALYSIS****The Company & Forward Looking Statement:**

MosChip Semiconductor Technology Limited (MosChip India) is a fabless model semiconductor and Internet of Things/Everything (IOT/E) focused company with its headquarters in Hyderabad, India. The Company specializes in providing value added services in VLSI design, Software development & development SOC (System On a Chip) for Aerospace & Defense, Consumer and Industrial applications and IOT/E Products and Services across various industries. In this report, "MosChip Group", "Group", "we", "us" and "our" each refers to MosChip India and also its wholly owned subsidiaries i.e. ElitePlus Semiconductor Technologies Private Limited, Maven Systems Private Limited, Orange Semiconductors Private Limited and TexoTech Solutions Private Limited, MosChip Global Pte Limited (Singapore), MosChip Semiconductor Technology, USA (MosChip USA).

The financial statements have been prepared in compliance with the requirements of the Companies Act 2013 and the Generally Accepted Accounting Principles in India. The management of MosChip accepts responsibility for the integrity and objectivity of these financial statements, as well as, for various estimates and judgments used therein.

In addition to the historical information, this report contains certain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from the results anticipated in these forward-looking statements as a result of certain factors including those set forth under the sub-heading "Risks and Concerns." Forward looking statements can be identified by the use of forward-looking words, such as "may," "could," "expect," "believe," "plan," "anticipate," "continue," "likely," \* intend, \* estimate,\* or other similar words. The Company disclaims any obligation to update these forward-looking statements, except as may be required by law.

**Overview**

The Indian semiconductor industry offers high growth potential areas as the industries which source semiconductors as inputs are themselves witnessing high demand. The end-use industries such as mobile devices, telecommunication equipment, information technology, office automation (IT & OA), industrial machinery, automobiles and several other industries have applications for computing in some form or other and thereby necessarily have growing demand for semiconductors. Now with the concept of Internet of Things (IoT) picking up momentum, the next generation of interconnected devices would further increase the demand for intelligent computing, thereby creating sustainable demand for semiconductors.

India has a very fast growing electronics system design manufacturing (ESDM) industry. India also has a strong design base with more than 120 units. According to the Department of Electronics and Information Technology (DeitY), nearly 2,000 chips are being designed every year in India and more than 20,000 engineers are working on various aspects of chip design and verification. The government has a strong focus in developing the ESDM ecosystem in India. Several subsidies and other incentives are on offer for setting up electronics manufacturing units in India.

MosChip has been consolidating its position, withstanding the challenges faced by the Industry. MosChip is the first publicly traded fabless model semiconductor Company from India with specific focus on cutting edge products and IOT/E products and Services. MosChip leverages its engineering skills to develop custom products, Embedded Software development, IP development and design/development/implementation services. MosChip is currently focusing on design and development services division. It has services agreements and contracts with several companies in India and abroad.

**Industry****Semi-conductor:**

2016-17 witnessed some slowdown in the Global Semi-conductor Industry and pressure of innovating more advanced technology. The Industry has also witnessed higher R&D cost, war for talent and increased need for consolidation. The Indian semiconductor industry offers high growth potential areas as the industries which source semiconductors as inputs are themselves witnessing high demand

**Semiconductor applications or end markets can be divided into six categories:**

1. Communications is the largest end-market – growth in this area is driven currently by demand for smartphones and wireless networks and, in the not too distant future, by the Internet of Things (IoT) –connected devices in the home or workplace.
2. Computers– growth in this area is being driven by demand for tablets.
3. Consumer Electronics– leading growth in this category are digital TVs including game consoles, audio for home theatre systems, blue tooth enabled speakers, the sudden proliferation of fitness wearables that track just about every part of your day and the IoT.

4. Automotive Electronics– advanced electronics now control just about every aspect of the automobile, and the installation of “infotainment” systems is growing especially fast. Driverless automobiles with vision imaging and IoT are already in the design stages.
5. Industrial/Medical– smart grids, smart cities, factory automation and robotics, industrial IoT and health IT are major forces at work in the category.
6. Aerospace and Defence procured products

**IOT:**

Now with the concept of Internet of Things (IoT) picking up momentum, the next generation of interconnected devices would further increase the demand for intelligent computing, thereby creating sustainable demand for semiconductors.

India has a very fast growing electronics system design manufacturing (ESDM) industry. India also has a strong design base with more than 120 units. According to the Department of Electronics and Information Technology (DeitY), nearly 2,000 chips are being designed every year in India and more than 20,000 engineers are working on various aspects of chip design and verification. The government has a strong focus in developing the ESDM ecosystem in India. Several subsidies and other incentives are on offer for setting up electronics manufacturing units in India.

The Indian electronics and hardware industry is expected to reach US\$ 112-130 billion by 2018 as electronics and hardware manufacturers are looking to increase their manufacturing base in India to cater to the domestic market as well as the Middle East, Africa and SAARC countries.

Over the past several years, many original equipment manufacturers (OEMs) and integrated device manufacturers (IDMs) have invested in the Indian semiconductor space.

The Government of India expects investment proposals in electronics manufacturing to increase two times in the two years to 2017-18, giving a push to the government's 'Make in India' initiative. Of the 54 proposals received, the Centre has approved 30 requests entailing investments of Rs 6,000 crore (US\$ 889.44 million), while 24 are in an advanced stage.

Considering the continued growth momentum, the Indian semiconductor design market is expected to grow at a CAGR of 29.4 percent to touch US\$ 52.6 billion in 2020.

**Government Initiatives**

- In the Union Budget 2017-18, the Government of India increased the allocation for incentive schemes like the Modified Special Incentive Package Scheme (M-SIPS) and the Electronic Development Fund (EDF) to Rs 745 crore (US\$ 111 million) for providing a boost to the semiconductor as well as the electronics manufacturing industry.
- The Union Cabinet has approved incentives up to Rs 10,000 crore (US\$ 1.47 billion) for investors by amending the M-SIPS scheme, in order to further incentivise investments in electronics sector, create employment opportunities and reduce dependence on imports by 2020.
- The Ministry of Electronics and Information Technology plans to revise its policy framework, which would involve the government taking a more active role in developing the sector by providing initial capital, with the aim to attract more private players and make India a global semiconductor hub.
- Mr Ravi Shankar Prasad, Union Minister of Electronics and Information Technology, inaugurated an Electropreneur Park at University of Delhi's South Campus, which would incubate 50 early stage start-ups and create at least five global companies over a period of five years.
- The ESDM industry will benefit from the government's “Make in India” campaign and is projected to see investment proposals worth Rs 10,000 crore (US\$ 1.5 billion) over the next two years, according to the India Electronics and Semiconductor Association (IESA), an industry body.
- The Government of Telangana plans to launch T-Works in Hyderabad, which will act as a prototyping centre for electronics, semiconductors and hardware start-ups on the lines of California State's Innovation Hub or iHub.
- The Government of India has taken several steps to boost domestic production of electronic items and reduce dependence on imports. Some of these steps include imposition of basic customs duty on certain items falling outside the purview of IT Agreement, exemption from SAD on inputs/components for PC manufacturing, imposition of education cess on imported electronic products for parity, etc.
- Gujarat Government is planning to set up an electronics products manufacturing hub in the state, through its newly announced Electronics Policy 2016, which will generate about 500,000 jobs in the electronics sector in the next five years.
- The government also plans to invest US\$10 billion in two computer chip manufacturing facilities with a view to create an ecosystem that lays the focus on high-end innovation.
- The Union Cabinet has reconstituted an empowered committee on setting up semiconductor wafer fabrication manufacturing facilities in the country.

## Road Ahead

The government, in consultation with semiconductor industry, has increased focus on the ESDM sector in last few years. Some of the initiatives outlined in the National Electronics policy and the National Telecom policy are already in the process of implementation, such as Preferential Market Access (PMS), Electronics Manufacturing Clusters (EMC) and Modified Special Incentive Package Scheme (M-SIPS). With the implementation of fabrication capabilities in India, the country could achieve a degree of self-sufficiency in electronics.

## Outlook

**The coming year will see a slew of initiatives to achieve a healthy organic and inorganic growth. The strategy will ensure topline growth as well as improvement in bottom line and Cash position to deliver superior shareholder value.**

The following sections highlight management's assessment of business potential.

### Design Services Business

MosChip leverages its engineering skills to develop custom products, IP development and design/development services. After the sale of I/O products of the company, it is focusing itself on SOC products, which have a very promising future and the design services business. Mixed signal design capabilities will add to the design strength of engineering thereby increasing the competitive edge.

MosChip leverages this strength in services business. It is successfully making inroads in design services business and foresees a very bright future ahead. The company has transformed into value added services and has made steady inroads into very large Tier-1 customers, including domestic customers.

MosChip is also investing heavily in Automation, IOT/E, Artificial Intelligence (AI) and Deep Learning Products and Services. Our focus is to be a leading company in overall VLSI design and development, Embedded Software Development and IOT/E areas.

### Geographical Expansion:

MosChip has plans in place to strengthen the Milpitas, CA, USA operations and Revenue growth by extending necessary Investment and support in the form of building Sales team. MosChip also has plans to expand into other geographies i.e. Europe, UK and APAC regions by opening Offices in UK and Singapore.

### Increasing focus on Defence projects

We believe that under the present Government, the defence manufacturing sector has already started to get a policy action push. Hence, we believe that the Indian defence sector is likely to offer enormous opportunities for growth.

Given the equipment requirements for the modernization of India's armed forces, along with the thrust from GoI and present policy of 'Make in India', we believe India is about to start one of the world's largest procurement cycles. Citi Research estimated the opportunity of the Indian defence manufacturing sector to be worth US\$245bn over the next 10 years.

We believe the opportunity will be more back-ended given the long procurement cycles in defence (despite timeline-crunching by the new government). However, not only could orders be large but they also could be recurring, making demand less cyclical. While the larger private companies would target the OEM level, their involvement could nurture tier 1 & tier 2 suppliers, creating a virtuous cycle for India's defence manufacturing sector.

**References:** Ministry of Finance, Press Information Bureau (PIB), Media Reports and Press Releases, Department of Industrial Policy & Promotion (DIPP), India Semiconductor Association, Ministry of Information Technology and Department of Electronics and Information Technology

### Offset Business:

Since 2005, the Indian Ministry of Defence (MoD) has been operating a formal offset policy as part of the Defence Procurement Procedure (DPP), the procurement manual used for capital acquisition for the Indian Armed Forces. The prime objective of the offset policy, which has undergone several rounds of revisions, is to leverage India's huge arms import for strengthening the indigenous arms industry. To achieve the objective, the policy allows foreign vendors to discharge their offset obligations through a combination of avenues that include two key provisions: FDI in Indian Companies; and purchase of certain products/services from qualified Indian enterprises. Till October 2014, MoD signed 25 offset contracts valued \$4.97 billion.

MosChip intends to go after this to offer contracts in the area of Computer Software and Hardware imports and establish itself as a domestic supplier to the Indian Defense Industry

### IOT/E Products and Services:

The coming year will witness initiatives in Service & Solution offerings in IOT/E space i.e. Smart Metering, Street Lighting, Commercial Lighting, Township & Home Automation and M2M space i.e. Heavy Equipment, School Buss, Commercial Vehicles etc.

## Mergers & Acquisitions

MosChip has acquired 03 Companies named ElitePlus Semiconductor Technologies Private Limited, Maven Systems Private Limited and Orange Semiconductors Private Limited in Financial year 2016-17. These deals help MosChip to rapidly increase its business scale and business scope.

MosChip is actively looking for inorganic growth by involving in Mergers and Acquisitions in Semiconductor, IOT/E, Automation and AI areas.

### **Intense competition in the semiconductor industry is driving the M&A significantly**

The semiconductor industry is characterized by intense competition. Acquisition of a rival firm helps the company to increase market share by increasing customer base.

Internet of Things playing an important role in shaping the M&A deals in the semiconductor industry

The Internet of Things represents a huge growth opportunity for the growth of semiconductor companies. Billions of devices are expected to be connected to the internet by 2020. Semiconductor companies can provide solutions in areas such as wearable electronics, industrial automation, automated lighting, automated heating, and so on. The semiconductor IoT market is expected to grow significantly by 2020 with high growth opportunities for semiconductor companies in segments such as automotive and smart homes.

## Risks and concerns

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

### **Semiconductor Services under pressure**

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

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

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

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

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

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

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

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

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

## Internal control systems

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

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

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

## Annexure 'B' to the Directors' Report

## Form AOC-1

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

## Part "A": Subsidiaries

(In Rupees)

		Name of the Subsidiary				
S. No	Particulars	MosChip Semiconductor Technology, USA	ElitePlus Semiconductor Technologies Pvt Ltd	Orange Semiconductor Pvt Ltd	Maven Systems Pvt Ltd	TexoTech Solutions Pvt Ltd
01	Reporting period	2016-17	2016-17	2016-17	2016-17	2016-2017
02	Exchange Rate	1 \$ = 64.86 /-	INR	INR	INR	INR
03	Equity Share Capital	197,433,840	108,000	100,000	100,000	100,000
04	Reserves & Surplus	(225,429,232)	4,212,733	(55,47,294)	(59,437,139)	4,140,684
05	Total Assets	228,476,874	12,773,933	21,878,633	60,074,919	12,783,506
06	Total Liabilities	256,472,266	8,453,200	27,325,927	119,412,057	86,42,822
07	Investments other than investments in Subsidiary	NIL	NIL	NIL	NIL	NIL
08	Turnover (Total Revenue)	148,420,305	35,068,597	37,413,576	43,289,626	34,697,058
09	Profit/ (Loss) Before Taxation	32,335,564	(4,299,254)	3,347,025	(27,316,533)	3,291,652
10	Provision for Taxation	51,888	494,021	1,201,008	496,713	1,000,080
11	Profit/ (Loss) After Taxation	32,283,676	(3,805,233)	21,46,017	(26,819,820)	2,291,572
12	Proposed Dividend	0	0	0	0	0
13	% of Shareholding	100%	100%	100%	100%	100%

Names of Subsidiaries which are yet to commence operations: MosChip Global Pte Limited, the Singapore subsidiary of MosChip was incorporated on November 04, 2016 is yet to commence operations.

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

## Part "B": Associates and Joint Ventures

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

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

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

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

For and on behalf of the Board of Directors

K. Ramachandra Reddy

Chairman

Place: Hyderabad

Date: 24th August, 2017



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**Annexure 'C' to the Directors' Report****Form No. MR-3  
Secretarial Audit Report****For the Financial Year ended 31st March, 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and  
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

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

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- 6) Other laws applicable specifically to the Company namely:
- (a) Information Technology Act, 2000 and the rules made thereunder
  - (b) Special Economic Zones Act, 2005 and the rules made thereunder
  - (c) Software Technology Parks of India rules and regulations
  - (d) The Indian Copy Right Act, 1957
  - (e) The Patents Act, 1970
  - (f) The Trade Marks Act, 1999

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board and General Meetings.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

Adequate notice was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

1. On 12.04.2016, the Company has allotted 6,77,57,000 Equity Shares. On 30.09.2016, the Company has allotted 4,51,000 Equity Shares on exercise of ESOP's under MosChip Stock Option Plan 2005 (MI) & 2008.
2. Approval of Shareholders for increase in limits for the Loans, Guarantee, Security and Investment by the Company in terms of the provisions Section 186 of the Companies Act, 2013 was taken in the AGM held on 30.09.2016,
3. Approvals of members was taken through Postal Ballot for following:
  - (i) to issue 55,00,000 Equity Shares on preferential basis to the shareholders of (i) Eliteplus Semiconductor Technologies Private Limited (ii) Maven Systems Private Limited and (iii) Orange Semiconductors Private Limited, as part consideration for the acquisition of 100% Share Capital.

- (ii) to issue 20,00,000 Convertible Warrants on preferential basis to Peju Group LLC
- (iii) to issue (i) 59,89,000 Equity Shares (ii) 63,00,000 Series 1 Warrants (iii) 66,36,000 Series 2 Warrants on preferential basis to Techwave Pte Ltd.

In respect of above issue, the Company has allotted 1,06,24,998 Equity Shares on 04.01.2017.

4. The Company has become subsidiary of Techwave Pte Ltd.

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

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

**Hyderabad  
24.07.2017**

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

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

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

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

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

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

**Hyderabad  
24.07.2017**

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## Annexure 'D' to the Directors' Report

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

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

#### 1. Conservation of Energy

##### i. Steps taken or impact on conservation of energy

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

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

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

At present, Company has not utilized any alternate source of energy and emphasize on the Conservation of energy and be frugal in utilizing the energy.

##### iii. Capital investment on energy conservation equipments

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

#### 2. Technology Absorption

##### Efforts made towards technology absorption

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

Information regarding imported technology (Imported during last three years)

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

##### Research & Development (R&D)

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

The Company has been focusing on growing the services business and has made inroads into some customers in India and USA. Consequently, the Company has not spent much effort on any new R&D work during the year under review.

##### **Future plan of action**

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

##### **Expenditure on R&D**

The expenditure on R&D is not separately classified, as there is no separate R&D division.

#### 3. Foreign Exchange Earnings and Outgo

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



The Company's products are meant primarily for the international markets. Our products are being designed in by various customers and are generating revenues for the Company. We expect revenues from licensing of software for these products increase significantly during the current year.

The Company has also commenced development of custom products where the customer shares a portion of the development costs. The Company has signed contracts for development and licensing of Intellectual Property. Apart from these, the Company is also planning to tap opportunities in offshore ASIC Development and Software Services for semiconductor companies. The revenues from these initiatives are expected to gain momentum in the coming years.

(b) Foreign exchange earnings and outgo

(Value in Rs.)

	Year ended March 31, 2017	Year ended March 31, 2016
Foreign Exchange earnings	5,07,31,197	61,37,934
Foreign Exchange outgo	56,51,593	1,52,06,983

For and on behalf of the Board of Directors

Place : Hyderabad  
Date : 24th August, 2017

K. Ramachandra Reddy  
Chairman

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**Annexure 'E' to the Directors' Report**

**FORM AOC-2**

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

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

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

MosChip Semiconductor Technology Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2016-17.

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

There were no material contracts or arrangements or transactions with related parties during the financial year 2016-17.

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

**K. Ramachandra Reddy**  
Chairman

**Place: Hyderabad**

**Date : 24th August, 2017**

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## Annexure 'F' to the Directors' Report

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the Financial Year ended on 31st March, 2017**

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

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Software development and designing	62011	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary Associate	% of shares held	Applicable Section
1.	Techwave Pte Limited	Not Applicable	Holding	55.41	Sec 2(87)
2.	MosChip Semiconductor Technology, USA	Not Applicable	Subsidiary	100	Sec 2(87)
3.	ElitePlus Semiconductor Technologies Pvt Ltd	U72400KA2014PTC074813	Subsidiary	100	Sec 2(87)
4.	Orange Semiconductors Technology Pvt Ltd	U72400KA2013PTC070896	Subsidiary	100	Sec 2(87)
5.	Maven Systems Pvt Ltd	U72900PN2009PTC134858	Subsidiary	100	Sec 2(87)
6.	MosChip Global Pte Limited	Not Applicable	Subsidiary	100	Sec 2(87)
7.	TexoTech Solutions Pvt Ltd.	U74900KA2013PTC072049	Step Subsidiary	100	Sec 2(87)

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

##### A) Category-wise Share Holding

Category of	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total Shares	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	9623	0	9623	0.02	4000	0	4000	0	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1) :-</b>	9623	0	9623	0.02	4000	0	4000	0	-
<b>2) Foreign</b>									
g) NRIs-Individuals	8444345	0	8444345	18.34	11183812	0	11183812	8.96	-
h) Other-Individuals	0	0	0	0	0	0	0	0	-
i) Bodies Corp.	0	0	0	0	69193199	0	69193199	55.41	55.41
j) Banks / FI	0	0	0	0	0	0	0	0	-
k) Any Other....	0	0	0	0	0	0	0	0	-
<b>Sub-total(A)(2) :-</b>	8444345	0	8444345	18.34	80377011	0	80377011	64.37	46.03
<b>Total Shareholding of Promoters</b>									
<b>(A) = (A)(1)+(A)(2)</b>	8453968	0	8453968	18.36	80381011	0	80381011	64.37	46.03
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	-
b) Banks / FI	150	0	150	0.00	150	0	150	0.00	NIL
c) Central Govt	0	0	0	0	0	0	0	0	-
d) State Govt(s)	0	0	0	0	0	0	0	0	-
e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
f) Insurance Companies	0	0	0	0	0	0	0	0	-
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	-
i) Others(specify)									
a) Foreign Corporate Bodies	566927	2154546	2721473	5.91	566927	2154546	2721473	2.18	NIL
b) Foreign Nationals	1594714	895301	2490015	5.41	1170978	895301	2066279	1.65	-
<b>Sub-total (B)(1)</b>	2161791	3049847	5211638	11.32	1738055	3049847	4787902	3.83	-
<b>2. Non Institutions</b>									
<b>a) Bodies Corp.</b>	1950504	300	1950804	4.24	2109526	300	2109826	1.69	-
(i) Indian									
b) Individuals									
(i) Individual shareholder holding nominal share capital up to Rs. 2 lakh	25807880	311818	26119698	51.24	22336092	311818	22647910	18.14	-
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2884454	802404	3686858	18.92	12675586	802404	13477990	10.79	-

c) Others (Specify)									
i) Non Resident Indians	607997	0	607997	0.38	1328147	0	1328147	1.06	-
ii) Clearing Members	4554	0	4554	0.01	135729	0	135729	0.10	-
<b>Sub-total (B) (2)</b>	<b>31255389</b>	<b>1114522</b>	<b>32369911</b>	<b>81.64</b>	<b>38585080</b>	<b>1114522</b>	<b>39699602</b>	<b>31.79</b>	<b>(49.85)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>33417180</b>	<b>4164369</b>	<b>37581549</b>	<b>81.64</b>	<b>40323135</b>	<b>4164369</b>	<b>44487504</b>	<b>35.63</b>	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>41871148</b>	<b>4164369</b>	<b>46035517</b>	<b>100</b>	<b>120704146</b>	<b>4164369</b>	<b>124868515</b>	<b>100</b>	<b>0</b>

\* During the Financial year the Paid up capital of the Company increased from 46035517 to 124868515, hence % change during the year cannot be calculated.

\*\* During the financial year Techwave Pte Limited is joined as a promoter.

**B) Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year of Shares
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	TECHWAVE PTE LIMITED	0	0	0	69193199	55.41	0	55.41
2	K RAMACHANDRA REDDY*	3050037	6.63	0	6443037	5.16	0	(1.47)
3	ART KHACHATURIAN	1757047	3.82	0	1757047	1.41	0	(2.41)
4	JOSEPH WAI	708632	1.54	0	708632	0.57	0	(0.97)
5	EDDIE SIN PO CHIU	626000	1.36	0	1000	0.00	0	(1.36)
6	C. DAYAKAR REDDY	598920	1.30	0	598920	0.48	0	(0.82)
7	SUREKHA REDDY	530001	1.15	0	530001	0.42	0	(0.73)
8	K PRATIBHA REDDY	500398	1.09	0	500398	0.40	0	(0.69)
9	GARY KENNEDY	262978	0.57	0	262978	0.21	0	(0.36)
10	LAURENCE N. BENZ	198105	0.43	0	198105	0.16	0	(0.27)
11	VINAY DANTAPALLY KUMAR	134156	0.29	0	105623	0.08	0	(0.21)
12	STEVE SHU FUN KAM	44400	0.10	0	44400	0.04	0	(0.06)
13	SEAN PAUL CARNEY	33671	0.07	0	33671	0.03	0	(0.04)
14	NAVEEN REDDY	5623	0.01	0	0	0	0	(0.01)
15	CHANDRAM RAMA REDDY	4000	0.01	0	4000	0.00	0	0
	<b>TOTAL</b>	<b>8453968</b>	<b>18.36</b>	<b>0</b>	<b>80381011</b>	<b>64.37</b>	<b>0</b>	<b>46.03</b>

\* During the year Techwave Pte Limited has joined as promoter group, accordingly the % of shareholding of the remaining promoters was changed.



## C) Share Holding of Directors &amp; Key Managerial Personnel:

S. No	Share Holding of Directors & KMPN	Shareholding at the end of the year		Increase / (decrease) in shareholding during the year			Cumulative shareholding during the year	
		No. of Shares	% of Total Shares of the company	No of Shares	% of Total Shares of the company	Reason	No. of Shares	% of Total Shares of the company
<b>Directors:</b>								
1.	Mr. K. Ramachandra Reddy (Chairman)	6443037	5.16	33930000	2.72	Preferential Issue	6443037	5.16
2.	Mr. C. Dayakar Reddy* (Director)	598920	0.48	0	0		598920	1.30
3.	Mr. Seetha Ramam Voleti (Whole time Director)	0	0	0	0	0	0	0
4.	Mr. Damodar Rao Gummadapu (Non-Executive – Non Independent Director)	0	0	0	0	0	0	0
3.	Mr. G. Prasad (Independent Director)	2750	0.00	0	0	0	2750	0.00
4.	Mr. K. V. Ramana (Independent Director)	0	0	0	0	0	0	0
5.	Mrs. Poornima Shenoy (Independent Director)	0	0	0	0	0	0	0
<b>Key Managerial Personnel</b>								
6.	Mr. Suresh Bachalakura (Company Secretary)	5045	0.00	5045	0.00		ESOP	50450.00
7.	Mr. Kasinath Tumuluru** (CFO)	50000	0.04	50000	0.04		ESOP	500000.04
8.	Mr. Seetha Ramam Voleti (CFO)	0	0	0	0	0	0	0

\*Mr. C. Dayakar Reddy ceased to be a Director w.e.f. 12th April, 2016. \*\* Mr. Kasinath Tumuluru resigned as CFO w.e.f. 31st August, 2016.

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**D) Change in Promoter Shareholding (please specify, if there is no change)**

S.No	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Techwave Pte Limited</b>	0	0	0	0
	Increase/(Decrease) during the year			69193199	55.41
	At the End of the Year			69193199	55.41
2.	<b>K RAMACHANDRA REDDY</b>	3050037	6.63	3050037	6.63
	Increase/(Decrease) during the year			3393000	2.17
	At the End of the Year			6443037	5.16
2	<b>ART KHACHATURIAN</b>	1757047	3.82	1757047	3.82
	Increase/(Decrease) during the year	Nil	Nil	Nil	Nil
	At the End of the Year			1757047	1.41
3	<b>JOSEPH WAI</b>	708632	1.54	708632	1.54
	Increase/(Decrease) during the year	Nil	Nil	Nil	Nil
	At the End of the Year			708632	0.57
4	<b>EDDIE SIN PO CHIU</b>	626000	1.36	626000	1.36
	Increase/(Decrease) during the year	Nil	Nil	625000	Nil
	At the End of the Year			1000	0.00
5	<b>C. DAYAKAR REDDY</b>	598920	1.27	598920	1.27
	Increase/(Decrease) during the year			0	Nil
	At the End of the Year			598920	0.48
6	<b>SUREKHA REDDY</b>	530001	1.15	530001	1.15
	Increase/(Decrease) during the year	Nil	Nil	Nil	Nil
	At the End of the Year			530001	0.42
7	<b>K PRATIBHA REDDY</b>	500398	1.09	500398	1.09
	Increase/(Decrease) during the year	Nil	Nil	Nil	Nil
	At the End of the Year			500398	0.40
8	<b>GARY KENNEDY</b>	262978	0.57	262978	0.57
	Increase/(Decrease) during the year	Nil	Nil	Nil	Nil
	At the End of the Year			262978	0.21
9	<b>LAURENCE N. BENZ</b>	198105	0.43	198105	0.43
	Increase/(Decrease) during the year	Nil	Nil	Nil	Nil
	At the End of the Year			198105	0.43
10	<b>VINAY DANTAPALLY KUMAR</b>	134156	0.36	134156	0.36
	Increase/(Decrease) during the year			28533	Nil
	At the End of the Year			105623	0.08
11	<b>STEVE SHU FUN KAM</b>	44400	0.10	44400	0.10
	Increase/(Decrease) during the year	Nil	Nil	Nil	Nil
	At the End of the Year			44400	0.04
12	<b>SEAN PAUL CARNEY</b>	33671	0.07	33671	0.07
	Increase/(Decrease) during the year	Nil	Nil	Nil	Nil
	At the End of the Year			33671	0.03
13	<b>NAVEEN REDDY</b>	5623	0.01	5623	0.01
	Increase/(Decrease) during the year	Nil	Nil	5623	Nil
	At the End of the Year			NIL	NIL
14	<b>CHANDRAM RAMA REDDY</b>	4000	0.01	4000	0.01
	Increase/(Decrease) during the year	Nil	Nil	Nil	Nil
	<b>At the End of the Year</b>			<b>4000</b>	<b>0.00</b>

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the year No of shares		Shareholding at the end of the year	
		No of Shares	% of total shares of the company	Bought During the Year of the	Sold during the Year	No of shares	% of total shares of the Company
01	ESS TECHNOLOGY INC.	2329092	5.06	-	-	2329092	
02	LUI PAUL SUNG	830077	1.80	-	-	830077	0.66
03	CHIU SHUN YEE JULIA	775000	1.68	-	-	775000	0.62
04	CHUN YUAN WANG	683736	1.48	-	423736	260000	0.21
05	ARTEC GROUP OU	566927	1.23	-	-	566927	0.45
06	SARJU C JHAVERI @	535203	1.16	-	44805	490398	0.39
07	GOPAL DAS SONKIA (HUF) @	407303	0.88	-	-	407303	0.33
08	SHAISHAV C JHAVERI @	330321	0.72	-	33650	296671	0.24
09	CHANDRA MOHAN						
	CHOUDHARY @	280506	0.61	82194	-	362700	0.29
10	NAILESH VINOD GANDHI @	280000	0.61	-	180000	100000	0.08
11	RANGANATH						
	SHEKARAPPA						
	KEMPAHALLY*	-	-	1400000	-	1400000	1.12
12	DHANANJAY						
	RAMCHANDRA						
	KULKARNI*	-	-	666700	-	666700	0.53
13	JUHI VIJAY						
	SHRIVASTAVA*	-	-	625000	-	625000	0.50
14	NIGHOT RAJSHREE						
	SATISH *	-	-	625000	-	625000	0.50
15	KUSUM ASHOK						
	TALKHANDE*	-	-	625000	-	625000	0.50
16	POOJA NITIN NAIK*	-	-	625000	-	625000	0.50

1) The above information is based on the weekly beneficiary position received from Depositories. As it is not feasible to provide daily changes in shareholding, consolidated changes during the financial year 2016-17 has been provided.

@ Not there in the list of top ten shareholders as on March 31, 2017. Same has been reflected above as the respective shareholder was one of the top ten shareholders as on April 1, 2016.

\* Not there in the list of top ten shareholders as on April 1, 2016. Same has been reflected above as the respective shareholder was one of the top ten shareholders as on March 31, 2017.

# % of Total shares of the Company at the end of the year changed due to the No of shares of the Company has increased from 46035517 to 124868515 during the year.

**IV. INDEBTEDNESS**

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,14,80,409	15,63,05,290	0	16,77,85,699
ii) Interest due but not paid	28,16,709	3,17,26,078	0	3,45,42,787
iii) Interest accrued but not Due	-	0	0	0
<b>Total (i+ii+iii)</b>	<b>1,42,97,118</b>	<b>18,80,31,368</b>	<b>0</b>	<b>20,23,28,486</b>
Change in Indebtedness during the financial year				
- Addition	114731043	10,20,00,000	0	21,67,31,043
- Reduction	1,42,97,118	14,67,35,913	0	161033031
<b>Net Change</b>	<b>10,04,33,925</b>	<b>-4,47,35,913</b>	<b>0</b>	<b>5,56,98,012</b>
Indebtedness at the end of the financial year				
i) Principal Amount	11,47,31,043	11,15,69,377	0	22,63,00,420
ii) Interest due but not paid	6,72,598	4,43,51,277	0	4,50,23,875
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>11,54,03,641</b>	<b>15,59,20,654</b>	<b>0</b>	<b>27,13,24,295</b>

**V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD/WTD / Manager			Total Amount
		K. Ramachandra Reddy	C. Dayakar Reddy	Seetha Ramam Voleti**	
	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act 1961	39,16,669	1,00,000*	12,54,169	52,70,838
	(b) Value of perquisites /s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
	Stock Option				
	Sweat Equity				
	Commission - as % of profit - others, specify...				
	Others, please specify				
	Total (A)	39,16,669	1,00,000	12,54,169	52,70,838
	Ceiling as per the Act	60,00,000	30,00,000	30,00,000	1,20,00,000

\* Mr. C. Dayakar Reddy ceased to be Director w.e.f. 12th April, 2016.

\*\* Mr. Seetha Ramam Voleti appointed as Whole Time Director w.e.f. 31st August, 2016.

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		G. Prasad	K. V. Ramana	Poornima Shenoy	
	Independent Directors • Fee for attending board & committee meetings • Commission • Others, please specify	1,67,000	1,49,000	1,39,000	4,55,000
	<b>Total(1)</b>	<b>1,67,000</b>	<b>1,49,000</b>	<b>1,39,000</b>	<b>4,55,000</b>
	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	0	0	0	0
	<b>Total(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total(B) = (1+2)</b>	<b>1,67,000</b>	<b>1,49,000</b>	<b>1,39,000</b>	<b>4,55,000</b>
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	Not applicable as only sitting fee paid			

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Seetha Ramam Voleti CFO*	Mr. Kasinath Tumuluru CFO**	Mr. Suresh Bachalakura Company Secretary	
01	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	6,50,000	6,58,900	13,08,900
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
02	Stock Option	-	-	79,100	-
03	Sweat Equity	-	-	-	-
04	Commission - as % of profit - others, specify...	-	-	-	-
05	<b>Total</b>	-	<b>6,50,000</b>	<b>7,38,000</b>	-

\* Mr. Seetha Ramam Voleti drawing the remuneration as whole time director of the Company hence his remuneration is not included in CFO salary.

\*\* Mr. Kasinath Tumuluru resigned as Chief Financial Officer w.e.f. 31st August, 2016.



## VI. PENALTIES /PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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## Annexure 'G' to the Directors' Report

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

- (I) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17 are as under:

S. No	Name	Designation	Remuneration Paid For the year 2016-17. Remuneration In Lakhs	Remuneration Paid For the year 2015-16. In Lakhs	Increase in Remuneration From Previous Year	Ratio/times for median of Employee
1	Mr. K. Ramachandra Reddy	Chairman	39,16,669	24,00,000	15,16,669	6.47
2.	Mr. Seetha Ramam Voleti*	Director & CFO	12,54,169	NIL	12,54,169	2.07
3.	Mr. Damodar Rao Gummadapu@	Non- Executive & Non Independent Director	NIL	NIL	NIL	NA
4.	Mr. G. Prasad\$	Independent Director	NIL	NIL	NIL	NA
5	Mr. K. V. Ramana\$	Independent Director	NIL	NIL	NIL	NA
6	Mrs. Poornima Shenoy \$	Independent Director	NIL	NIL	NIL	NA
7	Mr. Suresh Bachalakura	Company Secretary	6,58,900	4,00,000	2,58,900	1.10
8	Mr. C. Dayakar Reddy #	Director	1,00,000	15,00,000	(14,00,000)	-
9	Mr. Kasinath Tumuluru +	CFO	6,50,000	6,32,285	17715	1.07

The remuneration of Employees and Key Managerial Personnel (KMPs) does not include perquisite value of stock options exercised during the Financial Year 2016-17.

\*Mr. Seetha Ramam Voleti appointed as Whole Time Director & CFO w.e.f. 31st August, 2016.

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

\$ Independent Directors are paid only sitting fee.

# Mr. C. Dayakar Reddy ceased to be a Director w.e.f. 12th April, 2016.

+ Mr. Kasinath Tumuluru resigned from the office of Chief Financial Officer w.e.f. 31st August, 2016.

- (II) The percentage increase in the median remuneration of the employees of the Company for the Financial Year 2016-17: The median remuneration of the employees in the Financial Year 2016-17 was decreased by 17.25 % as compared to the financial year 2015-16. The Median Remuneration of Employees of the Company during the Financial Year 2016-17 was 6.05 Lakhs.
- (III) The number of permanent employees on the rolls of the Company: There were 167 permanent employees on the rolls of Company as on March 31, 2017.
- (IV) The explanation on the relationship between average increase in remuneration and company performance: The overall revenue of the Company for the Financial Year 2016-17 increased by 354.56 %, as compared to the financial year 2015-16. The average increase in the median remuneration of employees for the Financial Year 2016-17 is (17.25) %. The average increase in median remuneration is in line with industry benchmark and performance of the Company.
- (V) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2016-17 with the percentage increase in the managerial remuneration: The average increase in the remuneration of employees excluding KMPs during FY 2016-17 was 23.89 % and the average increase in the remuneration of Key Managerial Personnel was 12.29 %.
- (VI) The key parameters for the variable component of remuneration availed by the directors: Based on the recommendations of the Nomination and Remuneration Committee and as per the Remuneration Philosophy / Policy of the Company.
- (VII) Affirmation that the remuneration is as per the remuneration policy of the Company: The remuneration of Directors was as per the Remuneration Policy of the Company.

## Annexure 'H' to the Directors' Report

## REPORT ON CORPORATE GOVERNANCE

## Company's Philosophy

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

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

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

## Board of Directors

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

## Composition of the Board

The Company has a balanced and diverse Board, which includes independent professionals and confirms to the provisions of the Companies Act, 2013 and the Listing Regulations. Your Company's Board represents a confluence of experience and expertise from diverse areas of technology, banking, Finance, general management and entrepreneurship. As on March 31, 2017, the Board comprises of 06 members comprising of a Executive Chairman, a Whole Time Director, Three Independent Directors and one Non-Executive Non-Independent Director.

The Board of the Company has a combination of Executive and Non-Executive directors. Non-Executive directors comprise 66.66 % of the Board.

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

The Composition of the Board of Directors and the number of Directorships and Committee positions held by them as on March 31, 2017 are as under:

Name of the Director	Category	No. of outside Directorship(s) held Public*	No. of other Board Committees** (of Companies)	
			As a Member	As a Chairman/Chairperson
Mr. K. Ramachandra Reddy	Executive Director & CEO	0	0	0
Mr. Seetha Ramam Voleti	Executive Director & CFO	0	0	0
Mr. Damodar Rao Gummadapu	Non-Executive Director	0	0	0
Mr. K. V. Ramana	Independent Director	0	0	0
Mr. Prasad Gajjala	Independent Director	01	02	02
Ms. Poornima Shenoy	Independent Director	0	0	0

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

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

Mr. C. Dayakar Reddy, Whole-time Director resigned from his office with effect from April 12, 2016.

None of the Directors are related to each other.

Details of equity shares of the Company held by the Directors as on March 31, 2017 are given below:

<b>Name of the Director</b>	<b>Category</b>	<b>Number of equity shares</b>
Mr. Kadiri Ramachandra Reddy	Executive Director	64,43,037
Mr. Seetha Ramam Voleti	Executive Director	-
Mr. Prasad Gajjala	Independent Director	2,750
Mr. Kotamraju Venkata Ramana	Independent Director	-
Ms. Poornima Shenoy	Independent Director	-
Mr. Damodar Rao Gummadapu	Non-Independent, Non-Executive Director	-

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

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

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

The draft minutes of each Board/Committee meetings are circulated to all Directors for their comments within 15 days of the meeting. The Company Secretary, after incorporating comments, received if any, from the Directors, records the minutes of each Board/Committee meeting within 30 days from conclusion of the meeting. During the Financial Year 2016-17, the Board met Eight times i.e. on (i) April 12, 2016, (ii) May 27, 2016, (iii) July 15, 2016, (iv) August 31, 2016, (v) September 09, 2016, (vi) September 30, 2016, (vii) October 27, 2016 and (viii) February 14, 2017. The intervening gap between two board meetings did not exceed 120 days.

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

Name of the Director	Number of Board Meetings held during the year 2016-17	Number of Board Meetings attended during the year 2016-17	Whether attended last AGM held on 30.09.2016
Mr. K. Ramachandra Reddy	08	06	Yes
Mr. Seetha Ramam Voleti*	07	07	Yes
Mr. Damodar Rao Gummadapu*	07	06	Yes
Mr. K. V. Ramana	08	07	Yes
Mr. Prasad Gajjala	08	08	Yes
Ms. Poornima Shenoy	08	06	Yes
Mr. C. Dayakar Reddy**	01	01	No

\* Mr. Seetha Ramam Voleti & Mr. Damodar Rao Gummadapu was appointed as Additional Directors with effect from April 12, 2016

\*\* Mr. C. Dayakar Reddy ceased to be a Director with effect from April 12, 2016.

No. of Board Meetings held and dates on which they were held during 2016-17.

Quarter	No. of Meetings	Dates on which held
April - June	02	12th April, 2016, 27th May, 2016
July – September	04	15th July, 2016, 31st August, 2016, 09th September, 2016 and 30th September, 2016,
October – December	01	27th October, 2016
January – March	01	14th February, 2017
Total	08	

### **Induction and Familiarization program for Board Members**

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

### **Meeting of Independent Directors**

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

### **Performance Evaluation of Board**

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

### **Code of Conduct**

The Company has a Code of Conduct applicable to all Board Members and Senior Management staff for avoidance of conflict of interest between each of these individuals and the Company. Each Board Member and Senior Management staff has declared their compliance with the Code of Conduct as at 31st March, 2017. There were no

materially significant transactions during the Financial Year with Board Members and Senior Management, including their relatives that had or could have had a potential conflict of interest with the Company.

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

## **2. COMMITTEES OF THE BOARD**

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

### **1) Audit Committee**

The Company has an Audit Committee at the Board level with power and role that are in accordance with the Listing Regulations and the Companies Act, 2013. The Audit Committee oversees the accounting, auditing and overall financial reporting process of the Company. The Audit Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company. The Committee is constituted and governed in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Companies Act, 2013.

#### **Powers of Audit Committee**

The powers of Audit Committee include the following:

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

#### **Terms of reference**

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

- Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- Recommending appointment and removal of external auditors and fixing of their fees.
- Reviewing with management the annual financial statements with special emphasis on accounting policies and practices, compliances with accounting standards and other legal requirements concerning financial statements.
- Reviewing the adequacy of the Audit and compliance functioning including their policies, procedures, techniques and other regulatory requirements.
- Reviewing the adequacy of internal control systems and significant audit findings.

#### **Composition, name of members and Chairperson**

The Audit Committee comprises of the following directors

- |                        |    |          |
|------------------------|----|----------|
| 1. Mr. Prasad Gajjala  | -- | Chairman |
| 2. Mr. K. V. Ramana    | -- | Member   |
| 3. Ms. Poornima Shenoy | -- | Member   |



Meetings and attendance during the year 2016-17

Name of the Director	Category	No of Meetings held during the Tenure	No of Meetings attended
Mr. Prasad Gajjala	Independent Director	06	06
Mr. K. V. Ramana	Independent Director	06	05
Ms. Poornima Shenoy	Independent Director	06	05

Six Meetings were held during the Financial Year 2016-2017 on (i) 27th May, 2016, (ii) 15th July, 2016, (iii) 31st August, 2016, (iv) 09th September, 2016, (v) 27th October, 2016 and (vii) 14th February, 2017.

The quorum for an Audit Committee Meeting is two Members personally present. The Company Secretary acts as the Secretary to the Audit Committee.

The following were invited to Audit Committee Meetings:

- a) the Statutory Auditors.
- b) the Internal Auditors, as and when necessary.
- d) Mr. Seetha Ramam Voleti, Whole-time Director and Chief Financial Officer; Mr. Kasinath Tumuluru, VP - Finance.

All Members of the Audit Committee are Independent Directors.

The Chairman of the Audit Committee attended the last Annual General Meeting ("AGM") held on September 30, 2016.

**2. Nomination & Remuneration Committee**

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

**Terms of reference**

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

**Composition, Meetings and Attendance**

The composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. As on March 31, 2017, Committee comprises of three Independent Directors. The Company Secretary acts as secretary to the Committee.

The composition of the Nomination and Remuneration Committee and the attendance of the members at the meetings held during the Financial Year 2016-17 are as under:

The Nomination & Remuneration Committee comprises of the following directors

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

Meetings and attendance during the year 2016-17

Name of the Director	Category	No of Meetings held during the Tenure	No of Meetings attended
Mr. Prasad Gajjala	Independent Director	05	05
Mr. K. V. Ramana	Independent Director	05	04
Ms. Poornima Shenoy	Independent Director	05	03

During the Financial Year 2016-17, five meetings of the Nomination and Remuneration Committee were held on (i) April 12, 2016, (ii) August 31, 2016, (iii) September 09, 2016, (iv) September 30, 2016 and (v) October 27, 2016.

**The Nomination and Remuneration Policy:**

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

**Performance Evaluation Criteria for Independent Directors:**

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

**Remuneration of Directors:**

**(i) Remuneration to the Executive Directors**

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

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

Besides, sitting fee for attending Board and Committee meetings, no special compensation to Non-Executive directors are envisaged during the year 2016-17.

**Details of remuneration to all the directors**

Sl.No.	Name	Designation	Salary In Rs.	Performance Ncentives In Rs	Commission In Rs.	Total in Rs	Notice period Severance Fee in Rs.*	Stock Option Details if any	Sitting Fee in Rs.
01	Mr. K. Ramachandra Reddy	Chairman & CEO	39,16,669	Nil	Nil	39,16,669	NA	Nil	Nil
02	Mr. C. Dayakar Reddy@	Executive Director	1,00,000	Nil	Nil	1,00,000	NA	Nil	Nil
03	Mr. Damodar Rao Gummadapu\$	Non-Executive Director	Nil	Nil	Nil	Nil	NA	Nil	Nil
04	Mr. Seetha Ramam Voleti #	Whole Time Director & CFO	12,54,169	Nil	Nil	12,54,169	NA	Nil	Nil
05	Prasad Gajjala	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	1,67,000
06	Ms. Poornima Shenoy	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	1,49,000
07	Mr. K. V. Ramana	Independent Director	Nil	Nil	Nil	Nil	NA	Nil	1,39,000

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

@ Mr. C. Dayakar Reddy ceased to be a Director with effect from April 12, 2016.

\$ Mr. Damodar Rao Gummadapu is not opted for sitting fee for attending the Board Meetings.

# Mr. Seetha Ramam Voleti appointed as Director Whole time Director w.e.f. 31st August, 2016

**3. Stakeholders Relationship Committee**

Stakeholders' Relationship Committee ensures quick redressal of the complaints of the stakeholders and oversees the process of share transfer. The Committee also monitors redressal of Shareholders'/Investors' complaints/grievances viz. non-receipt of annual report, dividend payment, issue of duplicate share certificates, transmission of

**a) Composition, Meetings and Attendance**

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

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

During the Financial Year 2016-17, four meetings of the Stakeholders' Relationship Committee were held on (i) May 27, 2016, (ii) July 15, 2016, (iii) October 27, 2016 and (iv) February 14, 2017. The Company Secretary acts as a Secretary to the Committee.

The composition of the Stakeholders' Relationship Committee and the attendance of the members at the meetings held during the Financial Year 2016-17 are as under:

The Stakeholders' Relationship Committee comprises of the following directors

Mr. G. Prasad	--	Chairman
Mr. K. V. Ramana	--	Member
Ms. Poornima Shenoy	--	Member

Meetings and attendance during the year 2016-17

Name of the Director	Category	No of Meetings held during 206-2017	No of Meetings attended
Mr. Prasad Gajjala	Independent Director	04	04
Mr. K. V. Ramana	Independent Director	04	04
Ms. Poornima Shenoy	Independent Director	04	04

**b) Name and Designation of Compliance Officer**

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

**c) Investor Grievances Redressal Status**

During the financial year 2016-17, the complaints and queries received from the shareholders were general in nature and were mainly pertaining to non-receipt of Dividend, non-receipt of annual reports. All the complaints were resolved to the satisfaction of the investors.

**The status of Investors' Complaints as on March 31, 2017, is as follows:**

No. of complaints as on April 1, 2016	0
No. of complaints received during the Financial Year 2016-17	03
No. of complaints resolved upto March 31, 2017	03
No. of complaints pending as on March 31, 2017	0

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

**SUBSIDIARY COMPANIES**

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

**GENERAL BODY MEETINGS****i) Details of last three AGMs**

AGM	Venue	Time & Date	No. of Special resolutions passed
Fifteenth	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road # 02, Banjara Hills, Hyderabad – 500 034	11 <sup>th</sup> September 2014 at 10.30 hrs.	5
Sixteenth	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road # 02, Banjara Hills, Hyderabad – 500 034	30 <sup>th</sup> September 2015 at 10.30 hrs.	Nil
Seventeenth	Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road # 02, Banjara Hills, Hyderabad – 500 034	30 <sup>th</sup> September 2016 at 10.30 hrs.	01

**ii) Postal ballot**

During the financial year 2016-2017, the Company approached the Shareholders through postal ballot. The details of the postal ballot are as follows:

Special Resolutions	Voting Details				
	Votes cast in favor		Votes cast against		Date of declaration results
	No. of votes	%	No. of votes	%	
To issue 20,00,000 Equity Shares on preferential basis to the shareholders of Eliteplus Semiconductor Technologies Private Limited as part consideration for the acquisition of 100% share capital.	74334287	99.999	206	0.001	16th October, 2016
To issue 10,00,000 Equity Shares on preferential basis to the shareholders of Maven Systems Private Limited as part consideration for the acquisition of 100% share capital.	74334287	99.999	206	0.001	16th October, 2016
To issue 25,00,000 Equity Shares on preferential basis to the shareholders of Orange Semiconductors Private Limited, as part consideration for the acquisition of 100% Share Capital.	74334287	99.999	206	0.001	16th October, 2016
To issue 20,00,000 Convertible Warrants on preferential basis to Peju Group LLC	74334287	99.999	206	0.001	16th October, 2016
To issue (i) 59,89,000 Equity Shares (ii) 63,00,000 Series 1 Warrants (iii) 66,36,000 Series 2 Warrants on preferential basis to Techwave Pte Ltd.	10267086	99.999	206	0.001	16th October, 2016
Revision in remuneration of Mr. K. Ramachandra Reddy, Chairman & CEO of the Company up to Rs.60,00,000 p.a. as per the provisions of Schedule V of the Companies Act, 2013.	67891250	99.999	206	0.001	16th October, 2016

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

Puttaparthi Navajyoth, Practicing Company Secretary was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

**Procedure for postal ballot**

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

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

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

**Means of Communication****i) Financial results, Annual Report etc.:**

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

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

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

**ii) Management Discussion and Analysis**

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

**GENERAL SHAREHOLDER INFORMATION**

- a. AGM – Date, Time and Venue Office : 29th September 2017, 10.30 am at Registered Punnaiah Plaza, Road No.02, Banjara Hills, of the Company at Plot No.83 & 84, 2nd Floor, Hyderabad – 500 034
- b. Financial Calendar : The financial year of the Company starts from on the 01st day of April and ends on 31st day of March of next year.
- c. The following is the tentative financial calendar of the Company, which is subject to change:

**Un-Audited Financial Results for the FY 2017-18**

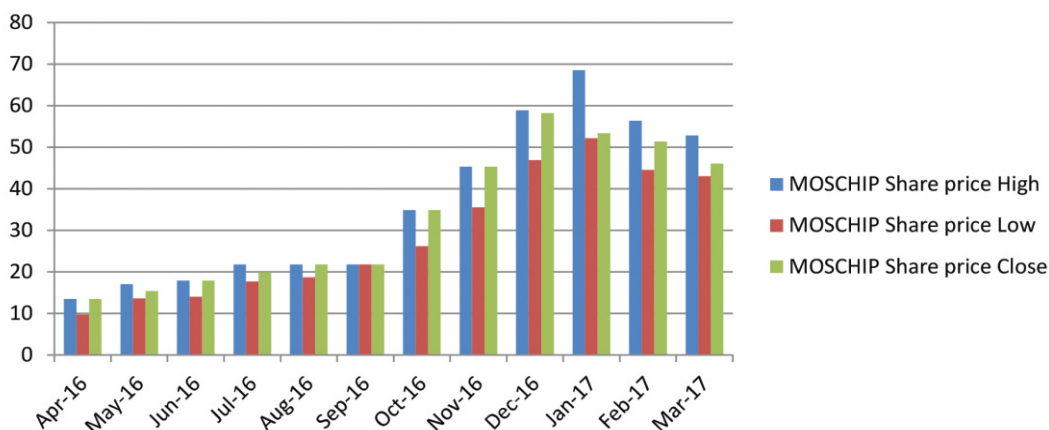
- First Quarter Results : Between 01st September, 2017 to 13th September, 2017
- Second Quarter & Half-yearly Results : Between 15th October, 2017 & 30th October, 2017
- Third Quarter Results : Between 15th January, 2018 & 31st January, 2018
- Fourth Quarter & Annual Results : Between 15th April, 2018 & 30th April, 2018 (Audited in lieu of un-audited results)
- d. Date of Book Closure : 23rd September 2017 to 29th September, 2017 (both days inclusive)
- e. Dividend Payment Date : Your Board has not recommended any Dividend
- f. Listing on Stock Exchanges : BSE Limited  
P J Towers, Dalal Street, Fort, Mumbai – 400 001.
- g. Stock Code on BSE Limited : 532407 / MOSCHIP
- h. Listing Fee : Listing fees to the Stock Exchange for listing of equity shares have been paid for the FY 2017-18.

**i. Market Price data High / Low during each month in the Financial Year 2016-17 and Performance in comparison to broad- based indices such as BSE Sensex.**

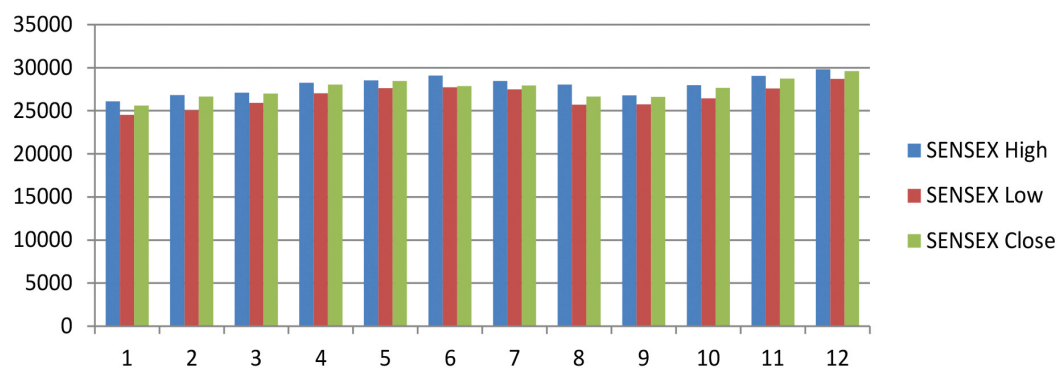
The information on market price of MosChip stock and its comparison with BSE Sensex is as below:

Month & Year	MOSCHIP			SENSEX		
	High	Low	Close	High	Low	Close
Apr-16	13.50	9.75	13.50	26100.54	24523.2	25606.62
May-16	17.01	13.62	15.41	26837.2	25057.93	26667.96
Jun-16	17.90	14.00	17.90	27105.41	25911.33	26999.72
Jul-16	21.80	17.70	19.95	28240.2	27034.14	28051.86
Aug-16	21.80	18.70	21.80	28532.25	27627.97	28452.17
Sep-16	21.80	21.80	21.80	29077.28	27716.78	27865.96
Oct-16	34.85	26.15	34.85	28477.65	27488.3	27930.21
Nov-16	45.30	35.50	45.30	28029.8	25717.93	26652.81
Dec-16	58.85	46.90	58.20	26803.76	25753.74	26626.46
Jan-17	68.55	52.15	53.35	27980.39	26447.06	27655.96
Feb-17	56.35	44.50	51.40	29065.31	27590.1	28743.32
Mar-17	52.80	43.00	46.05	29824.62	28716.21	29620.5

**Share price Movements**



**Sensex**





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

### K. Share Transfer System

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

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

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

### I. Distribution of Shareholding:

The Distribution of shareholding of the Company as on 31st March 2017 is as below:

DISTRIBUTION SCHEDULE AS ON 31/03/2017					
S. No	Category	Cases	% of Cases	Amount	% Amount
1	1 - 5000	20480	92.85	17763448.00	7.11
2	5001 - 10000	717	3.25	5483970.00	2.20
3	10001 - 20000	420	1.90	6301638.00	2.52
4	20001 - 30000	132	0.60	3304646.00	1.32
5	30001 - 40000	73	0.33	2580354.00	1.03
6	40001 - 50000	37	0.17	1716286.00	0.69
7	50001 - 100000	86	0.39	6230762.00	2.49
8	100001 & Above	113	0.51	206355926.00	82.63
Total:		22058	100.00	249737030.00	100.00

### M. Dematerialization of shares and liquidity

As per SEBI guidelines on investors' protection, the Company's shares are to be traded only in dematerialized mode. Accordingly, the Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity and facilitate scrip-less trading. As at the end of 31st March 2017, 96.69 % of the outstanding equity shares of the company are in electronic form.

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

### N. Plant locations

The Company doesn't have manufacturing facilities. The Company has the Design Centre at Hyderabad, the particulars of which are given below:

Design House / Branch Office	Location
Hyderabad	Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad – 500 034, AP, India

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

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

**Suresh Bachalakura**

Company Secretary

**MosChip Semiconductor Technology Limited**

Plot No. 83 &amp; 84, 2nd Floor, Punnaiah Plaza,

Road No.02, Banjara Hills,

Hyderabad, Telangana – 500 034,

Tel: +91-40-6622 9292

Fax: +91-6622 9393,

Email:investorrelations@moschip.com

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

**Karvy Computershare Pvt. Ltd.,**

Karvy Selenium, Tower B,

Plot No. 31 &amp; 32, Financial District,

Gachibowli, Hyderabad, Telangana - 500 032.

Contact Person: V Raghunath, Deputy Manager

Tel: +91-40-4465-5208,

Email: einward.ris@karvy.com

**a. Disclosure of Materially Significant Related Party Transactions**

All related party transactions that were entered into during the financial year were at an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

Apart from receiving director remuneration, none of the Directors has any pecuniary relationships or transactions vis-à-vis the Company. During the year 2015-16, no transactions of material nature were entered into by the Company with the Management or their relatives that may have a potential conflict of interest with the Company and the concerned officials have given undertakings to that effect as per the provisions of the Listing Regulations.

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

The Company has complied with the requirements of the Stock Exchanges or SEBI on matters related to Capital Markets, as applicable, during the last three years.

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

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

**d. Insider Trading**

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

relations/policies-documents/Code\_of\_Conduct\_for\_Prevention\_of\_Insider\_Trading-document.pdf.

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

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

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

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

**a. The Board**

As per Para A of Part E of Schedule II of the Listing Regulations, a non-executive Chairman of the Board may be entitled to maintain a Chairman's Office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. The Chairman of the Company is an Executive Director and hence this provision is not applicable to us.

**b. Shareholders Rights**

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

**c. Modified opinion(s) in audit report**

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

**d. Reporting of internal auditor**

Reporting of Head of Internal Audit is to the Chairman of the Audit Committee of the Board and administratively to the Chief Financial Officer. Head of Internal Audit has regular and exclusive meetings with the Audit Committee prior to reports of Internal Audit getting discussed with the Management Team.

**CEO/CFO CERTIFICATION**

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

**REPORT ON CORPORATE GOVERNANCE**

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

**COMPLIANCE CERTIFICATE FROM A PRACTISING COMPANY SECRETARY**

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

**DECLARATION**

As provided under the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel of MosChip Semiconductor Technology Limited have confirmed compliance with the Code of Conduct for the year ended March 31, 2017.

Place : Hyderabad

Date : 24th August, 2017

**Damodar Rao Gummadapu**

Chief Executive Officer

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**CEO & CFO CERTIFICATION**

The Board of Directors  
MosChip Semiconductor Technology Limited  
Hyderabad.

Dear Members of the Board,

We Damodar Rao Gummadapu, Chief Executive Officer and Seetha Ramam Voleti, Chief Financial Officer of MosChip Semiconductor Technology Limited, to the best of our knowledge and belief, certify that:

- 1) We have reviewed the Balance Sheet, Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows and a summary of the significant accounting policies and other explanatory information of the Company for the financial year ended 31st March, 2017.
- 2) These statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- 3) The financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.
- 4) There are no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's Code of Conduct and Ethics, except as disclosed to the Company's auditors and the Company's audit committee of the Board of Directors.
- 5) We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
  - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.
  - c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.
  - d. Disclosed in this report, changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
- 6) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.
- 7) We affirm that we have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistle blowers from unfair termination and other unfair or prejudicial employment practices.
- 8) We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Place : Hyderabad  
Date : 24th August, 2017

**Damodar Rao Gummadapu**  
Chief Executive Officer

**Seetha Ramam Voleti**  
Chief Financial Officer

To  
The Members  
Moschip Semiconductor Technology Limited

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Moschip Semiconductor Technology Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies Moschip Semiconductor Technology, USA, Orange Semiconductor Private Limited, Maven Systems Private Limited, Eliteplus Semiconductor Technologies Private Limited (the Holding Company and its subsidiary companies ) together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### **Other Matters**

(a) We did not audit the financial statements of the company's subsidiary companies Moschip Semiconductor Technology, USA, Orange Semiconductor Private Limited, Maven Systems Private Limited, Eliteplus Semiconductor Technologies Private Limited. They have been



audited by other auditors. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such audited financial statements.

### Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports furnished by the management in respect of the unaudited financial statements of the subsidiary.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) The company's one subsidiary company Moschip Semiconductor Technology is registered in the USA and hence is not an Indian company. As per Guidance Note issued by the ICAI on this subject, reporting on clause (3)(i) of Section 143 of The Companies Act, 2013 is not required for consolidated financials with respect to this subsidiary. With respect to the adequacy of the internal financial controls over financial reporting of the Group ( except for the US subsidiary company as referred to above ) and 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group did not have any pending litigations which would impact its consolidated financial position.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company incorporated in India.
  - iv. The company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period November 08, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the company.

**For Gokhale & Co**

Chartered Accountants  
Firm Regn. No: 000942S

**Chandrashekhar Gokhale**

Partner  
Membership No 023839

Hyderabad  
Date: 22.05.2017

### Annexure - A to the Auditors' Report

#### Report on the Internal Financial Controls over Financial Reporting in terms of

Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

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In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended March 31, 2017, We have audited the Internal Financial Controls over financial reporting of Moschip Semiconductor Technology Limited ('the Holding Company') and its subsidiary companies which are companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in 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". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting

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

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of Internal Financial Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Gokhale & Co**  
**Chartered Accountants**  
 Firm Regn. No 000942S

**Chandrashekhhar Gokhale**  
 Partner  
 Membership No 023839

**CONSOLIDATED BALANCE SHEET**

	PARTICULARS	Note No.	As at 31.03.2017		As at 31.03.2016	
			Rs.	Rs.	Rs.	Rs.
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1.</b>	<b>Shareholder's funds</b>					
	(a) Share Capital	1	249,737,030		92,071,034	
	(b) Reserves and Surplus	2	119,913,830		(335,520,588)	
	(c) Money Received against Share Warrants		70,501,200			
				<b>440,152,060</b>		(243,449,554)
2	Share Application Money Pending for Allotment			<b>35,880</b>		
3	Non- current liabilities					
	(a) Long-term Provisions	3	15,241,140			8,080,456
				<b>15,241,140</b>	8,080,456	
4	Current Liabilities					
	(a) Short term borrowings	4	271,951,997		257,244,409	
	(b) Trade payables		79,612,568		29,383,707	
	(c) Short term provisions	5	63,325,118		61,897,833	
				<b>414,889,683</b>		348,525,948
	<b>TOTAL</b>			<b>870,318,763</b>		<b>113,156,850</b>
<b>II</b>	<b>ASSETS</b>					
<b>1.</b>	<b>Non-current assets</b>					
	(a) Fixed assets	6				
	(i) Tangible assets		5,451,983		2,081,820	
	(ii) Intangible assets		424,662		279,297	
	(iii) Capital Work in Progress		142,767,804		-	
	(iv) Goodwill		317,035,433		-	
	(b) Deferred Tax Asset (Net)		2,210,913		-	
	(c) Long-term loans and advances	7	10,865,701		5,131,828	
				<b>478,756,496</b>		7,492,945
2.	Current assets					
	(a) Inventories	8	55,417,724		51,362,296	
	(b) Trade receivables	9	155,030,863		12,787,098	
	(c) Cash and Cash equivalents	10	14,008,535		3,144,603	
	(d) Short-term loans and advances	11	140,615,314		22,855,927	
	(e) Other Current Assets	12	26,489,832		15,513,981	
				<b>391,562,267</b>		105,663,905
	<b>TOTAL</b>			<b>870,318,763</b>		<b>113,156,850</b>

Per and subject to our report of even date

**For Gokhale & Co.,**

Chartered Accountants

Reg No.000942S

Chandrashekhar Gokhale

Partner

Membership No- 23839

Place : Hyderabad

Date: 22 May 2017

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

**K. Ramachandra Reddy**

Chairman

**Seetha Ramam Voleti**

Director & CFO

**Suresh Bachalakura**

Company Secretary

**PROFIT AND LOSS STATEMENT**
**CONSOLIDATED**

PARTICULARS	Note No.	For the year ended 31.03.2017		For the year ended 31.03.2016	
		Rs.	Rs.	Rs.	Rs.
I Revenue from operations	12	376,127,270		53,635,043	
II Other Income	13	18,307,190		1,492,058	
III Total Revenue (I + II)			394,434,460		55,127,102
IV Expenses					
Cost of Materials Consumed	14	68,023,608		466,939	
Employee Benefit Expenses	15	193,984,527		64,737,253	
Finance Costs	16	19,347,908		30,639,620	
Depreciation and amortization expense		2,545,976		1,782,305	
Other expense	17	111,874,693		76,886,777	
Total Expense			395,776,712		174,512,894
V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			(1,342,253)		(119,385,793)
VI Exceptional Items			-	-	
VII Profit/(Loss) before extraordinary items and tax (V-VI)			(1,342,253)		(119,385,793)
VIII Extraordinary and Prior Period items			-		
IX Profit/(Loss) before tax (VII-VIII)			(1,342,253)		(119,385,793)
X Tax expense:					
(1) Current tax		2,380,192		-	
(2) Deferred tax		(1,169,838)		-	
			1,210,354	-	
XI Profit/(Loss) for the period from continuing operations (IX - X)			(2,552,607)		(119,385,793)
XII Profit/(Loss) for the period from discontinuing operations			-		-
XIII Tax expense of discontinuing operations			-		-
XIV Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)			-		-
XV Profit/(Loss) for the period (XIV + XV)			(2,552,607)		(119,385,793)
<b>Add Back:</b>					
XVI Pre Acquisition Loss for the period transferred to Goodwill			15,099,880		-
XVII Profit/(Loss) for the period (XV + XVI)			12,547,273		(119,385,793)
XVIII Earnings per equity share:					
(1) Basic			(0.01)		(2.59)
(2) Diluted			0.11		(2.59)

Per and subject to our report of even date

**For Gokhale & Co.,**

 Chartered Accountants  
 Reg No.000942S

 Chandrashekhar Gokhale  
 Partner  
 Membership No- 23839

 Place : Hyderabad  
 Date: 22 May 2017

**For and on behalf of the Board of Directors**
**K. Ramachandra Reddy**  
 Chairman

**Seetha Ramam Voleti**  
 Director & CFO

**Suresh Bachalakura**  
 Company Secretary

NOTES	As at 31.03.2017	As at 31.03.2016
	Rs.	Rs.
<b>NOTE - 1</b>		
<b>SHARE CAPITAL</b>		
Authorised Share Capital 275,000,000 (Previous Year 275,000,000 @ Rs.2/- each) equity shares of Rs.2/- each	550,000,000	550,000,000
Issued share capital 126,583,587 ( Previous Year 47,750,589 @ Rs.2/- each) equity shares of Rs.2/- each	253,167,174	95,501,178
Subscribed and fully paid share capital 124,868,515 (Previous Year 46,035,517 @ Rs.2/- each) equity shares of Rs.2/- each (Of the above 5,500,000 shares of Rs.2 each have been allotted for consideration other than cash pursuant to the acquisition of 100% equity in Maven Systems Pvt Ltd., Orange Semiconductors Pvt Ltd. And Eliteplus Semiconductor Technologies Pvt Ltd)	249,737,030	92,071,034
<b>Shareholders having more than 5% of the shares with the number of shares &amp; Percentage</b>		
<b>Name of the Shareholder</b>	<b>2016-17</b>	<b>2015-16</b>
	<b>No. of Shares %</b>	<b>No. of Shares %</b>
1) K Ramachandra Reddy	6,443,037 5.64%	3,050,037 6.63%
2) Techwave Pte Ltd	64,068,201 56.08%	---- ---
<b>Total</b>	<b>249,737,030</b>	<b>92,071,034</b>
<b>NOTE - 2</b>		
<b>RESERVES AND SURPLUS:</b>		
Capital Reserves:		
State Govt Subsidy	1,250,000	1,250,000
Foreign Currency Translation Reserve	22,828,272	23,162,438
Capital Reserve	138,804,760	138,804,760
Retained Earnings (Depreciation Reserve as per New Co. Act 2013)	(13,588,158)	(13,588,158)
	149,294,874	149,629,040
Forfeited Share Warrants:		
Opening Balance	5,431,250	5,431,250
Additions	-	-
	5,431,250	5,431,250
Securities Premium Reserves	443,221,310	-
	443,221,310	-
Surplus, showing allocations and appropriations such as dividend, Bonus Shares and transfer to / from reserves		
Opening Balance	(490,580,878)	(371,195,085)
Add: Current Year Surplus	12,547,273	(119,385,793)
	(478,033,605)	(490,580,878)
Less: Reduction in losses under the scheme of Capital Reduction	-	-
	(478,033,605)	(490,580,878)
<b>Total</b>	<b>119,913,830</b>	<b>(335,520,588)</b>
<b>NOTE - 3</b>		
<b>LONG TERM PROVISIONS:</b>		
Leave Encashment	3,886,655	2,255,633
Gratuity	11,354,485	5,824,823
<b>Total</b>	<b>15,241,140</b>	<b>8,080,456</b>

<b>NOTE - 4</b>		
<b>SHORT TERM BORROWINGS</b>		
Loan from Bank (Packing Credit) (Export Packing Credit facility obtained from UCO Bank is secured by hypothecation by way of first charge on stocks of finished goods, raw materials, work in progress, stores and spares and book debts, and second charge in respect of other movable assets, and guaranteed by Chairman and managing Director) Terms of repayment is 180 days from the date of availment of loan	-	14,297,119
Loan From Directors	157,220,954	162,947,290
Loan from Others (ICD)	-	80,000,000
HDFC Bank Over Draft	114,731,043	-
<b>Total</b>	<b>271,951,997</b>	<b>257,244,409</b>
<b>NOTE - 5</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for Expenses	5,528,065	4,745,529
TDS Payable	7,857,995	4,324,950
Service Tax Payable	2,692,191	837,512
Salaries Payable	994,818	8,893,766
Vat Payable	857,013	-
Excise Duty Payable	373,040	-
Director Remuneration Payable	-	5,970,619
Interest Payable on Loans	44,351,277	35,450,978
Provision for Taxation	-	1,531,238
PT, PF and ESI Payable	670,720	143,241
<b>Total</b>	<b>63,325,118</b>	<b>61,897,833</b>
<b>NOTE - 7</b>		
<b>LONG TERM LOANS &amp; ADVANCES - (Unsecured, Considered Good)</b>		
Deposits		
Deposit - Government Authorities		
Deposits -Electricity	14,670	-
Deposits -Telephone	38,464	29,400
Deposits - Others		
Deposits - Others	806,867	825,428
Deposits - Rent	7,210,700	1,482,000
Other Loans & Advances		
Moschip Employees Trust	2,795,000	2,795,000
<b>Total</b>	<b>10,865,701</b>	<b>5,131,828</b>
<b>NOTE - 8</b>		
<b>INVENTORIES</b>		
Finished Goods	14,656,125	6,453,798
Work In Progress	40,761,599	44,908,498
<b>Total</b>	<b>55,417,724</b>	<b>51,362,296</b>
<b>NOTE - 9</b>		
<b>TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months	466,630	1,487,372
Others	154,564,233	11,299,726
<b>Total</b>	<b>155,030,863</b>	<b>12,787,098</b>

**NOTE - 6**  
**FIXED ASSETS - CONSOLIDATED**

(Amount in Rupees)

S. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		Balance as at 01.04.2016	Additions during the Year	Adjustments during the year*	***Deletions during the year	Balance as at 31.03.2017	For the Year	Additions (Deletions) during the Year	Adjustments During the Year**	Balance as at 31.03.2017	Balance as at 31.03.2016	
1	Computers	29,120,362	2,447,121	-	-	31,567,483	1,325,684	56,604	-	28,465,338	3,102,145	1,924,104
2	Electrical Installation	1,503,219	96,000	-	1,066,708	532,511	145,273	1,013,979	-	529,658	2,853	104,855
3	Plant and Machinery	1,443,699	-	-	61,250	1,382,449	13,799	(50,931)	-	1,360,096	22,353	46,471
4	Furniture and Fittings	4,427,518	648,427	(12,079)	684,126	4,379,740	138,104	519,942	8,812	3,631,801	747,939	405,067
5	Office Equipment	3,350,027	800,934	(6,729)	233,361	3,910,871	140,816	233,361	6,052	3,057,364	853,507	194,066
6	Vehicles	84,257	-	-	-	84,257	273	-	-	84,257	-	273
7	Lab Equipment	6,175,159	398,731	-	-	6,573,890	61,972	-	-	6,193,432	380,458	43,699
8	Leasehold Improvements	2,190,947	393,460	-	393,460	2,190,947	379,264	36,536	-	1,848,219	342,728	685,456
9	Mask Tools	-	-	-	-	-	-	-	-	-	-	-
	<b>TOTAL</b>	<b>48,295,188</b>	<b>4,784,673</b>	<b>(18,808)</b>	<b>2,438,905</b>	<b>50,622,148</b>	<b>2,205,185</b>	<b>1,809,491</b>	<b>14,864</b>	<b>45,170,165</b>	<b>5,451,983</b>	<b>3,403,990</b>
	<b>Intangible Assets</b>											
1	Software	64,112,572	421,402	-	63,000	64,470,974	334,991	-	(51,664)	64,046,312	424,662	349,587
	<b>TOTAL</b>	<b>64,112,572</b>	<b>421,402</b>	<b>-</b>	<b>63,000</b>	<b>64,470,974</b>	<b>334,991</b>	<b>-</b>	<b>(51,664)</b>	<b>64,046,312</b>	<b>424,662</b>	<b>349,587</b>
	<b>GRAND TOTAL</b>	<b>112,407,760</b>	<b>5,206,075</b>	<b>(18,808)</b>	<b>2,501,905</b>	<b>115,093,122</b>	<b>2,540,176</b>	<b>1,809,491</b>	<b>(36,800)</b>	<b>109,216,477</b>	<b>5,876,645</b>	<b>3,753,577</b>
	<b>Previous Year</b>	<b>119,913,120</b>	<b>92,250</b>	<b>51,107</b>	<b>13,562,639</b>	<b>106,493,838</b>	<b>4,015,841</b>	<b>15,084</b>	<b>44,648</b>	<b>102,375,703</b>	<b>4,118,135</b>	



<b>NOTE-10</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash on hand	320,331	181,234
Balance with Scheduled Banks		
- In Current accounts	7,018,372	2,779,069
Balance with Non-Scheduled Banks in Current Accounts	6,669,831	184,300
<b>Total</b>	<b>14,008,535</b>	<b>3,144,603</b>
<b>NOTE - 11</b>		
<b>SHORT TERM LOANS &amp; ADVANCES</b>		
Other Loans & Advances - (Unsecured , Considered Good)		
Prepaid Expenses	5,119,532	2,151,931
Service Tax Input Credit	5,708,412	4,002,262
Cenvat Credit	61,120	-
Vat Input Credit	1,986,062	-
Interest Accrued but not due	566,779	298,860
Advances to Employees	1,258,909	145,707
Prepaid Income Tax-TDS	17,263,447	15,224,990
Other Loans and Advances	108,651,052	1,032,177
<b>Total</b>	<b>140,615,314</b>	<b>22,855,927</b>
<b>NOTE - 12</b>		
<b>OTHER CURRENT ASSETS</b>		
- In fixed deposit accounts	26,489,832	15,513,981
(Rs.26,489,832 (Previous Year Rs.15,513,981/-) pledged towards margin on Bank Guarantee)		
<b>Total</b>	<b>26,489,832</b>	<b>15,513,981</b>
<b>NOTE - 13</b>		
<b>REVENUE FROM OPERATIONS</b>		
Semiconductor Sales	81,965,171	928,390
Software Services	294,162,099	52,706,654
<b>Total</b>	<b>376,127,270</b>	<b>53,635,043</b>
<b>NOTE - 14</b>		
<b>OTHER INCOME</b>		
Interest Earned (Gross)	7,553,516	1,492,058
Miscellaneous Income	10,753,673	-
<b>Total</b>	<b>18,307,190</b>	<b>1,492,058</b>
<b>NOTE - 15</b>		
<b>COST OF MATERIAL CONSUMED</b>		
Materials, Finished and Processed stocks	67,953,477	482,536
Import Clearance Charges	70,131	(15,597)
<b>Total</b>	<b>68,023,608</b>	<b>466,939</b>
<b>NOTE - 16</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and Other Allowances to Employees	180,567,300	56,203,965
Contribution to PF, ESI & Gratuity	4,506,422	2,371,777
Directors Remuneration	5,270,838	3,900,000
Staff Welfare Expenses	3,639,967	2,261,510
<b>Total</b>	<b>193,984,527</b>	<b>64,737,253</b>

<b>NOTE - 17</b>		
<b>FINANCE COST</b>		
Interest on Packing Credit	-	2,354,597
Interest on loan from Directors	16,515,359	27,130,344
Interest on ICDs	1,530,933	843,088
Commission on Collateral	575,000	
Bank Charges	726,616	311,591
<b>Total</b>	<b>19,347,908</b>	<b>30,639,620</b>
<b>NOTE - 18</b>		
<b>OTHER EXPENSES</b>		
Rent	17,839,128	5,710,933
Electricity Charges	3,174,217	1,747,580
Consumables	10,190,618	347,155
Research and Development Expenses	-	5,191
Software Charges	1,792,478	10,365,806
Communication Expenses	542,904	267,411
Directors Sitting Fee	455,000	264,000
Printing and Stationery	331,799	93,171
Postage, Telegrams and Telephones	2,347,542	893,235
Fees, Rates and Taxes	1,304,378	1,354,933
Repairs and Maintenance	1,503,753	118,526
Travelling and Conveyance	16,652,523	2,257,171
Marketing Expenses	173,820	-
Advertisement Expenses	1,180,548	152,452
Payment to Auditors	1,492,028	538,106
Insurance	2,303,209	779,873
Professional charges	31,945,408	1,252,568
Recruitment Expenses	690,788	203,935
General Expenses	11,049,842	9,153,288
Bad Debts Written Off	592,987	3,373,500
Loss on Revaluation of Inventory	-	40,000,000
Realised Loss/(Gain) on Forex Fluctuation	700,666	(23,343)
Unrealised Loss/(Gain) on Forex Fluctuation	5,611,058	(1,968,714)
<b>Total</b>	<b>111,874,693</b>	<b>76,886,777</b>

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## 19 Significant accounting policies and notes on accounts

### Company overview

MosChip Semiconductor Technology Limited (“MosChip” or “the Company”) and its subsidiaries (hereinafter collectively referred to as “the Group”) are fabless semiconductor companies engaged in the business of development and manufacture of System on Chip (SOC) technologies and Internet on Things (IOT). The Company is mainly focusing on providing services in customized application specific integrated circuits (ASICs), System on Chip (SOC) and Software technology to its clients across the globe.

**MosChip has its headquarters in Hyderabad.**

### 19.1 Significant Accounting Policies

#### 19.1.1 Basis for Preparation of Financial Statements

The Consolidated financial statements present the accounts of the Company and its wholly owned subsidiaries of MosChip Semiconductor Technology, USA, Orange Semiconductor Private Limited, Maven Systems Private Limited and Eliteplus Semiconductor Technologies Private Limited. The Consolidation is based on the audited financial statements of all the Wholly Owned Subsidiaries for the year ended 31 March 2017.

The Consolidated financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. Consistency in adoption of accounting policies among group companies is ensured to the extent practicable.

#### 19.1.2 Principles of Consolidation

The financial statements of the Parent and its subsidiary have been Consolidated on a line-by-line basis by adding together the book value of like item of assets, liabilities, income and expenses, after eliminating intra group balance and unrealised profit / losses on intra group transaction, and are presented to the extent possible, in the same manner as the Parent’s independent financial statements.

The excess/shortage of cost to the Parent of its investment over its equity in the subsidiary at the respective dates on which the investment in such Subsidiary was made is recognized as Goodwill/Capital Reserve in Consolidated Financial Statements.

#### 19.1.3 Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Examples of such estimates include future obligations under employee retirement benefit plans and the useful life of fixed assets. Although these estimates are based on management’s best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from the estimates.

#### 19.1.4 Foreign Currency Translation

Indian Rupee is the functional currency of MosChip Semiconductor Technology Limited and US Dollar is the functional currency of MosChip Semiconductor Technology, USA. Wholly owned subsidiary is classified as non-integral operation according to Accounting Standard 11. Therefore, in respect of Wholly owned subsidiary all the assets and liabilities both Monetary and Non – Monetary are translated using exchange rate prevailing at the Balance Sheet date and revenue, cost and expenses are translated using average exchange rate prevailing during the reporting period. The resultant translation exchange gain / loss have been disclosed as “Foreign Currency Translation Reserve” under Reserves & Surplus.

#### 19.1.5 Revenue Recognition

Revenue from product sales is recognised on dispatch of material

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

#### 19.1.6 Fixed Assets and Capital Work-in-Progress

Fixed Assets are stated at cost of acquisition

inclusive of inland freight, duties and taxes and incidental expenditure incurred during installation wherever applicable. Leasehold improvements represent expenses incurred towards civil works, interior furnishings, etc. on the leased premises. Fixed Assets sold or retired from active use are eliminated from accounts by removing the related cost and accumulated depreciation. On elimination or removal any gain or loss is included in the results of operations.

#### 19.1.7 Depreciation

Depreciation on Fixed Assets other than Improvement to Leasehold Premises is provided under Straight Line method at the rates specified in Schedule II of the Companies Act, 1956, except as stated in Note 18.2.9.

Depreciation on additions and deletions to assets during the year is charged to revenue pro rata to the period of their use.

Leasehold Improvements are amortized over the estimated useful life or unexpired period of lease (whichever is lower) on a straight line basis.

Assets costing less than Rs.5,000/- individually have been fully depreciated in the year of purchase.

Depreciation on fixed assets of the subsidiary company is computed using the straight-line method and is charged to income over the estimated useful life of two, three, five and seven years.

#### 19.1.8 Foreign Exchange Transactions

**Initial Recognition--:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.

**Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

**Exchange Differences:** Exchange differences arising on the settlement or conversion of monetary items, are recognised as income or as expenses in the period in which they arise except those arising on liabilities pertaining to fixed assets acquired from outside India, which

are adjusted with the cost of the fixed assets.

**Foreign Operations :** The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. Exchange differences arising on a monetary item forming part of net investment in a non-integral foreign operation is accumulated in foreign currency translation reserve until disposal of the net investments.

#### 19.1.9 Investments

Investments are classified into current investments and long-term investments. Current Investments are carried at the lower of cost and fair value, and provision is made to recognize any decline in the carrying value. Long-term investments are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such investment.

#### 19.1.10 Retirement benefits

**Provident Fund:** The Company contributes to the employees' provident fund (a defined contribution benefit) maintained under the Employees Provident Fund scheme by the Central Government.

**Gratuity:** The Company Contributes to LIC Group Gratuity Fund. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as on the balance sheet date.

**Leave Encashment:** Liabilities with regard to the Leave Encashment are determined by actuarial valuation as on the balance sheet date.

#### 19.1.11 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 "Earnings Per Share". Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

#### 19.2 Notes on Accounts

**19.2.1 Contingent Liabilities:**

(Amount in Rs.)

Particulars	AS AT 31 MARCH	
	2017	2016
Estimated amount of unexecuted capital contracts not provided	Nil	Nil
Outstanding Bank Guarantee given by bankers	21,252,832	12,896,415
Outstanding Bank Guarantee on account of Bond executed by the Company to Government of India towards execution of Govt. contracts	175,015,525	96,454,145

**19.2.2 Share Capital**

During the year under review the Company has allotted 67,757,000 equity shares of Rs. 2/- each at a price of Rs.5.41/- per share to the subscribers to the issue of shares on Preferential basis and also allotted 451,000 of Rs. 2/- each at a price of Rs.5.98/- per share to the employees upon their exercise of Stock Options. Further the Company has allotted 5,124,998 equity shares of Rs. 2/- each at a price of Rs.21.80/- per share to the subscribers to the issue of shares on Preferential basis.

Further the Company has allotted 2,500,000 equity shares of Rs. 2/- each at a price of Rs.21.80/- per share to Orange Semiconductor Private Limited Shareholders towards purchase of the entire share capital of Orange Semiconductor Private Limited.

Further the Company has allotted 1,000,000 equity shares of Rs. 2/- each at a price of Rs.21.80/- per share to Maven Systems Private Limited Shareholders towards purchase of the entire share capital of Maven Systems Private Limited.

Further the Company has allotted 2,000,000 equity shares of Rs. 2/- each at a price of Rs.21.80/- per share to Eliteplus Semiconductor Technologies Private Limited Shareholders towards purchase of the entire share capital of Eliteplus Semiconductor Technologies Private Limited

**19.2.3 Convertible Warrants**

During the period under review, the Company has allotted 6,300,000 convertible warrants at a price of Rs.21.80 each as "Series 1 Warrants" on preferential basis. The said warrants

represent a right to acquire 6,300,000 equity shares of Rs.2 each at a price of Rs.21.80 per share. The warrants can be exercised at any time during the period between 1 April 2017 and 31 March 2018 in one or more tranches. The warrants were issued for an upfront consideration of Rs.34,335,000.

During the period under review, the Company has allotted 6,636,000 convertible warrants at a price of Rs. 21.80 each as "Series 2 Warrants" on preferential basis. The said warrants represent a right to acquire 6,636,000 equity shares of Rs.2 each at a price of Rs.21.80 per share. The warrants can be exercised at any time during the period between 1 April 2017 and the expiry of 18 (eighteen) months from the date of issuance of "Series 2 Warrants" in one or more tranches. The warrants were issued for an upfront consideration of Rs.36,166,200.

**19.2.4 Short Term Borrowings**

During the period the Company has obtained Over Draft facility in HDFC Bank Ltd. for an amount of Rs.15.00 crores. Utilization as on 31.03.2017 is Rs. 11.47 crores at 9.15% interest rates payable per annum. The same is sanctioned against third party time deposit collateral. Provision for the interest has been made in these accounts in the financial year ending 31st March 2017.

Similarly the company also has consolidated Loans from Directors which is outstanding an amount of Rs. 15.72 Crores as on 31.03.2017 at variable interest rates. The provision for the same has been made in these accounts in the financial year ending 31st March 2017.

**19.2.3 Earnings per Share**

The Company reports basic and diluted earnings per equity share in accordance with AS-20, "Earnings Per Share".

Basic earnings per equity share has been computed by dividing net loss after tax by the weighted average number of equity shares outstanding during the applicable periods. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the applicable periods. The reconciliation between basic and diluted earnings per equity share is as follows:

(Amount in Rupees except share numbers)

	Year ended 31 March 2017	Year ended 31 March 2016
<b>BASIC EARNINGS/(LOSS) PER SHARE</b>		
Net Profit/(Loss) for the period before exceptional, extraordinary and Discontinuing Operations	(1,341,786)	(119,385,793)
Net Profit/(Loss) for the period after exceptional, extraordinary and Discontinuing Operations	12,547,273	(119,385,793)
Weighted average number of equity shares	124,868,515	46,035,517
EPS before extraordinary item	(0.01)	(2.59)
EPS after extraordinary item	0.11	(2.59)
<b>DILUTED EARNINGS/(LOSS) PER SHARE</b>		
Net Profit/(Loss) for the period before exceptional, extraordinary and Discontinuing Operations	(1,341,786)	(119,385,793)
Net Profit/(Loss) for the period after exceptional, extraordinary and Discontinuing Operations	12,547,273	(119,385,793)
Adjustments	Nil	Nil
Diluted Net Profit/(Loss) for the period before exceptional, extraordinary and Discontinuing Operations	(1,341,786)	(119,385,793)
Diluted Net Profit/(Loss) for the period after exceptional, extraordinary and Discontinuing Operations	124,868,515	(119,385,793)
Weighted average number of equity shares	124,868,515	46,035,517
Diluted Potential weighted average number of equity shares	Nil	Nil
Weighted average number of diluted equity shares	124,868,515	46,035,517
EPS before extraordinary item	(0.01)	(2.59)
EPS after extraordinary item	0.11	(2.59)

**19.2.4 Segment Reporting**

The Company recognizes ASIC design services its only primary segment since its operations during the year consists of ASIC design services. Accordingly revenues from Services of software comprise the primary basis of segmental information set out in these Financial Statements. Secondary segmental reporting is performed on the basis of the geographical location of customers

**a) Business Segment Information:**

Particulars	Year ended 31 March 2017	
	Software Rs.	ASICs Rs.
<b>Revenue</b>		
Sales to external customers	294,162,099	81,965,171
<b>Segment Profit / (loss)</b>		
Other Income	(33,728,669)	14,079,226
	18,307,058	132
Profit / (loss) before Tax	(15,421,612)	14,079,359
Tax	1,210,354	0
Exceptional Item	0	0
Profit / (loss) after Tax before Extraordinary and Discontinuing operations	(16,631,966)	14,079,359
Extraordinary Items and Profit / (Loss) on Discontinuing Operations	(2,532,111)	(12,567,769)
Net profit/(loss)	(14,099,855)	26,647,128
<b>Other Segment Information</b>		
Depreciation	2,537,161	8,815
Non-cash expenses other than depreciation	0	0
<b>Particulars of Segment Assets and Liabilities</b>		
Segment Assets	738,597,801	117,712,428
Investments	0	0
Cash and Bank Deposits	9,812,223	4,196,312
Other Assets	0	0
Total Assets	748,410,023	121,908,740
Segment Liabilities	364,310,879	65,819,944
Total Liabilities	364,310,879	65,819,944



<b>b) Geographic Segment Information:</b>		
	<b>Software Rs.</b>	<b>ASICs Rs.</b>
<b>Revenue</b>		
Hong Kong	0	749,903
Taiwan	0	617,082
India	294,162,099	0
Rest of World	0	175,812
<b>Carrying amount of segment fixed assets</b>		
India		114,278,778
North America		814,343
<b>Additions to fixed assets</b>		
India		4,931,828
North America		274,247

### 19.2.5 Accounting for taxes on income

During the period under review, the Company carried its operations in India. The operations of the Unit resulted in a net loss for the year ended 31 March 2017. Hence, no provision has been made in the books of account for the tax liability for the year as well as for the deferred taxes as per the Accounting Standard – 22 on Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India.

### 19.2.6 Employee Stock Option Plans

As per the Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999 issued by the Securities and Exchange Board of India, the excess of the market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the options is to be recognized and amortized on a straight-line basis over the vesting period. Whereas the Company Granted ESOPs at market price, hence recognition of difference and amortization is not applicable.

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

<b>YEAR ENDED 31 MARCH 2017</b>	<b>Emp. Stock</b>	<b>MOSCHIP STOCK OPTION PLAN</b>							
<b>Particulars</b>	<b>Option Plan</b>	<b>2001</b>	<b>2002</b>	<b>2004</b>	<b>2005-MI</b>	<b>2005 -WOS</b>	<b>2008</b>	<b>2008 (ALR)</b>	<b>2008(DIR)</b>
Options Outstanding at the beginning of the Year	0	0	0	0	400,000	0	129,612	0	0
Granted during the year	0	0	0	0	0	0	0	0	0
Forfeited during the year	0	0	0	0	300,000	0	228,000	0	0
Exercised during the year	0	0	0	0	100,000	0	351,000	0	0
Outstanding at the end of the year	0	0	0	0	0	0	1,403,000	0	0

### 19.2.7 MosChip India's Gratuity Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table summarizes the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans:

(Amounts in Rupees)

	<b>Year ended 31 March 2017</b>
	<b>Rs.</b>
<b>Gratuity cost for the period</b>	
Current Service Cost	780,619
Interest cost on defined benefit obligation	470,744
Expected Return on Plan Assets	(58,414)
Net Actuarial losses/(gain) recognised in year	658,991
Net Gratuity cost	<b>1,851,940</b>
<b>Balance Sheet</b>	
Reconciliation of present value of the obligation and the fair value of plan assets	
Fair Value of Plan Assets at the end of the year	208,008
Present Value of the funded obligation at the end of the year	1,272,860
Asset/(Liability) recognized in the balance sheet	(5,489,854)
<b>Change in the present value of defined benefit obligation are as follows:</b>	
<b>Present value of obligations at the beginning of year</b>	6,032,831
Current Service Cost	780,619
Interest cost	470,744
Actuarial (gain)/loss	665,429
Benefits paid	(1,186,909)
<b>Present value of obligations as at the end of year</b>	<b>6,762,714</b>
<b>Change in the fair value of plan assets are as follows:</b>	
Fair Value of Plan Assets at beginning of year	208,008
Expected return on plan assets	58,414
Actuarial gain/(loss)	6,438
Contributions	2,186,909
Benefits paid	(1,186,909)
Fair Value of Plan Assets at end of year	<b>1,272,860</b>

The principal assumptions used in determining gratuity and other postemployment benefit obligations for the company's plan are as follows:

Discount Rate - 8.00%

Expected rate of return on assets – 7.50%

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Above figures have been adopted as per actuarial valuation done by Thanawala Consultancy Services.

The defined benefit obligation of compensated absence (leave encashment) in respect of the employees of the company as at 31st March 2017 is Rs. 2,455,259.

#### **19.2.10 Differences in accounting policies and estimates**

Depreciation on certain fixed assets of subsidiary is provided at rates which are different from the rates used by the parent Company. The estimates of useful life on which different rates are followed are as follows:

<b>Asset Description</b>	<b>Estimated useful life</b>
Furniture & Fixtures	7 Yrs
Computer Software	3 Yrs

Had the Subsidiary followed the depreciation rates in line with that of parent company, depreciation for the year ended 31 March 2017 would have been higher by Rs.34,462/- and loss for the period would have been higher by Rs.34,462/-.

**19.2.11 Regrouping/ Reclassification**

The figures for previous year have been regrouped / reclassified wherever necessary.

Per and subject to our report of even date **For and on behalf of the Board of Directors**

**For Gokhale & Co.,**  
Chartered Accountants  
Reg No. 000942S

**Chandrashekhhar Gokhale**  
Partner  
Membership No- 23839

K.Ramachandra Reddy  
**Chairman**

Seetha Ramam Voleti  
**Director & CFO**

Place Hyderabad  
Date 22 May 2017

Suresh Bachalakura  
**Company Secretary**

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	31 March 2017 Rs.	31 March 2016 Rs
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax, Exceptional, Prior Period and Extraordinary Item	12,547,273	(114,563,261)
<b>Adjustments for:</b>		
Depreciation	2,545,976	1,782,305
Interest Income	(7,553,516)	(1,492,058)
Loss on fixed assets sold / discarded	-	98,799
Profit on sale of Investments	-	-
Provision for Retirement Benefits	7,160,684	321,230
Increase/(Decrease) in Secured/Unsecured loans	-	-
<b>Operating Profit before changes in working capital</b>	<b>14,700,417</b>	<b>(113,852,985)</b>
Increase/(Decrease) in Secured/Unsecured loans	14,707,589	92,482,709
(Increase)/Decrease in Sundry Debtors	(142,243,765)	(4,340,366)
(Increase)/Decrease in Inventories	(4,055,428)	20,380,037
(Increase)/Decrease in Loans and Advances	(125,436,254)	6,697,610
(Increase)/Decrease in Bank Guarantee Deposits with Bankers	(10,975,851)	(4,209,801)
Increase/(Decrease) in Current Liabilities	51,656,147	6,650,712
<b>Cash from operations before Tax , Exceptional,Extra Ordinary and Prior Period items</b>	<b>(201,647,146)</b>	<b>3,807,916</b>
Income-taxes paid	1,210,354	-
Cash from operations before Exceptional, Extra Ordinary and Prior Period items	(202,857,500)	3,807,916
Exceptional Item	-	(98,799)
Extra ordinary and prior period item	-	4,723,733
Income from discontinuing operations	-	-
<b>Net Cash from Operating Activities [A]</b>	<b>(202,857,500)</b>	<b>(1,014,616)</b>
<b>B. Cash flow from Investing Activities:</b>		
Purchase of Fixed Assets	(5,206,075)	(294,951)
Change in Capital Work in Progress	(142,767,804)	-
Sale proceeds of Fixed Assets	354,926	156,162
Interest received on Fixed Deposits	7,285,597	1,597,310
Purchase of Current Investments	(317,035,433)	-
Sale of Current Investments	-	-
Foreign currency translation adjustment for non-integral operation	(334,166)	(810,208)
<b>Net Cash used for Investing Activities [B]</b>	<b>(457,702,955)</b>	<b>648,313</b>
<b>C. Cash flow from Financing Activities:</b>		
Proceeds from Issue of Share Capital	157,701,876	-
Securities Premium	443,221,310	-
Convertible Warrants	70,501,200	-
	<b>671,424,386</b>	-
<b>D. Exchange differences on translation of foreign currency cash</b>	-	-
<b>Net Increase/(Decrease) in cash &amp; cash equivalents [A + B + C + D]</b>	<b>10,863,932</b>	<b>(366,303)</b>
Cash and Cash equivalents at the beginning of the year	3,144,603	3,510,906
Cash and Cash equivalents at the end of the year	<b>14,008,535</b>	<b>3,144,604</b>
<b>Supplementary Information</b>		
Cash and Cash Equivalents as per Balance Sheet	14,008,535	18,658,584
Less: Fixed Deposits towards Bank Guarantee considered as investments	-	15,513,981
	<b>14,008,535</b>	<b>3,144,603</b>

Per and subject to our report of even date

**For Gokhale & Co.,**

Chartered Accountants

Reg No.000942S

Chandrashekhar Gokhale

Partner

Membership No- 23839

Place : Hyderabad

Date: 22 May 2017

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

K. Ramachandra Reddy

**Chairman**

Seetha Ramam Voleti

**Director & CFO**

Suresh Bachalakura

**Company Secretary**

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To

**The members**

**Moschip Semiconductor Technology Limited**

**Report on the Standalone financial statements**

We have audited the accompanying Standalone financial statements of Moschip Semiconductor Technology Limited which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

Standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order 2016 ('the order'), issued by the Central Government of India in terms of Subsection 11 of Section 143 of the Companies Act, 2013, we give in 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- 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 does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.
  - iv. The company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period November 08, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the company.
- For Gokhale & Co**  
Chartered Accountants  
Firm Regn. No: 000942S
- Chandrashekhar Gokhale**  
Partner  
Membership No 023839
- Place: Hyderabad  
Date: May 22, 2017
- Annexure A to the Auditors' report dated May 22, 2017 issued to the Members of Moschip Semiconductor Technology Limited**
- As required by the Companies ( Auditor's Report ) Order, 2016 issued by the Central Government of India in terms of Sub-section (11) of section 143 of the Companies Act, 2013 (18 of 2013 ) and on the basis of such checks, as we considered appropriate, we further report that:i.
- a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all assets on rotation basis. In respect of assets verified according to this programme, which is reasonable, no material discrepancies were noticed.
  - c) The company is not holding any immovable property and hence paragraph 3 (i) (c) of the order is not applicable.
    - ii. The company is a service company, primarily rendering software services. Accordingly it does not hold any physical inventories. Thus, paragraph 3(ii) of the order is not applicable to the company.
    - iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
    - iv. In our opinion and according to the explanations given to us, the company has complied with the provisions of Sec.185 and 186 of the Act, with respect to the loans and investments made.
    - v. The company has not accepted deposits from the public covered by the provisions of sections 73 to 76 of the Companies Act.
    - vi. The Central government has not prescribed maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.
    - vii.
  - a) The company has been regular in depositing its undisputed statutory dues including towards Provident Fund, ESI, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess. There were no statutory dues at the yearend outstanding for a period of more than six months from the date they became payable.
  - b) As at the yearend there were no dues of income tax, sales tax, wealth tax, service tax or duty of customs or duty of excise, value added tax or cess which have not been deposited on account of any dispute.
  - viii. The Export Packing Credit balance of Rs 1,42,97,119 payable to UCO Bank as at the Balance Sheet date of previous year have been paid during the year. There were no dues payable to any financial institution/s during the year
  - ix. The company has not taken any fresh term loans during the year.
  - x. On the basis of information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.

- xi. According to information and explanations given to us and on the basis of our examination of the records of the company, the company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion according to the information and explanations given to us the company is not a nidhi company. Accordingly paragraph 3(xii) of the order is not applicable.
- xiii. According to information and explanations given to us and on the basis of our examination of the records of the company, transactions with related parties are in compliance with sections 177 and 188 of the act and details of such transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.
- xiv. During the year under review the Company has allotted 67,757,000 equity shares of Rs. 2/- each at a price of Rs.5.41/- per share to the subscribers to the issue of shares on Preferential basis and also allotted 451,000 equity shares of Rs. 2/- each at a price of Rs.5.98/- per share to the employees upon their exercise of Stock Options. Further the Company has allotted 5,124,998 equity shares of Rs. 2/- each at a price of Rs.21.80/- per share to the subscribers on Preferential basis. With respect to the above allotments the requirement of section 42 of the Companies Act, 2013 have been complied with and the amounts raised have been used for the purposes for which the funds were raised.
- xv. According to information and explanations given to us and on the basis of our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly paragraph 3(xv) of the order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Gokhale & Co**  
Chartered Accountants  
Firm Regn. No: 000942S

**Chandrashekhhar Gokhale**  
Partner  
Membership No 023839

Place: Hyderabad  
Date: May 22, 2017

**Annexure - B to the Auditors' Report**  
**Report on the Internal Financial Controls over**  
**Financial Reporting in terms of**  
**Clause (i) of Sub-section 3 of Section 143 of the**  
**Companies Act, 2013 ("the Act").**

We have audited the Internal Financial Controls over financial reporting of Moschip Semiconductor Technology Limited ('the Company') as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of Internal Financial Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Gokhale & Co**

Chartered Accountants  
Firm Regn. No: 000942S

**Chandrashekhar Gokhale**

Partner  
Membership No 023839

Place: Hyderabad  
Date: May 22, 2017

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	PARTICULARS	Note No.	As at 31.03.2017		As at 31.03.2016	
			Rs.	Rs.	Rs.	Rs.
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1.</b>	<b>Shareholder's funds</b>					
	(a) Share Capital	1	249,737,030		92,071,034	
	(b) Reserves and Surplus	2	129,816,064		(303,110,624)	
	(c) Money Received against Share Warrants		70,501,200		-	
				<b>450,054,294</b>		(211,039,590)
<b>2.</b>	<b>Share Application Money Pending for Allotment</b>			<b>35,880</b>		-
<b>3.</b>	<b>Non- current liabilities</b>					
	(a) Long-term Provisions	3	7,945,113		7,901,426	
				<b>7,945,113</b>		7,901,426
<b>4.</b>	<b>Current Liabilities</b>					
	(a) Short term borrowings	4	226,300,420		262,440,823	
	(b) Trade payables		4,545,477		25,416,443	
	(c) Short term provisions	5	92,220,443		93,303,220	
				<b>323,066,340</b>		381,160,486
	<b>TOTAL</b>			<b>781,101,627</b>		<b>178,022,322</b>
<b>II</b>	<b>ASSETS</b>					
<b>1.</b>	<b>Non-current assets</b>					
	(a) Fixed assets	6				
	(i) Tangible assets		3,206,519		2,005,807	
	(ii) Intangible assets		398,043		279,298	
	(iii) Capital Work In Progress		21,882,582		-	
	(b) Non-current investments	7	270,756,989		956,989	
	(c) Long-term loans and advances	8	8,889,700		4,316,500	
	(d) Other non-current assets		-		-	
				<b>305,133,833</b>		7,558,594
<b>2.</b>	<b>Current assets</b>					
	(a) Inventories	9	40,761,599		44,908,498	
	(b) Trade receivables	10	220,065,476		84,395,960	
	(c) Cash and Cash equivalents	11	1,847,978		2,789,362	
	(d) Short-term loans and advances	12	191,039,909		22,855,927	
	(e) Other current assets	13	22,252,832		15,513,981	
				<b>475,967,794</b>		170,463,728
	<b>TOTAL</b>			<b>781,101,627</b>		<b>178,022,322</b>

Per and subject to our report of even date

**For Gokhale & Co.,**

Chartered Accountants

Reg No.000942S

Chandrashekhar Gokhale

Partner

Membership No- 23839

Place : Hyderabad

Date: 22 May 2017

**For and on behalf of the Board of Directors****K. Ramachandra Reddy**

Chairman

**Seetha Ramam Voleti**

Director &amp; CFO

**Suresh Bachalakura**

Company Secretary

	PARTICULARS	Note No.	the year ended 31.03.2017		For the year ended 31.03.2016	
			Rs.	Rs.	Rs.	Rs.
I	Revenue from operations	14	166,884,062		50,952,267	
II	Other Income	15	19,029,557		1,491,919	
III	Total Revenue (I + II)			185,913,619		52,444,186
IV	Expenses					
	Cost of Materials Consumed	16	36,015,185			
	Employee benefits expense	17	94,895,713		61,993,218	
	Finance Costs	18	17,614,668		29,466,425	
	Depreciation and amortization expense		1,598,492		1,764,835	
	Other expense	19	46,084,184		66,306,275	
	Total Expense			196,208,241		159,530,753
V	Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			(10,294,622)		(107,086,567)
VI	Exceptional Items			-	-	-
VII.	Profit/ (Loss) before extraordinary and Prior Period items and tax (V-VI)			(10,294,622)		(107,086,567)
VIII	Extraordinary and Prior Period Items			-		4,723,733
IX	Profit/ (Loss) before tax (VII-VIII)			(10,294,622)		(111,810,300)
X	Tax expense:					
	(1) Current tax				-	
	(2) Deferred tax				-	
				-		-
XI	Profit/(Loss) for the period (XI + XIV)			(10,294,622)		(111,810,300)
XII	Earnings per equity share:					
	Equity Share of face value Rs.2/- each					
	(1) Basic			(0.09)		(2.33)
	(2) Diluted			(0.09)		(2.43)

Per and subject to our report of even date

**For Gokhale & Co.,**

Chartered Accountants

Reg No.000942S

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

**K. Ramachandra Reddy**

Chairman

**Seetha Ramam Voleti**

Director & CFO

Chandrashekhar Gokhale

Partner

Membership No- 23839

Place : Hyderabad

Date: 22 May 2017

**Suresh Bachalakura**

Company Secretary

NOTES	As at 31.03.2017	As at 31.03.2016
	Rs.	Rs.
<b>NOTE - 1 SHARE CAPITAL:</b>		
Authorised Share Capital	555,000,000	555,000,000
275,000,000 (Previous Year 275,000,000 @ Rs.2/- each) equity shares of Rs.2/- each Issued share capital		
126,583,587 ( Previous Year 47,750,589 @ Rs.2/- each) equity shares of Rs.2/- each Subscribed and fully paid share capital	253,167,174	95,501,178
124,868,515 (Previous Year 46,035,517 @ Rs.2/- each) equity shares of Rs.2/- each (Of the above 5,500,000 shares of Rs.2 each have been allotted for consideration other than cash pursuant to the acquisition of 100% equity in Maven Systems Pvt Ltd., Orange Semiconductors Pvt Ltd. And Eliteplus Semiconductor Technologies Pvt Ltd)	249,737,030	92,071,034
Shareholders having more than 5% of the shares with the number of shares & Percentage		
Name of the Shareholder	2016-17	2015-16
No. of Shares %	No. of Shares %	
1) K Ramachandra Reddy	6,443,037 5.64%	3,050,037 6.63%
2) Techwave Pte Ltd	64,068,201 56.08%	---- ---
<b>Total</b>	<b>249,737,030</b>	<b>92,071,034</b>
<b>NOTE - 2 RESERVES AND SURPLUS:</b>		
Capital Reserves		
State Govt Subsidy	1,250,000	1,250,000
Retained Earnings (Dep. Res. As per new Co. Act 2013)	(13,588,158)	(13,588,158)
Securities Premium	443,221,310	-
Forfeited Share Warrants:		
Opening Balance	5,431,250	5,431,250
Surplus, showing allocations and appropriations such as dividend, Bonus Shares and transfer to / from reserves		
Opening Balance	(296,203,716)	(184,393,416)
Add: Current Year Surplus	(10,294,622)	(111,810,300)
	(306,498,338)	(296,203,716)
Less: Reduction in losses under the scheme of Capital Reduction	-	-
	(306,498,338)	(296,203,716)
<b>Total</b>	<b>129,816,064</b>	<b>(303,110,624)</b>
<b>NOTE - 3 LONG TERM PROVISIONS:</b>		
Leave Encashment	2,455,259	2,076,603
Gratuity	5,489,854	5,824,823
<b>Total</b>	<b>7,945,113</b>	<b>7,901,426</b>
<b>NOTE - 4 SHORT TERM BORROWINGS:</b>		
Loan from Others (ICD)	-	14,297,119
HDFC Bank Over Draft	-	80,000,000
Loans and Advances from Related Parties - Unsecured	114,731,043	-
Loan from Directors	111,569,377	156,305,290
Moschip Semiconductor Technology,USA	-	11,838,414
<b>Total</b>	<b>226,300,420</b>	<b>262,440,823</b>



<b>NOTE - 5</b>		
<b>SHORT TERM PROVISIONS:</b>		
Provision for Expenses	1,596,230	4,347,009
TDS Payable	5,337,897	4,324,950
Service Tax Payable	528,676	837,512
Vat Payable	32,282	-
Provision for Doubtful Debts	40,000,000	40,000,000
Interest Payable	44,351,277	31,726,078
Salaries Payable	86,494	5,953,811
Directors Remuneration Payable	-	5,970,619
ESI,PT and PF Payable	287,587	143,241
<b>Total</b>	<b>92,220,443</b>	<b>93,303,220</b>
<b>NOTE - 7</b>		
<b>NON CURRENT INVESTMENTS:</b>		
Investments		
Unquoted		
a) Wholly-owned Subsidiary:		
19,192,404 (Previous Year 19,192,404) shares of MosChip Semiconductor Technology USA (a company incorporated in USA)		
At Cost	956,989	956,989
b) Wholly-owned Subsidiary:		
100,000 ( Previous Year Nil) shares of Maven Systems Private Ltd ( A company Incorporated in India)		
At Cost	56,800,000	-
c) Wholly-owned Subsidiary:		
108,000 shares (Previous Year Nil) of Eliteplus Semiconductors Pvt. Ltd ( A company Incorporated in India)		
At Cost	81,100,000	-
d) Wholly-owned Subsidiary:		
100,000 shares (Previous Year Nil) of Orange Semiconductors Private Ltd ( A company Incorporated in India)		
At Cost	131,900,000	-
<b>Total</b>	<b>270,756,989</b>	<b>956,989</b>
<b>NOTE - 8</b>		
<b>LONG TERM LOANS &amp; ADVANCES - (Unsecured, Considered Good):</b>		
Deposits		
Deposit - Government Authorities		
Deposits -Telephone	29,400	29,400
Deposits - Others		
Deposits - Others	10,100	10,100
Deposits - Rent	6,055,200	1,482,000
Other Loans & Advances		
Moschip Employees Trust	2,795,000	2,795,000
<b>Total</b>	<b>8,889,700</b>	<b>4,316,500</b>
<b>NOTE - 9</b>		
<b>INVENTORIES</b>		
Work In Progress	40,761,599	44,908,498
<b>Total</b>	<b>40,761,599</b>	<b>44,908,498</b>

**NOTE - 6**  
**FIXED ASSETS - STANDALONE**

(Amount in Rupees)

S. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as at 01.04.2016	Additions during the Year	*Deletions during the year	Balance as at 31.03.2017	Balance as at 01.04.2016	For the Year	Additions (Deletions) during the Year	Balance as at 31.03.2017	Balance as at 31.03.2017	Balance as at 31.03.2016
	Tangible Assets										
1	Computers	24,235,551	1,269,079	-	25,504,630	23,349,097	570,281	56,604	23,862,774	1,641,856	886,454
2	Electrical Installation	1,503,219	96,000	1,066,708	532,511	1,398,364	145,273	1,013,979	529,658	2,853	104,855
3	Plant and Machinery	1,443,699	-	61,250	1,382,449	1,397,228	13,799	50,931	1,360,096	22,353	46,471
4	Furniture and Fittings	3,692,959	61,182	208,576	3,545,565	3,482,186	101,537	202,852	3,380,871	164,694	210,773
5	Office Equipment	2,326,996	683,723	233,361	2,777,358	2,299,168	59,973	233,361	2,125,780	651,578	27,828
6	Vehicles	84,257	-	-	84,257	83,984	273	-	84,257	-	273
7	Lab Equipment	6,175,159	398,731	-	6,573,890	6,131,460	61,972	-	6,193,432	380,458	43,699
8	Leasehold Improvements	2,190,947	-	-	2,190,947	1,505,491	342,728	-	1,848,219	342,728	685,456
	<b>TOTAL</b>	<b>41,652,786</b>	<b>2,508,715</b>	<b>1,569,895</b>	<b>42,591,606</b>	<b>39,646,978</b>	<b>1,295,836</b>	<b>1,557,727</b>	<b>39,385,087</b>	<b>3,206,519</b>	<b>2,005,808</b>
	Intangible Assets										
1	Software	62,349,317	421,402	-	62,770,719	62,070,020	302,656	-	62,372,676	398,043	279,297
	<b>TOTAL</b>	<b>62,349,317</b>	<b>421,402</b>	<b>-</b>	<b>62,770,719</b>	<b>62,070,020</b>	<b>302,656</b>	<b>-</b>	<b>62,372,676</b>	<b>398,043</b>	<b>279,297</b>
	<b>GRAND TOTAL</b>	<b>104,002,103</b>	<b>2,930,117</b>	<b>1,569,895</b>	<b>105,362,325</b>	<b>101,716,998</b>	<b>1,598,492</b>	<b>1,557,727</b>	<b>101,757,763</b>	<b>3,604,562</b>	<b>2,285,105</b>
	Previous Year	105,208,534	294,951	1,501,382	104,002,103	101,246,121	1,764,835	1,227,188	101,716,999	2,285,105	-

<b>NOTE - 10</b> <b>TRADE RECEIVABLES:</b> (Unsecured, Considered Good) Outstanding for a period exceeding six months (Unsecured, Considered doubtful) Outstanding for a period exceeding six months Others	60,371,915  40,000,000 119,693,561	71,667,722  - 12,728,238
<b>Total</b>	<b>220,065,476</b>	<b>84,395,960</b>
<b>NOTE - 11</b> <b>CASH AND CASH EQUIVALENTS:</b> Cash on hand Balance with Scheduled Banks - In Current accounts	75,028  1,772,950	10,293  2,779,069
<b>Total</b>	<b>1,847,978</b>	<b>2,789,362</b>
<b>NOTE - 12</b> <b>SHORT TERM LOANS &amp; ADVANCES:</b> Other Loans & Advances - (Unsecured , Considered Good) Prepaid Expenses Service Tax Input Credit Interest Accrued but not due Prepaid Income Tax - TDS Advance to Employees Loans to Subsidiaries Other Advances Total	4,434,066 3,877,368 566,779 5,632,793 - 86,141,078 90,387,824 191,039,909	2,151,931 4,002,262 298,860 15,224,990 145,707 - 1,032,177 22,855,927
<b>NOTE - 13</b> <b>OTHER CURRENT ASSETS</b> - In fixed deposit accounts (Rs.22,252,832 (Previous Year Rs.15,513,981/-) pledged towards margin on Bank Guarantee)	22,252,832	15,513,981
<b>Total</b>	<b>22,252,832</b>	<b>15,513,981</b>
<b>NOTE - 14</b> <b>REVENUE FROM OPERATIONS:</b> Software Services	166,884,062	50,952,267
<b>Total</b>	<b>166,884,062</b>	<b>50,952,267</b>
<b>NOTE - 15</b> <b>OTHER INCOME:</b> Interest Earned (Gross) Miscellaneous Income	8,275,884 10,753,673	1,491,919 -
<b>Total</b>	<b>19,029,557</b>	<b>1,491,919</b>
<b>NOTE - 16</b> <b>COST OF MATERIAL CONSUMED</b> Materials, Finished and Processed stocks Import Clearance Charges	36,011,685 3,500	- 1,661,440
<b>Total</b>	<b>36,015,185</b>	<b>1,661,440</b>
<b>NOTE - 17</b> <b>EMPLOYEE BENEFITS EXPENSES:</b> Salaries and Other Allowances to Employees Contribution to PF, ESI & Gratuity Directors Remuneration Staff Welfare Expenses	82,836,723 4,490,755 5,270,838 2,297,397	53,503,930 2,371,777 3,900,000 2,217,511
<b>Total</b>	<b>94,895,713</b>	<b>61,993,218</b>

<b>NOTE - 18</b>		
<b>FINANCE COST:</b>		
Interest on Bank Loans	820,197	2,354,597
Interest on loan from Directors	14,862,267	25,957,149
Interest on ICD	632,165	843,088
Commission on Collateral	575,000	-
Bank Charges	725,039	311,591
Total	17,614,668	29,466,425
<b>NOTE - 19</b>		
<b>OTHER EXPENSES:</b>		
Rent	8,771,346	4,907,606
Electricity Charges	2,269,262	1,747,580
Consumables	169,933	347,155
Software Charges	1,596,294	10,365,806
Communication Expenses	411,045	267,411
Directors Sitting Fee	455,000	264,000
Printing and Stationery	117,116	93,171
Postage, Telegrams and Telephones	536,083	679,284
Fees, Rates and Taxes	505,726	789,811
Repairs and Maintenance	755,903	118,526
Travelling and Conveyance	6,192,477	1,823,841
Advertisement Expenses	1,120,548	152,452
Payment to Auditors	400,500	211,000
Insurance	1,803,086	668,436
Professional charges	8,882,198	1,244,978
Recruitment Expenses	568,831	203,935
General Expenses	5,019,928	4,413,340
Provision for Doubtful Debts	433,486	40,000,000
Realised Loss/(Gain) on Forex Fluctuation	669,477	(23,343)
Unrealised Loss/(Gain) on Forex Fluctuation	5,405,945	(1,968,714)
Total	46,084,184	66,306,275

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**Notes to the Financial Statements for the year ended 31 March 2017**

**20: Significant accounting policies and notes on accounts**

**Company overview**

MosChip Semiconductor Technology Limited (and reduced) ("MosChip" or "the Company") is a fabless semiconductor company engaged in providing customized Services in application specific integrated circuits (ASICs), System on Chip (SOC) and Software technology services to its clients across the globe. MosChip has its headquarters in Hyderabad, India

**20.1 Significant Accounting Policies**

**20.1.1 Basis for Preparation of Financial Statements**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used during the previous year.

**20.1.2 Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Examples of such estimates include future obligations under employee retirement benefit plans and the useful life of fixed assets. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from the estimates.

**20.1.3 Revenue Recognition**

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

**20.1.4 Fixed Assets and Capital Work-in-Progress**

Fixed Assets are stated at cost of acquisition inclusive of inland freight, duties and taxes and incidental expenditure incurred during installation wherever applicable. Leasehold improvements represent expenses incurred towards civil works, interior furnishings, etc. on the leased premises. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Fixed Assets sold or retired from active use are eliminated from accounts by removing the related cost and accumulated depreciation. On elimination or removal any gain or loss is included in the results of operations.

**20.1.5 Depreciation**

Depreciation on Fixed Assets other than Improvement to Leasehold Premises provided as per Schedule II of the Companies Act, 2013. Depreciation on additions and deletions to assets during the year is charged to revenue pro rata to the period of their use. Leasehold Improvements are amortized over the estimated useful life. Assets costing less than Rs.5,000/- individually have been fully depreciated in the year of purchase.

**2.1.6 Impairment of Fixed Assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds recoverable amount.

**20.1.7 Foreign Exchange Transactions**

**Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.

**Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

**Exchange Differences:** Exchange differences arising on the settlement or conversion of monetary items, are recognised as income or

as expenses in the period in which they arise except those arising on liabilities pertaining to fixed assets acquired from outside India, which are adjusted with the cost of the fixed assets.

**Foreign Operations:** The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. Exchange differences arising on a monetary item forming part of net investment in a non-integral foreign operation is accumulated in foreign currency translation reserve until disposal of the net investments.

#### 20.1.8 Investments

Investments are classified into current investments and long-term investments. Current Investments are carried at the lower of cost and fair value, and provision is made to recognize any decline in the carrying value. Long-term investments are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such investment.

#### 20.1.9 Retirement benefits

**Provident Fund:** The Company contributes to the employees' provident fund (a defined contribution benefit) maintained under the Employees Provident Fund scheme by the Central Government. **Gratuity:** The Company contributes to LIC Group Gratuity Fund. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as on the balance sheet date. **Leave Encashment:** Liabilities with regard to the Leave Encashment are determined by actuarial valuation as on the balance sheet date.

#### 20.1.10 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 "Earnings per Share". Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

#### 20.1.11 Provisions

A provision is recognised when the Company

has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except those disclosed elsewhere in the financial statements, are not discounted to their present value and are determined based on best estimate required to settle the obligation at the each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

### 20.2 Notes on Accounts

#### 20.2.1 Contingent Liabilities: (Amount In Rs)

Particulars	AS AT 31 MARCH	
	2017	2016
Estimated amount of unexecuted capital contracts not provided	Nil	Nil
Outstanding Bank Guarantee given by bankers	21,252,832	12,896,415
Outstanding Bank Guarantee on account of Bond executed by the Company to Government of India towards execution of Govt. contracts	175,015,525	96,454,145

#### 20.2.2 Accounting for taxes on income

During the period under review, the Company carried its operations in India. The operations of the unit have resulted in a net loss for the year ended 31 March 2017. Hence, no provision has been made in the books of account for the tax liability for the year as well as for the deferred taxes as per the Accounting Standard – 22 on Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India.

#### 20.2.3 Share Capital

During the year under review the Company has allotted 67,757,000 equity shares of Rs. 2/- each at a price of Rs.5.41/- per share to the subscribers to the issue of shares on Preferential basis and also allotted 451,000 of Rs. 2/- each at a price of Rs.5.98/- per share to the employees upon their exercise of Stock Options. Further the Company has allotted 5,124,998 equity shares of Rs. 2/- each at a



price of Rs.21.80/- per share to the subscribers to the issue of shares on Preferential basis.

Further the Company has allotted 2,500,000 equity shares of Rs. 2/- each at a price of Rs.21.80/- per share to Orange Semiconductor Private Limited Shareholders towards purchase of the entire share capital of Orange Semiconductor Private Limited.

Further the Company has allotted 1,000,000 equity shares of Rs. 2/- each at a price of Rs.21.80/- per share to Maven Systems Private Limited Shareholders towards purchase of the entire share capital of Maven Systems Private Limited.

Further the Company has allotted 2,000,000 equity shares of Rs. 2/- each at a price of Rs.21.80/- per share to Eliteplus Semiconductor Technologies Private Limited Shareholders towards purchase of the entire share capital of Eliteplus Semiconductor Technologies Private Limited

#### 20.2.4 Convertible Warrants

During the period under review, the Company has allotted 6,300,000 convertible warrants at a price of Rs.21.80 each as "Series 1 Warrants" on preferential basis. The said warrants represent a right to acquire 6,300,000 equity shares of Rs.2 each at a price of Rs.21.80 per share. The warrants can be exercised at any time during the period between 1 April 2017 and 31 March 2018 in one or more tranches. The warrants were issued for an upfront consideration of Rs.34,335,000.

During the period under review, the Company has allotted 6,636,000 convertible warrants at a price of Rs.21.80 each as "Series 2 Warrants" on preferential basis. The said warrants represent a right to acquire 6,636,000 equity shares of Rs.2 each at a price of Rs.21.80 per share. The warrants can be exercised at any time during the period between 1 April 2017 and the expiry of 18 (eighteen) months from the date of issuance of "Series 2 Warrants" in one or more tranches. The warrants were issued for an upfront consideration of Rs.36,166,200.

#### 20.2.5 Short Term Borrowings

During the period the Company has obtained

Over Draft facility in HDFC Bank Ltd. for an amount of Rs.15.00 crores. Utilization as on 31.03.2017 is Rs. 11.47 crores at 9.15% interest rates payable per annum. The same is sanctioned against third party time deposit collateral. Provision for the interest has been made in these accounts in the financial year ending 31st March 2017.

Similarly the company also has Loan from Directors which is outstanding an amount of Rs. 11.16 Crores as on 31.03.2017 at variable interest rates. The provision for the same has been made in these accounts in the financial year ending 31st March 2017.

#### 20.2.6 Employee Stock Option Plans

As per the Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999 issued by the Securities and Exchange Board of India, the excess of the market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the options is to be recognized and amortized on a straight-line basis over the vesting period. The Company Granted ESOPs at market price. Being Granting price and excise price are same recognition of difference and amortization is not required.

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

YEAR ENDED 31 MARCH 2017 Particulars	Emp. Stock Option Plan	MOSCHIP STOCK OPTION PLAN							
		2001	2002	2004	2005-MI	2005 -WOS	2008	2008 (ALR)	2008 (DIR)
Options Outstanding at the beginning of the Year	0	0	0	0	400,000	0	129,612	0	0
Granted during the year	0	0	0	0	0	0	0	0	0
Forfeited during the year	0	0	0	0	300,000	0	228,000	0	0
Exercised during the year	0	0	0	0	100,000	0	351,000	0	0
Outstanding at the end of the year	0	0	0	0	0	0	1,403,000	0	0

### 20.2.7 Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, "Earnings per Share". Basic earning per equity share has been computed by dividing net loss after tax by the weighted average number of equity shares outstanding during the applicable periods. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the applicable periods. The reconciliation between basic and diluted earnings per equity share is as follows:

(Amount in Rupees except share data)

	Year ended 31 March 2017	Year ended 31 March 2016
<b>BASIC EARNINGS/(LOSS) PER SHARE</b>		
Net Profit/(Loss) for the period before exceptional ,extraordinary, prior period item and discontinuing operations	(10,294,622)	(107,086,567)
Net Profit/(Loss) for the period after exceptional ,extraordinary, prior period item and discontinuing operations	(10,294,622)	(111,810,300)
Weighted average number of equity shares	124,868,515	46,035,517
EPS before extraordinary item	(0.09)	(2.33)
EPS after extraordinary item	(0.09)	(2.43)
<b>DILUTED EARNINGS/(LOSS) PER SHARE</b>		
Net Profit/(Loss) for the period before exceptional ,extraordinary, prior period item and discontinuing operations	(10,294,622)	(107,086,567)
Net Profit/(Loss) for the period after exceptional ,extraordinary, prior period item and discontinuing operations	(10,294,622)	(111,810,300)
Adjustments	Nil	Nil
Diluted Net Profit/(Loss) for the period before exceptional ,extraordinary, prior period item and discontinuing operations	(10,294,622)	(107,086,567)
Diluted Net Profit/(Loss) for the period after exceptional ,extraordinary, prior period item and discontinuing operations	(10,294,622)	(111,810,300)
Weighted average number of equity shares	124,868,515	46,035,517
Diluted Potential weighted average number of equity shares	Nil	Nil
Weighted average number of diluted equity shares	124,868,515	46,035,517
EPS before extraordinary item	(0.09)	(2.33)
EPS after extraordinary item	(0.09)	(2.43)

**20.2.8. Directors' Remuneration:**

(Amounts in Rupees)

		Year ended 31 March 2017	Year ended 31 March 2016
1.	Salary and allowances	5,270,838	3,900,000
2.	No Provision for Commission to Whole Time Directors has been made in the books, as there is no profit in accordance with Section 198 of the Companies Act, 1956.		

**20.2.9. Related Party disclosures****A. List of Related Parties**

Description of Relationship	Name of Related Parties	Designation
<b>Subsidiaries</b>	MosChip Semiconductor Technology, USA.	-----
	Maven Systems Private Limited	-----
	Eliteplus Semiconductor Technologies Pvt Ltd	-----
	Orange Semiconductors Private Limited	-----
<b>Common Directors/Interest</b>	Techwave Infotech Private Limited	-----

Whole-time Directors	K. Ramachandra Reddy	Chairman & CEO
	Seetha Ramam Voleti	Director & CFO
Key Management Personnel	Suresh Bachalakura	Company Secretary

**B. Transactions and balances due to / from related parties:**

(Amounts in Rupees)

Nature of Transaction	Transactions during the year	Balance as on 31 March 2017
<b>Transactions with Subsidiaries</b>		
Reimbursement of expenses / Payable	8,523,985	1,717,172
Reimbursement of expenses / Receivable	4,877,431	4,973,934
Loans and Advances/ Receivable	208,106,327	255,155,138
Loans and Advances / Payable	31,000,000	0
Interest on Loans / Payable	278,794	250,915
Interest on Loans / Receivable	2,526,098	2,115,188
Sales / Receivable	52,645,068	48,814,291
<b>Transactions with whole time directors</b>		
Remuneration to Chairman & CEO	3,916,669	0
Remuneration to Director and CFO	1,254,169	0
Remuneration to Managing Director	100,000	0
Loan from Directors	44,735,913	111,569,377
Interest Payable on Directors Loan	14,862,267	44,100,362
<b>Transactions with Key Management Personnel</b>		
Remuneration to Key Management Personnel	681,000	0

**20.2.10. Additional information as required under Schedule III of the Companies Act, 2013:**

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
A.	C I F Value of Imports :	Rs.	Rs.
	Capital Goods	0	0
	Material purchase	22,491,000	0
B.	Expenditure in Foreign currency		
	Software Charges	204,731	10,256,571
	Traveling Expenses	0	0
	Professional Charges	0	0
	Consumables	2,019,757	4,989,709
	Other Expenses	0	0
C.	Earnings in Foreign Exchange		
	Sales Revenue	50,731,197	6,137,934

**20.2.11 Segment Reporting**

The Company recognizes design services as its only primary segment since its operations during the year consists of Services in application specific integrated circuits (ASICs), System on Chip (SOC) and Software technology services. Accordingly revenues from services comprise the primary basis of segmental information set out in these Financial Statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

**a) Business Segment Information:**

(Amounts in Rupees)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
	Rs.	Rs.
<b>Revenue</b>		
Sales to external customers	166,884,062	50,952,267
<b>Segment Profit / (loss)</b>	(29,324,179)	(68,552,743)
Other Income	19,029,557	1,491,919
Profit / (loss) before Tax	(10,294,622)	(67,060,824)
Fringe Benefit Tax	0	0
Exceptional Item	0	25,743
Profit / (loss) after Tax before Extraordinary and Prior Period Item	(10,294,622)	(67,086,567)
Extraordinary items and Profit/(loss) on discontinuing operations	0	4,723,733
Net profit/(loss)	(10,294,622)	(71,810,300)
<b>Other Segment Information</b>		
Depreciation	1,598,492	1,764,835
Non-cash expenses other than depreciation	0	0
<b>Particulars of Segment Assets and Liabilities</b>		
Segment Assets	423,599,647	113,853,492
Investments	270,756,989	956,989
Inventories	40,761,599	44,908,498
Cash and Bank Deposits	1,847,978	2,789,362
Other Assets	0	0
Total Assets	736,966,213	162,508,342
Segment Liabilities	331,011,453	389,061,912
Total Liabilities	331,011,453	389,061,912

## b) Geographic Segment Information:

(Amounts in Rupees)

<b>Revenue</b>		
North America	52,645,068	6,137,934
Singapore		
Others	114,238,994	44,814,333
<b>Carrying amount of segment fixed assets</b>		
India	105,362,325	104,002,103
<b>Additions to fixed assets</b>		
India	2,930,117	294,951
North America	Nil	Nil

## 20.2.12 Amounts paid/payable to Auditors:

(Amounts in Rupees)

	Year ended 31 March 2017	Year ended 31 March 2016
	Rs.	Rs.
For Statutory Audit	175,000	125,000
For Tax Audit	75,000	50,000
For Other Services	150,500	36,000
<b>Total</b>	<b>400,500</b>	<b>211,000</b>

## 20.2.13 Gratuity Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table summarizes the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans:

(Amounts in Rupees)

	Year ended 31 March 2017
	Rs.
Gratuity cost for the period	
Current Service Cost	780,619
Interest cost on defined benefit obligation	470,744
Expected Return on Plan Assets	(58,414)
Net Actuarial losses/(gain) recognised in year	658,991
Net Gratuity cost	1,851,940
Balance Sheet	
Reconciliation of present value of the obligation and the fair value of plan assets	
Fair Value of Plan Assets at the end of the year	208,008
Present Value of the funded obligation at the end of the year	1,272,860
Asset/(Liability) recognized in the balance sheet	(5,489,854)
<b>Change in the present value of defined benefit obligation are as follows:</b>	
<b>Present value of obligations at the beginning of year</b>	6,032,831
Current Service Cost	780,619
Interest cost	470,744
Actuarial (gain)/loss	665,429
Benefits paid	(1,186,909)

<b>Present value of obligations as at the end of year</b>	<b>6,762,714</b>
<b>Change in the fair value of plan assets are as follows:</b>	
Fair Value of Plan Assets at beginning of year	208,008
Expected return on plan assets	58,414
Actuarial gain/(loss)	6,438
Contributions	2,186,909
Benefits paid	(1,186,909)
Fair Value of Plan Assets at end of year	1,272,860

The principal assumptions used in determining gratuity and other post employment benefit obligations for the company's plan are as follows:

Discount Rate - 8.00%

Expected rate of return on assets – 7.50%

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Above figures have been adopted as per actuarial valuation done by Thanawala Consultancy Services.

The defined benefit obligation of compensated absence (leave encashment) in respect of the employees of the company as at 31st March 2017 is Rs. 2,455,259.

#### 20.2.14. CASH DENOMINATION DISCLOSURE

Amount in Rs.

Particulars	Specific Bank Notes	Other Denomination	Total
Closing Cash Balance as on 08.11.2016		7,178	7,178
Add : Permitted Receipts		105,000	105,000
Less : Amount Deposited in Banks		0	0
Closing Cash in Hand as on 31.12.2016		27,309	27,309

#### 20.2.15 Dues to Micro and Small Enterprises (SME):

In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, (SME Act) the outstanding payable to Micro and Small enterprises, as defined under the SME Act, are required to be disclosed in the prescribed format. However, such Enterprises are required to be registered under the SME Act.

There are no dues to any small scale industrial undertakings and micro, small & medium enterprises which are outstanding for more than 30 days or 45 days respectively at the Balance Sheet date. This information has been determined to the extent such parties have been identified on the basis of information available with the company.

#### 20.2.16 Regrouping/ Reclassification

The figures for previous year have been regrouped / reclassified wherever necessary.

Per and subject to our report of even date **For and on behalf of the Board of Directors**

**For Gokhale & Co.,**

Chartered Accountants

Reg No. 000942S

**Chandrashekhara Gokhale**

Partner

Membership No- 23839

K.Ramachandra Reddy

**Chairman**

Seetha Ramam Voleti

**Director & CFO**

Place Hyderabad

Date 22 May 2017

Suresh Bachalakura

**Company Secretary**



**MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED**  
**STATEMENT PURSUANT TO SECTION 129 OF**  
**THE COMPANIES ACT, 2013 RELATING TO SUBSIDIARY COMPANY**

	MosChip Semiconductor
1 Name of subsidiary	: Technology, USA
2 Financial year ended	: Year ended 31 March 2017
3 Holding Company's Interest	: 100%
4 Shares held by the holding company In the subsidiary's common stock	: 19,192,404 shares
5 The net aggregate of profits(losses) For the current financial year of the Subsidiary so far as it concerns the Members of the holding company	
A. dealt with or provided for in the Accounts of the holding company	: Nil
B. not dealt with or provided for in the Accounts of the holding company	: US \$ 497,744
6 The net aggregate of profits or losses for the previous financial years of the Subsidiary so far as it concerns the Members of the holding company	: NA
A. dealt with or provided for in the Accounts of the holding company	
B. not dealt with or provided for in the Accounts of the holding company As on 31.03.2017	: US \$ (3,475,628)

Per and subject to our report of even date **For and on behalf of the Board of Directors**  
**For Gokhale & Co.,**  
Chartered Accountants  
Reg No. 000942S

**Chandrashekhar Gokhale**  
Partner  
Membership No- 23839

K.Ramachandra Reddy  
**Chairman**

Seetha Ramam Voleti  
**Director**

Place Hyderabad  
Date 22 May 2017

Suresh Bachalakura  
**Company Secretary**

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<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
	<b>Rs.</b>	<b>Rs</b>
<b>A.Cash Flow from Operating Activities</b>		
Net Profit Before Tax, Exceptional, Prior Period and Extraordinary Item	(10,294,622)	(107,060,824)
Depreciation	1,598,492	1,764,835
Interest Income	(8,275,884)	(1,491,919)
Profit on sale of Investments	-	-
Provision for Retirement Benefits	43,687	325,325
Exchange differences on translation of foreign currency cash	-	-
<b>Operating Profit before changes in working capital</b>	<b>(16,928,327)</b>	<b>(106,462,583)</b>
Increase/(Decrease) in Secured/Unsecured loans	(24,301,989)	92,086,709
(Increase)/Decrease in Inventory	4,146,899	(16,712,827)
(Increase)/Decrease in Sundry Debtors	(135,669,516)	(7,428,433)
(Increase)/Decrease in Investment	(269,800,000)	-
(Increase)/Decrease in Loans and Advances	(172,757,182)	3,733,038
(Increase)/Decrease in Bank Guarantee Deposits with Bankers	(6,738,851)	(4,209,801)
Increase/(Decrease) in Current Liabilities	(33,792,157)	42,001,403
<b>Cash from operations before Tax , Exceptional,Extra Ordinary and Prior Period items</b>	<b>(655,841,123)</b>	<b>3,007,506</b>
Income-taxes paid	-	-
<b>Cash from operations before Exceptional, Extra Ordinary and Prior Period items</b>	<b>(655,841,123)</b>	<b>3,007,506</b>
Exceptional Item	-	-
Extra ordinary and prior period item	-	(4,723,733)
Income from discontinuing operations	-	-
<b>Net Cash from Operating Activities [A]</b>	<b>(655,841,123)</b>	<b>(1,716,227)</b>
<b>B.Cash flow from Investing Activities:</b>		
Purchase of Fixed Assets	(2,930,117)	(294,951)
(Increase) / Decrease in Capital Work In Progress	(21,882,582)	-
Sale proceeds of Fixed Assets	12,166	156,162
Interest received on Fixed Deposits	8,275,884	1,491,919
Purchase of Current Investments	-	-
Sale of Current Investments	-	-
<b>Net Cash used for Investing Activities [B]</b>	<b>(16,524,649)</b>	<b>1,353,130</b>
<b>C.Cash flow from Financing Activities:</b>		
Proceeds from Issue of Share Capital	157,701,876	-
Securities Premium	443,221,310	-
Share Application money refund	-	-
Convertible Warrants	70,501,200	-
<b>Net Cash from Financing Activities [C]</b>	<b>671,424,386</b>	<b>-</b>
D.Exchange differences on translation of foreign currency cash	-	-
<b>Net Increase/(Decrease) in cash &amp; cash equivalents [A+B+C+D]</b>	<b>(941,385)</b>	<b>(363,097)</b>
Cash and Cash equivalents at the beginning of the year	2,789,363	3,152,460
Cash and Cash equivalents at the end of the year	<b>1,847,978</b>	<b>2,789,363</b>

Per and subject to our report of even date

**For Gokhale & Co.,**

Chartered Accountants

Reg No.000942S

Chandrashekhar Gokhale

Partner

Membership No- 23839

Place : Hyderabad

Date: 22 May 2017

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

**K. Ramachandra Reddy**

Chairman

**Seetha Ramam Voleti**

Director & CFO

**Suresh Bachalakura**

Company Secretar

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**NOTICE OF 18th ANNUAL GENERAL MEETING**

Notice is hereby given that the Eighteenth Annual General Meeting of MosChip Semiconductor Technology Limited will be held on Friday, the 29th September, 2017 at 10.30 a.m. at the registered office of the Company Situated at Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.2, Banjara Hills, Hyderabad- 500 034 to transact the following business:

**ORDINARY BUSINESS**

- 1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended March 31, 2017, together with the reports of the Board of Directors and the Auditors thereon and in this regard to pass the following resolution as an Ordinary Resolution.**

“RESOLVED THAT the Audited Financial Statements of the Company for the year ended March 31, 2017 together with the reports of the Auditors and Directors thereon and the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2017 together with the report of the auditors thereon be and are hereby received, considered, approved and adopted.”

- 2. To appoint a Director in place of Mr. Seetha Ramam Voleti (DIN-07332440), who retires by rotation and being eligible offers himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.**

“RESOLVED THAT Mr. Seetha Ramam Voleti (DIN - 07332440), who retires by rotation in accordance with Section 152 of the Companies Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

- 3. Appointment of statutory auditors**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Rules framed there under, as amended from time to time, pursuant to the recommendations of the audit committee of the Board of Directors, M/s. S. T. Mohite & Co., Chartered Accountants [ICAI Firm Registration No. 011410S], Hyderabad, as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the Twenty Third (23rd) AGM of the Company to be held in the year 2022 (subject to ratification of their appointment by the Members at every AGM held after this AGM) be and is hereby approved and that the Board of Directors of the Company be and is hereby authorised to fix

such remuneration plus service tax, out of pocket and travelling expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors based on the recommendation of the Audit Committee.”

**Special Business:**

- 4. Re-appointment of Mr. Prasad Gajjala (DIN - 00026718) as an Independent Director of the Company.**

To consider and if thought fit, to pass with or without modification(s) if any, the following as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) read with Schedule IV to the Act, as amended from time to time and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Prasad Gajjala (DIN - 00026718), who was appointed as an Independent Director of the Company in 15th Annual General Meeting held on 11th September, 2014, whose term of office expires at this Annual General Meeting (“AGM”) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for 05 (Five) consecutive years for a term upto the conclusion of 23rd Annual General Meeting of the Company in the calendar year 2022.”

- 5. Re-appointment of Ms. Poornima Shenoy (DIN - 02270175) as an Independent Director of the Company.**

To consider and if thought fit, to pass with or without modification(s) if any, the following as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) read with Schedule IV to the Act, as amended from time to time and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Poornima Shenoy (DIN -02270175), who was appointed as an Independent Director of the Company in 15th Annual General Meeting held on 11th September, 2014, whose term of office expires at this Annual General Meeting (“AGM”) who has submitted a

declaration that she meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 05 (Five) consecutive years for a term upto the conclusion of 23rd Annual General Meeting of the Company in the calendar year 2022.”

**6. Appointment of Mr. Camillo Martino (DIN - 07785530) as an Independent Director of the Company.**

To consider and if thought fit, to pass with or without modification(s) if any, the following as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) read with Schedule IV to the Act, as amended from time to time and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Camillo Martino (DIN - 07785530), who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 06th April, 2017, in terms of Section 161(1) of the Act and pursuant to the Articles of Association of the Company and whose term of office expires at this Annual General Meeting (“AGM”) who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 05 (Five) consecutive years for a term upto the conclusion of 23rd Annual General Meeting of the Company in the calendar year 2022.

**7. To approve the Scheme of Amalgamation of Wholly Owned Subsidiary Companies i.e. Maven Systems Private Limited (Maven Systems), ElitePlus Semiconductor Technologies Private Limited (ElitePlus Semiconductor), Orange Semi-conductors Private Limited (Orange Semiconductors) and TexoTech Solutions Private Limited (TexoTech) with the Company.**

To consider and if thought fit, to pass either with or without modification(s), the following resolution under Section 233 of the Companies Act, 2013:

“RESOLVED THAT pursuant to the provisions of Section 233 of the Companies Act, 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, if any, of the Act and the Rules and subject to sanction by the Regional Director, South Eastern Region, Ministry of Corporate Affairs or such other competent authority,

as may be applicable, being obtained and subject to such terms and conditions and modification(s) as may be imposed, prescribed or suggested by the Regional Director, South Eastern Region, Ministry of Corporate Affairs or such other competent authority, as may be applicable, the Scheme of Amalgamation of Maven Systems Private Limited (Maven Systems), ElitePlus Semiconductor Technologies Private Limited (ElitePlus Semiconductor), Orange Semiconductors Private Limited (Orange Semiconductors) and TexoTech Solutions Private Limited (TexoTech) with MosChip Semiconductor Technology Limited in terms of the draft Scheme of Amalgamation circulated with the Notice be and is hereby approved.”

“RESOLVED FURTHER THAT the Board of Directors, (including any Committee which the Board may have constituted or hereinafter constitute to exercise the power conferred by this Resolution) or Company Secretary of the Company, be and is hereby severally authorized on behalf of the Company to sign, seal and deliver all documents, agreements and deeds and perform all acts, matters and things and to take all such steps as may be necessary or desirable to give effect to this resolution”.

**By Order of the Board of Directors**

**CS Suresh Bachalakura  
Company Secretary (A39381)**

**Place : Hyderabad**

**Date: 24<sup>th</sup> August, 2017**

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses under Item Nos. 4, 5, 6 & 7 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India of the person seeking appointment / re-appointment as Director under Item Nos. 2, 4, 5 & 6 of the Notice, are also annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of him and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of



the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Members and Share Transfer Books of the company will remain closed from Saturday, September 23, 2017 to Friday, September 29, 2017 (both days inclusive).
7. To avoid inconvenience to members and to facilitate smooth conduct of the meeting, entry to the place of meeting will be only for members / proxies and is regulated by the attendance slip appended to the proxy form. Members are requested to affix their signature on it and hand it over at the entrance.
8. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
9. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP Id No's for easier identification of attendance at the meeting.
10. A member desirous of getting any information on the accounts or operations of the company is requested to forward his/her queries to the company at least seven working days prior to the meeting. So that the required information can be made available at the meeting.
11. Members are requested to notify immediately any change in their address to the company or to the Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed onto their respective Depository Participants without any delay.  
  
The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s Karvy Computershare Pvt. Ltd.
12. In all correspondence with the company, members are requested to quote their folio numbers and in case their shares are held in dematerialized form they must quote their Client ID Number and their DP ID Number.
13. Members are requested to carry their copies of Annual Report as these will not be supplied at the meeting.
14. Trading in the equity shares of the company is in the compulsory demat form. Those members who have not demated their shares are requested to open the demat accounts with the depositories and get the shares demated at the earliest.
15. Electronic copy of the Notice of the 18th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 18th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
16. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and the Regulation 44 of the SEBI (LODR) Regulations, 2015 the Company is pleased to provide members' facility to exercise their right to vote at the 18th Annual General Meeting ("AGM") by electronic means and the businesses may be transacted through e-voting services provided by Karvy Computershare Private Limited ("Karvy").
17. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through 'Insta Poll'.
18. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link <http://evoting.karvy.com>. Shareholders can cast their vote online from 9.00 a.m. (IST) on Tuesday,



September 26, 2017 to 5.00 p.m. (IST) on Thursday, September 28, 2017. During the period, shareholders of the company holding shares either in dematerialized or physical form as on the cut-off date of Friday, September 22, 2017, may cast their vote electronically.

19. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.

20. The Company has appointed M/s. B S S& Associates, Company Secretaries as Scrutinizer for conducting the remote e-voting and Insta Poll process for the Annual General Meeting in a fair and transparent manner.

21. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Friday, September 22, 2017 only shall be entitled to avail the facility of remote e-voting / Ballot.

22. The facility for voting, through ballot or polling paper is available at the meeting and members attending the meeting who have not already cast vote by remote e-voting shall be able to exercise their rights at the meeting.

23. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

24. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Friday, September 22, 2017, may obtain the User ID and password in the manner as mentioned below:

a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <Space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

b. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter

Folio No. or DP ID Client ID and PAN to generate a password.

c. Member may call Karvy's toll free number 1-800-3454-001

d. Member may send an e-mail request to [evoting.msctl@karvy.com](mailto:evoting.msctl@karvy.com).

If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

1. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 a.m. (IST) on Tuesday, September 26, 2017

End of remote e-voting: Up to 5.00 p.m. (IST) on Thursday, September 28, 2017

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

2. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.moschip.com](http://www.moschip.com) immediately. The Company shall simultaneously forward the results to the Bombay Stock Exchange. The results declared along with the consolidated scrutinizer's report shall also be placed on the website of Karvy [https:// evoting.karvy.com](https://evoting.karvy.com).

3. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. Friday, September 29, 2017.

4. Instructions and other information relating to remote e-voting:

1. (i) In case a member receives an e-mail from Karvy [for members whose e-mail addresses are registered with the Company / Depository Participant(s)]:

(a) Launch internet browser by typing the URL: <https://evoting.karvy.com>

(b) Enter the login credentials (i.e. User ID and password) which will be sent separately. The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID.

However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.

- (c) After entering these details appropriately, click on "LOGIN".
- (d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (e) You need to login again with the new credentials.
- (f) On successful login, the system will prompt you to select the E-Voting Event Number for MosChip Semiconductor Technology Limited.
- (g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cutoff date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- (h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (j) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (k) A confirmation box will be displayed. Click

"OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).

- (l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative (s), to the Scrutinizer at e-mail ID: [srkpcs99@gmail.com](mailto:srkpcs99@gmail.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."
- (ii) In case a member receives physical copy of the Notice by Post [for members whose e-mail addresses are not registered with the Company / Depository Participant(s)]:
  - a) User ID and initial password - These will be sent separately.
  - b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.
- 2. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
- 3. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.

#### **Explanatory Statement**

[Pursuant to Section 102(1) of the Act, the following Explanatory Statement sets out material facts relating to the business under Item No. 4, 5, 6 & 7 of the accompanying Notice dated 24th August, 2017 convening the 18th Annual General Meeting of the Company scheduled for September 29, 2017.]

#### **Item No. 4, 5 & 6:**

The Board at its Meeting held on April 06, 2017 appointed Mr. Camillo Martino as an Additional Director in the category of Independent. As per the provisions of Section 161(1) of the Act, he holds office of Additional Director only up to the date of this Annual General Meeting of the Company, and is eligible for appointment as Director.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company has re-appointed Mr. Prasad Gajjala and Mrs. Poornima Shenoy as an Independent Directors of the

Company to hold office for a period of five consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

The Company has received notices pursuant to Section 160 of the Companies Act, 2013 (the "Act") together with the requisite amount of deposit from members signifying their intention to propose the appointment / re-appointment of Mr. Prasad Gajjala, Mrs. Poornima Shenoy and Mr. Camillo Martino as Independent Directors of the Company. The Company has also received declarations from Mr. Prasad Gajjala, Mrs. Poornima Shenoy and Mr. Camillo Martino confirming that they meet the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Mr. Prasad Gajjala, Mrs. Poornima Shenoy and Mr. Camillo Martino are not disqualified from being appointed as Directors in terms of Section 164 of the Act and has given their consent to act as Directors of the Company. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the registered office of the Company during business hours on any working day and is also available on the website of the Company [www.moschip.com](http://www.moschip.com).

Mr. Prasad Gajjala, Mrs. Poornima Shenoy and Mr. Camillo Martino are not related to any other Director and Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. Prasad Gajjala, Mrs. Poornima Shenoy and Mr. Camillo Martino, are in any way, concerned or interested in the said resolution.

The Directors therefore, recommend the resolutions as set out in item No. 4, 5 & 6 of this Notice for approval of the shareholders.

A brief profile of the Independent Directors to be appointed is given below: Mr. Prasad Gajjala is a Commerce Graduate and is a Fellow Member of the Institute of Chartered Accountants of India. He is a partner in a leading firm of Chartered Accountants at Hyderabad. He has over 36 years of professional experience in audit and taxation matters of medium and large companies, banks and financial institutions. He is on the Board of Venture Trustee Company Private Limited.

Mrs. Poornima Shenoy is the Founder and CEO of Latitude Edutech. She has over two decades of experience as an entrepreneur and industry executive.

Earlier she had been the founding President of the India Semiconductor Association (ISA) and was a member of its Executive Council for over six years. She has been actively involved in creating a brand for India in electronics and semiconductors on a global arena. She has been a successful entrepreneur and has seen her company's acquisition by an international venture fund. Poornima had worked with NASSCOM and the Manipal Group in a senior management capacity prior to ISA.

Poornima has also been part of governmental committees and is an invited speaker at both national and international seminars. She has been awarded the prestigious Chevening Scholarship for Women in Leadership & Management by the British Foreign and Commonwealth Office. She was co-founder of the group Women in Business and Technology (WBT) which later merged with eMERG.

She is mentor at National Entrepreneurship Network NEN and with the Founder Institute India.

Mr. Camillo Martino holds a bachelor of applied science degree from the University of Melbourne and a graduate diploma in digital communications from Monash University in Australia.

He serves as a board member and executive advisor to a number of high technology companies. He has served on the Board of Directors of MosChip since April 06, 2017, and is also currently serving on the Board of Directors of both Cypress Semiconductor and MagnaChip. Mr. Martino also serves on the Board of Directors at multiple privately-held companies, including VVDN Technologies and SAI Technology.

Mr. Martino was the Chief Executive Officer and Director of Silicon Image until it was acquired by Lattice Semiconductor in 2015. His semiconductor experience also includes the position of COO at Zoran Corporation, and earlier in his career, he served at National Semiconductor in four different countries including Japan and China over a nearly 14-year period.

#### **Item No. 7:**

To approve the Amalgamation of Wholly Owned Subsidiary Companies i.e. M/s. Maven Systems Private Limited (Maven Systems), M/s. ElitePlus Semiconductor Technologies Private Limited (ElitePlus Semiconductor), M/s. Orange Semiconductors Private Limited (Orange Semiconductors) and M/s. TexoTech Solutions Private Limited (TexoTech) with MosChip Semiconductor Technology Limited.

The Company acquired 100% Equity Share Capital of M/s. Maven Systems Private Limited (Maven Systems), M/s. ElitePlus Semiconductor Technologies Private Limited (ElitePlus Semiconductor) and M/s. Orange Semiconductors Private Limited (Orange Semiconductors) in the month of September, 2016 from the Shareholders. The status of the Company is active and doing its business in order and the company is in the process of making further capital investments and it is

planned to improve its operations in this Financial Year. It is proposed to Merge Maven Systems, ElitePlus Semiconductor, Orange Semiconductors and TexoTech with the Company considering various benefits arising from Amalgamation. Amalgamation will lead to operational synergies, greater efficiency and economical operations for future growth of the combined entities. There would be more efficient utilization of capital, superior deployment of brand promotion, sales strategies and create a consolidated and diversified base for future growth with a wider presence in the Semiconductor & IoT segments. Amalgamation will prevent cost duplication and result in administrative and operational rationalization and promote organizational efficiencies.

Section 233 of the Companies Act, 2013 provides for a fast track merger of a Wholly Owned Subsidiary and a Holding Company. Considering that Maven Systems, ElitePlus Semiconductor, Orange Semiconductors and TexoTech are Wholly Owned Subsidiaries of the Company; it is proposed to amalgamation of the same with the Company under Section 233 which requires consent of the members. A draft Scheme of Amalgamation is proposed for the approval of the Shareholders at the meeting. The draft Scheme has also been filed with the Registrar of Companies and Official Liquidators at Hyderabad, Bangalore and Pune, inviting objections or suggestions, if any, on the draft Scheme. The objections and suggestions, if any, received from the Registrar of Companies and Official Liquidators shall be considered at the meeting before approving the Scheme of Amalgamation.

The Board accordingly recommends the passing of the said resolution as contained in the Notice for approval by the Members as required under Section 233 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, directly or indirectly in the proposed resolution.

In this regard the following documents are attached to this notice and explanatory statement:

1. Scheme of Amalgamation as Annexure-I.
2. Details required to be given as per Section 233 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 as Annexure-II.
3. Declaration of solvency by the Company in Form No. CAA-10 as Annexure-III.

All other material documents pertaining to the above resolution shall be available for inspection by the Members at the Registered Office of the Company.

The above explanatory statement in respect of Item No.04 to Item No. 07 sets out all facts to enable the Members to understand the meaning, scope and implications of these items of business and to take a decision thereon.

**By Order of the Board of Directors**

**CS Suresh Bachalakura**  
**Company Secretary**  
**(A39381)**

**Place : Hyderabad**  
**Date:24<sup>th</sup>August, 2017**

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

Particulars	Mr. Seetha Ramam Voleti	Mr. Prasad Gajjala	Mrs. Poornima Shenoy	Mr. Camillo Martino
Date of Birth & Age	October 18, 1964 & 53 years	August 01, 1951 & 66 years	January 18, 1965 & 53 years	March 29,1962 & 55 years
Date of First Appointment	12/04/2016	29.09.2006	11/09/2014	06/04/2017
Qualifications	Masters in Commerce and is also a qualified Cost Accountant and Company Secretary.	Qualified Chartered Accountant from ICAI	BA and MBA.	Bachelor of applied science degree from the University of Melbourne and a graduate diploma in digital communications from Monash in Australia. University
Expertise in specific functional areas	Accounting, Auditing, Taxation, Finance and Treasury	Accounting, Auditing, Taxation, Finance Treasury	Business Management, and Administration	ASIC, VLSI, Chip Designing and Software Development
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	Nil	Nil	Dixon Technologies (India) Limited	Nil
Chairman/Member of the Committees of other Companies on which he / she is a Member as	Nil	Nil	01	Nil
Number of equity shares held in the Company	Nil	2,750	Nil	Nil
No of Board Meetings attended during the last year	07	08	06	NA



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Annexure – I

**SCHEME OF ARRANGEMENT  
BETWEEN  
MAVEN SYSTEMS PRIVATE LIMITED  
(Transferor Company-1)  
AND  
ELITEPLUS SEMICONDUCTOR TECHNOLOGIES PRIVATE LIMITED  
(Transferor Company-2)  
AND  
ORANGE SEMICONDUCTORS PRIVATE LIMITED  
(Transferor Company-3)  
AND  
TEXOTECH SOLUTIONS PRIVATE LIMITED  
(Transferor Company-4)  
AND  
MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED  
(Transferee Company)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

For Amalgamation of

**MAVEN SYSTEMS PRIVATE LIMITED  
(Transferor Company-1)  
AND  
ELITEPLUS SEMICONDUCTOR TECHNOLOGIES PRIVATE LIMITED  
(Transferor Company-2)  
AND  
ORANGE SEMICONDUCTORS PRIVATE LIMITED  
(Transferor Company-3)  
AND  
TEXOTECH SOLUTIONS PRIVATE LIMITED  
(Transferor Company-4)  
WITH  
MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED  
(Transferee Company)**

Under Section 233 of the Companies Act, 2013 read with  
Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

- (a) Part I, which contains the definitions;
- (b) Part II, which deals with the Share Capital of the Transferee Company and the Transferor Companies;
- (c) Part III, which deals with Amalgamation, Transfer and vesting of undertakings of the Transferor Companies with the Transferee Company;
- (d) Part IV, which deals with Accounting Treatment adopted for the Scheme;
- (e) Part V, this part of scheme contains other provisions and conditions applicable to the scheme.

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**SCHEME OF ARRANGEMENT  
BETWEEN  
MAVEN SYSTEMS PRIVATE LIMITED  
(Transferor Company-1)  
AND  
ELITEPLUS SEMICONDUCTOR TECHNOLOGIES PRIVATE LIMITED  
(Transferor Company-2)  
AND  
ORANGE SEMICONDUCTORS PRIVATE LIMITED  
(Transferor Company-3)  
AND  
TEXOTECH SOLUTIONS PRIVATE LIMITED  
(Transferor Company-4)  
AND  
MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED  
(Transferee Company)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**A. An overview of Scheme of Arrangement**

This Scheme of Arrangement is presented under Section 233 and other applicable provisions of the Companies Act, 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 under fast track route for amalgamation of Maven Systems Private Limited (hereinafter referred to as “Maven Systems” or “Transferor Company-1”), ElitePlus Semiconductor Technologies Private Limited (hereinafter referred to as “ElitePlus Semiconductor” or “Transferor Company-2”), Orange Semiconductors Private Limited (hereinafter referred to as “Orange Semiconductors” or “Transferor Company-3”) and TexoTech Solutions Private Limited (hereinafter referred to as “TexoTech” or “Transferor Company-4”) with “MosChip Semiconductor Technology Limited” (hereinafter refer to as “MosChip” or “Transferee Company”).

The Transferor Company-1, the Transferor Company-2, the Transferor Company-3 and the Transferor Company-4 are collectively called as “Transferor Companies”.

The Transferor Company-1, the Transferor Company-2, the Transferor Company-3 are direct wholly owned subsidiaries of Transferee Company and the Transferor Company-4 is an indirect wholly owned subsidiary of the Transferee Company. The Transferor Companies are direct and indirect wholly owned subsidiaries of the Transferee Company hence, in consideration the Transferee Company will not issue any shares under the Scheme of Arrangement. The existing holding of the Transferee Company in the Transferor Companies gets cancel pursuant to the Scheme of Arrangement.

The Transferor Companies are directly & indirectly wholly owned subsidiary Companies of the Transferee Company. It is proposed that the Transferor Companies be amalgamated with the Transferee Company, followed by the dissolution without winding up of the Transferor Companies and the consequent cancellation of equity shares held by the Transferee Company and its Nominees in the Transferor Companies pursuant to provisions of Sections 230 to 233 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other relevant provisions of the Act.

In addition, this Scheme of Arrangement also provides for various matter consequential or otherwise integrally connected herewith.

**B. Back Ground and Description of Companies**

- 1) Maven Systems Private Limited (“Maven Systems” or “Transferor Company-1”) is a wholly owned subsidiary of the Transferee Company, it was incorporated as a private limited Company on 21st October 2009 under the Companies Act, 1956 and having its registered office at Galore Tech, Survey No. 22, Hissa No.1/2+2/1+3/1+4/1/1, Bavdhan Khurd, Pune, Maharastra, 411021. The CIN of the Company is U72900PN2009PTC134858.

The main objects of the Transferor Company-1 are set out in its Memorandum of Association.

- 2) ElitePlus Semiconductor Technologies Private Limited (“ElitePlus Semiconductor” or “Transferor Company-2”) is a wholly owned subsidiary of the Transferee Company; it was incorporated as a private limited Company on 10th June 2014 under the Companies Act, 2013 and having its registered office at Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka, 560068. The CIN of the Company is U72400KA2014PTC074813.

The main objects of the Transferor Company-2 are set out in its Memorandum of Association.

- 3) Orange Semiconductors Private Limited (“Orange Semiconductors” or “Transferor Company-3”) is a wholly owned subsidiary of the Transferee Company; it was incorporated as a private limited Company on 05th September 2013 under the Companies Act, 1956 and having its registered office at Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka, 560068. The CIN of the Company is U72400KA2013PTC070896.

The main objects of the Transferor Company-3 are set out in its Memorandum of Association.

- 4) TexoTech Solutions Private Limited (“TexoTech” or “Transferor Company-4”) is a wholly owned subsidiary of Orange Semiconductors and Indirect wholly owned subsidiary of the Transferee Company. TexoTech was incorporated as a private limited Company on 22nd November 2013 under the Companies Act, 1956 and having its registered office at Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka, 560068. The CIN of the Company is U74900KA2013PTC072049.

The main objects of the Transferor Company-4 are set out in its Memorandum of Association.

- 5) MosChip Semiconductor Technology Limited or “MosChip” or “Transferee Company” is a Listed Public Limited Company incorporated on July 27, 1999 under the Companies Act, 1956 and having its registered office at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills, Hyderabad, Telangana, 500034. The CIN of the Company is L31909TG1999PLC032184. The equity shares of the Transferee Company are listed on BSE Limited (Scrip ID: MOSCHIP, Security Code: 532407).

The main objects of the Transferee Company are set out in its Memorandum of Association.

- 6) The Transferor Companies are direct and indirect wholly owned subsidiaries of the Transferee Company and engaged in similar nature of business.

### **C. OBJECTS AND RATIONALE FOR THE SCHEME**

- 7) The Transferor Companies are Directly & Indirectly wholly owned subsidiary Companies of the Transferee Company and engaged in the similar nature of business in order to consolidate the similar nature of business at one place and effectively manage the Transferor Companies and Transferee Company as a single entity, which will provide several benefits including streamlined group structure by reducing the number of legal entities, reducing the multiplicity of legal and regulatory compliances, rationalizing costs, it is intended that the Transferor Companies be amalgamated with the Transferee Company.
- 8) The independent operation of the Transferor Companies and the Transferee Company leads to incurrance of significant costs and the amalgamation would enable economies of scale by attaining critical mass and achieving cost saving. The amalgamation will thus eliminate a multi-layered structure and reduce managerial overlaps, which are necessarily involved in running multiple entities and also prevent cost duplication that can erode financial efficiencies of holding structure and the resultant operations would be substantially cost-efficient. This Scheme would result in simplified corporate structure of the Transferee Company and its businesses, there by leading to more efficient utilization of capital and creation of a consolidated base for the future growth of the Transferee Company.
- 9) The amalgamation will contribute in furthering and fulfilling the objectives and business strategies of all the companies thereby accelerating growth, expansion and development of the respective businesses through the Transferee Company. The amalgamation will thus enable further expansion of the Transferee Company and provide a strong and focused base to undertake the business more advantageously. Further, this arrangement would bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control of the Transferor Companies and the Transferee Company.
- 10) The synergies created by the scheme of arrangement would increase operational efficiency and integrate business functions.
- 11) The proposed arrangement will strengthen the ‘MosChip’ brand leading to a stronger market presence providing customers with a seamless experience, and removing any other brand perception / distinction in the customers

mind, and provide greater integration and flexibility to the Transferee Company and strengthen its position in the industry, in terms of the asset base, revenues, product and service range.

- 12) This Scheme provides for the amalgamation of the Transferor Companies with the Transferee Company and the consequent treatment of assets and liabilities of respective Companies in the manner provided for in the Scheme.
- 13) The other benefits of the proposed amalgamation include:
  - (a) Optimum and efficient utilization and rationalization of capital, resources, assets and facilities;
  - (b) Enhancement of competitive strengths including financial resources;
  - (c) Obtaining synergy benefits;
  - (d) Better management and focus on growing the businesses.
- 14) In view of the above, it is considered desirable and expedient to amalgamate the Transferor Companies with the Transferee Company in accordance with this Scheme, pursuant to Section 233 of the Companies Act, 2013 read with applicable Rules;
- 15) The amalgamation of the Transferor Companies with the Transferee Company, pursuant to and in accordance with this Scheme, under Section 233 and other relevance provisions of the Companies Act, 2013, shall take place with effect from the Appointed Date and shall be in compliance with Section 2(1B) of the Income Tax Act, 1961.

## PART I

### General Provisions

#### 1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 1.1 "Act" or "the Act" means the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force; the terms "Act" and "Section" shall be construed accordingly.
- 1.2 "Appointed Date" means the date from which this Scheme shall become operative viz., 1st April, 2017 (First day of April, Two Thousand and Seventeen) or such other date(s) as may be approved by the Central Government or Tribunal or any other competent authority having jurisdiction to sanction the Scheme.
- 1.3 "Board" or "Board of Directors" in relation to the Transferor Company-1, Transferor Company-2, Transferor Company-3, and Transferor Company-4 and the Transferee Company, and shall include an committee of directors, if any constituted or appointed and authorized to take any decision for the implementation of this scheme on behalf of such Board of Directors.
- 1.4 "BSE" shall mean BSE Limited
- 1.5 "Bench" means the Hon'ble National Company Law Tribunal. (NCLT) Bench of Hyderabad or such other authority empowered to sanction the Scheme as per the provisions of the Act.
- 1.6 "Central Government" means the Government of India and vide Notification No. S.O 4090 (E) dated 19th December, 2016 Central Government has delegated powers vested in the it under Section 233 of the Companies Act, 2013 to the Regional Director, Ministry of Corporate Affairs having jurisdiction.
- 1.7 "Effective Date" means the date or last of the dates on which the certified copy of the order(s) of the Regional Director under the Section 233 of the Act sanctioning this Scheme is filed with the Registrar of Companies.

Any reference in this Scheme to the words "upon the scheme becoming effective" or "effectiveness of this Scheme" or "date of coming into effect of the Scheme" or "Scheme coming into effect" shall mean the Effective Date.
- 1.8 "Equity Share(s)" means the equity shares of the Transferor Company-1 or the Transferor Company-2 or the Transferor Company-3 or the Transferor Company-4 or the Transferee Company, as the case may be.
- 1.9 "IT Act" means the Income Tax Act, 1961 and any other statutory modifications, amendments, restatements or re-enactments thereof, from time to time and to the extent in force.
- 1.10 "Law" or "Applicable Law" includes all applicable statutes, enactments, acts of legislature or Parliament, Laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Government, statutory Authority, Tribunal, Board, Court of India or any other Country or jurisdiction as applicable.

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- 1.11 "Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 1.12 "Official Liquidator" or "OL" means official Liquidator having jurisdiction over the Transferor Companies and Transferee Company.
- 1.13 "Record Date" means date fixed by the Board of directors or a committee thereof of the Transferee Company for the purpose of determining the members of the Transferor Company-1, the Transferor Company-2, the Transferor Company-3, the Transferor Company-4 and the Transferee Company approving the scheme of Amalgamation.
- 1.14 "Regional Director" means the Regional Director (South East Region), Ministry of Corporate Affairs, Hyderabad, having jurisdiction over the Transferee Company.
- 1.15 "Registrar of Companies" or "ROC" means the Registrar of Companies at Hyderabad, Bangalore and Pune at their respective jurisdiction of the Transferor Companies and the Transferee Companies.
- 1.16 "Rules" means the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 1.17 "Scheme" or "The Scheme" or "This Scheme" or "Scheme of Arrangement" or "Scheme of Amalgamation" means this Scheme of Arrangement for the Amalgamation of Maven Systems Private Limited (Transferor Company-1), ElitePlus Semiconductor Technologies Private Limited (Transferor Company-2), Orange Semiconductors Private Limited (Transferor Company-3) and TexoTech Solutions Private Limited (Transferor Company-4) (collectively 'Transferor Companies' or Wholly Owned Subsidiaries') with MosChip Semiconductor Technology Limited ('Transferee Company') under the Section of 233 of the Companies Act, 2013 as approved by the Board of Directors of all Companies in its present form and with any modification as may be approved by the Regional Director, South East Region, Hyderabad.
- 1.18 "Transferor Company-1" means "Maven Systems Private Limited", a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Galore Tech, Survey No. 22, Hissa No.1/2+2/1+3/1+4/1/1, Bavdhan Khurd, Pune, Maharashtra – 411021.
- 1.19 "Transferor Company-2" means "Eliteplus Semiconductor Technologies Private Limited", a Company incorporated under the provisions of the Companies Act, 2013 and having its registered office at Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka – 560068.
- 1.20 "Transferor Company-3" means "Orange Semiconductors Private Limited", a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka – 560 068.
- 1.21 "Transferor Company-4" means "TexoTech Solutions Private Limited", a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka – 560 068.
- 1.22 "Transferor Companies" means collectively, the Transferor Company-1, the Transferor Company-2, the Transferor Company-3 and the Transferor Company-4.
- 1.23 "Transferee Company" means "MosChip Semiconductor Technology Limited" or "MosChip", a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills, Hyderabad, Telangana, 500 034.
- 1.24 "Stock Exchange" shall means BSE Limited or BSE
- 1.25 "Undertaking" shall mean and include the whole of the undertaking of the Transferor Companies, as a going concern, including their businesses, all secured and unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, registrations, copyrights, patents, trade names, trademarks and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, leases, licenses, tenancy rights, premises, ownership, flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, internet connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, etc.), Software
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License, Domain / Websites etc., in connection / relating to the Transferor Companies and other claims and powers, of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Companies, as on the Appointed Date.

- 1.26 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

## PART – II

### 2. (a) SHARE CAPITAL OF THE TRANSFEROR COMPANIES AND THE TRANSFEREE COMPANY

The Capital Structure of the Transferor Companies and the Transferee Company as on appointed date i.e. 1st April, 2017 and immediately before implementation of the scheme are as under:

2.1) The share capital of the Transferor Company-1 as on 31st March 2017 was as under:

Authorised Capital	Amount in Rs.
10,000 Equity shares of Rs. 10/- each	1,00,000
<b>Total</b>	<b>1,00,000</b>
Issued, Subscribed and Paid-Up Capital	
10,000 Equity shares of Rs. 10/- each fully paid up	1,00,000
<b>Total</b>	<b>1,00,000</b>

2.2) The share capital of the Transferor Company-2 as on 31st March 2017 was as under:

Authorised Capital	Amount in Rs.
11,000 Equity shares of Rs. 10/- each	1,10,000
<b>Total</b>	<b>1,10,000</b>
Issued, Subscribed and Paid-Up Capital	
10,800 Equity shares of Rs. 10/- each fully paid up	1,08,000
<b>Total</b>	<b>1,08,000</b>

2.3) The share capital of the Transferor Company-3 as on 31st March 2017 was as under:

Authorised Capital	Amount in Rs.
10,000 Equity shares of Rs. 10/- each	1,00,000
<b>Total</b>	<b>1,00,000</b>
Issued, Subscribed and Paid-Up Capital	
10,000 Equity shares of Rs. 10/- each fully paid up	1,00,000
<b>Total</b>	<b>1,00,000</b>

2.4) The share capital of the Transferor Company-4 as on 31st March 2017 was as under:

Authorised Capital	Amount in Rs.
10,000 Equity shares of Rs. 10/- each	1,00,000
<b>Total</b>	<b>1,00,000</b>
Issued, Subscribed and Paid-Up Capital	
10,000 Equity shares of Rs. 10/- each fully paid up	1,00,000
<b>Total</b>	<b>1,00,000</b>

2.5) the share capital of the Transferee Company as on 31st March 2017 was as under:

Authorised Capital	Amount in Rs.
275,000,000 Equity shares of Rs.02/- each	<b>550,000,000</b>
<b>Total</b>	<b>550,000,000</b>
Issued Capital	
127,447,589 Equity shares of Rs.02/- each	<b>254,895,178</b>
Subscribed and Paid-Up Capital	
124,868,515 Equity shares of Rs.02/- each fully paid up	<b>249,737,030</b>
<b>Total</b>	<b>249,737,030</b>



- 2.6) Since the Transferor Companies are wholly owned subsidiaries of the Transferee Company directly and indirectly, the entire issued share capital of the Transferor Companies is held directly and indirectly by the Transferee Company and/or its nominees shall stand cancelled on the scheme being effective, that is, on the Effective Date, however, with effect from the Appointed Date.

**2 (b) DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme set out herein in its present form or with any modification(s), if any made as per Clause 17 of Part-V of this Scheme shall be effective from the Appointed date but shall come into force from the Effective date.

**PART III**

**AMALGAMATION, TRANSFER AND VESTING OF UNDERTAKINGS**

**OF THE TRANSFEROR COMPANIES WITH THE TRANSFEE COMPANY**

**3) TRANSFER AND VESTING OF UNDERTAKINGS**

- 3.1 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and undertakings of the Transferor Companies including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Companies of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Companies comprising, amongst others, all furniture and fixtures, computers / data processing, office equipment, testing equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, authorizations, approvals, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of Section 230 read with Section 233, as may be applicable, of the Act, and pursuant to the orders of the Central Government or any other appropriate authority sanctioning this Scheme and without further act, instrument or deed, be transferred and/or deemed to be transferred to and vested in the Transferee Company so as to become the properties, assets, rights, business and undertaking(s) of the Transferee Company.
- 3.2 With effect from the Appointed Date all debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date whether provided for or not in the books of account of the Transferor Companies and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to day of the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Companies or on any income earned from those assets.
- 3.3 With effect from the Appointed Date, all inter-party transactions between the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes.
- 3.4 With effect from the Appointed Date, all the Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Companies and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any such party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.
- 3.5 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and created by the Transferor Companies after the Appointed Date, over the assets comprised in the undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of the Transferor Companies, the same shall, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Appointed Date and as are transferred to the Transferee Company, and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of the Transferee Company, provided however that no encumbrances shall have been created by any of the Transferor Companies over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.



- 3.6 All the existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Appointed Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.
- 3.7 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 3.8 With effect from the Appointed Date all statutory licences, permissions, approvals or consents to carry on the operations of the Transferor Companies shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the undertaking of the Transferor Companies pursuant to this Scheme. The benefit of all statutory and regulatory permissions, factory licences, environmental approvals and consents, sales tax registrations or other licences and consents shall vest in and become available to the Transferee Company pursuant to this Scheme.
- 3.9 The amalgamation of the Transferor Companies with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income- tax Act, 1961.

#### **4) CONSIDERATION**

- 4.1. The entire Equity Share capital of the Transferor Companies is held directly and indirectly by the Transferee Company and its nominees. In other words the Transferor Companies are direct and indirect wholly owned subsidiaries of the Transferee Company. Accordingly, pursuant to this amalgamation, no shares of the Transferee Company shall be allotted in respect of its holding in the Transferor Companies. Upon the Scheme becoming effective, the entire share capital of the Transferor Companies shall be cancelled and extinguished.
- 4.2. The investments in the shares of the Transferor Companies, appearing in the books of account of Transferee Company shall, without any further act or deed, stand cancelled. Further details of the accounting treatment is provided for in Para 10 of the Scheme.

#### **5) LEGAL PROCEEDINGS**

- 5.1. Any suit, appeal or other proceedings of whatever nature by or against the Transferor Companies is pending as on the Appointed Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, as the case may be, in the manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies as if this Scheme had not been made.
- 5.2. In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Companies after the Appointed Date, the Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company.

#### **6) CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

- 6.1 .Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, memorandum of understanding, undertakings, term sheets, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Transferor Companies and to which the Transferor Companies are a party and subsisting or having effect on the Appointed Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party thereto.
- 6.2. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation's, to which the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

- 6.3 With effect from the Appointed Date and upon the Scheme becoming effective, without prejudice to the generality of the forgoing, all rights and licenses including those relating to intellectual property rights, such as trademarks, service marks, designs, patents, copyrights and domain names (whether registered or not), know-how, technical know-how, trade names, descriptions trading styles, franchises, labels, label designs, logos, emblems, and items of such nature, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights forming part of/ relating to the Transferor Companies or to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be entitled/eligible, shall be in full force and effect on, or against, or in favour of, the Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obliged thereto.
- 6.4 Without prejudice to the generality of the foregoing, the Transferee Company shall be entitled to the benefit of all insurance policies which have been issued in respect of the Transferor Companies and the name of the Transferee Company shall be substituted as “insured” in the policies as if the Transferee Company was initially a party thereto.

#### **7) STAFF AND EMPLOYEES OF THE TRANSFEROR COMPANIES**

- 7.1. On the Scheme taking effect as aforesaid, the employees, if any, of the Transferor Companies on the Appointed Date shall be deemed to have become the employees of the Transferee Company and their employment with the Transferee Company shall be on the following terms and conditions:
- i. The terms and conditions of service applicable to the employees shall not be less favourable than those applicable to them as on the Appointed Date;
  - ii. The services of such employees shall not be treated as having been broken or interrupted for the purpose of provident fund or gratuity or otherwise and for all purposes will be reckoned from the date of their appointment with the Transferor Companies; and
  - iii. The Transferee Company undertakes to continue to abide by the agreement/settlement if any entered into by the Transferor Companies with any of its employees, which is in force as on the Appointed Date,
  - iv. It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Companies shall become trusts / funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Companies in relation to such fund or funds shall become those of the Transferee Company. The Trustees including Board of Directors of the Transferee Company shall be entitled to adopt such course in this regard as may be advised provided however that there shall be no discontinuation or breakage in the service of the employees of the Transferor Companies.

#### **8) PAYMENT OF TAX**

All taxes paid or payable by the Transferor Companies in respect of the operations and/or the profits before the Appointed Date under Applicable Law, shall be on account of the Transferee Company and, in so far it relates to the tax payment (whether by way of deduction at source, advance tax or otherwise howsoever) by the Transferor Companies in respect of the profits made from and after the Appointed Date, the same shall be deemed to be the tax paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.

#### **9) BANK OPERATION**

Upon the Scheme being sanctioned and taking effect, all cheques, drafts, pay orders, direct and indirect tax balances and/or payment advices of any kind or description issued in favour of the Transferor Companies, either before or after the Appointed Date, or in future, may be deposited with the Bank of the Transferee Company and credit of all receipts thereunder will be given in the accounts of the Transferee Company.

**PART IV****ACCOUNTING TREATMENT****10) ACCOUNTING TREATMENT**

Upon this Scheme coming into effect, the amalgamation of the Transferor Companies with the Transferee Company shall be accounted for as per the "Accounting Standard-14: Accounting for Amalgamations" as prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Ministry of Corporate Affairs or the "Indian Accounting Standard (Ind AS) 103 for Business Combination" prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015, (if applicable), as amended from time to time such that:

- 10.1 The Transferee Company shall, record all the assets and liabilities, including Reserves of the Transferor Companies vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Transferor Companies on the Appointed Date.
- 10.2 If at the time of amalgamation, the Transferor Companies and the Transferee Company have conflicting accounting policies, a uniform accounting policy shall be adopted by the Transferee Company following the amalgamation. The effect on the financial statements of any change in accounting policies shall be reported in accordance with applicable Accounting Standard-5, prior period and extraordinary items and changes in accounting policies.
- 10.3 investment, if any, in the equity share capital of the Transferor Companies or vice versa as appearing in the books of accounts of the Transferee Company, if not transferred before the effective Date, shall stand cancelled and there shall be no further obligation/ outstanding in that behalf.
- 10.4 The loans and advances or payables or receivables of any kind, held inter-se, if any between the Transferor Companies and the Transferee Company, as appearing in its respective books of accounts shall stand discharged prior to Effective Date.

**11) AUTHORIZED SHARE CAPITAL**

- 11.1 .Upon the Scheme becoming effective, the authorized share capital of the Transferor Companies shall stand combined with the authorized share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Companies on its authorized share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorized Share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorized share capital.
- 11.2. 'Clause V' of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act accordingly by deleting the existing Clause and replacing it by the following:  
"The Authorized Share Capital of the Company is Rs.550410000 (Rupees Fifty Five Crore Four Lakh Ten Thousand Only) divided into 27,52,05,000 (Twenty Seven Crores Fifty two Lakhs Five Thousand Only) equity shares of Rs.2/- (Two Only) each with power of the company to consolidate & Convert, subdivide, reduce or increase the capital into issue any new shares with preferential rights and conditions attached thereto, subject to the Companies Act, 2013.

**12) TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE**

With effect from the Appointed Date and up to and including the Effective Date:

- 12.1 The Transferor Companies shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have been held and stood possessed of and shall hold and stand possessed of all of the Assets of the Transferor Companies for and on account of, and in trust for, the Transferee Company. The Transferor Companies hereby undertake to hold the said Assets with utmost prudence until the Effective Date.
- 12.2 All the profits or income, taxes (including advance tax and tax deducted at source) or any costs, charges, expenditure accruing to the Transferor Companies or expenditure or losses arising or incurred or suffered by the Transferor Companies shall for all purpose be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 12.3 On and after the Appointed Date and until the Effective Date, the Transferor Companies shall not without the prior written approval of the Board of Directors of the Transferee Company undertake (i) any material decision in relation to their businesses and affairs and operations (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business) (iii) any new business, or discontinue any existing business or change the installed capacity of facilities.
- 12.4 With effect from the date of the Board meeting of the Transferee Company approving the Scheme and upto

and including the Effective Date, the Transferor Companies shall carry on its business and activities with reasonable diligence, prudence and in the same manner as carried on before and shall not (without the prior written consent of the Transferee Company) undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments or sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Undertaking of the Transferor Companies or any part thereof except in the ordinary course of business, or pursuant to any pre-existing obligation(s) undertaken by the Transferor Companies .

- 12.5 Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes.

**13) SAVING OF CONCLUDED TRANSACTIONS**

The transfer of properties and liabilities under Clause 3 above and the continuance of proceedings by or against the Transferor Companies under Clause 5 above shall not affect any transaction or proceedings already concluded by the Transferor Companies on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto as done and executed on behalf of itself.

**14) DISSOLUTION OF THE TRANSFEROR COMPANIES WITHOUT WINDING UP**

On the Scheme coming into effect, the Transferor Companies shall, without any further act or deed, stand dissolved without winding up in accordance with the provisions of the Act and the Rules made thereunder.

**PART V**

**OTHER PROVISIONS**

**15) APPLICATION TO THE CENTRAL GOVERNMENT, OR SUCH OTHER APPROPRIATE AUTHORITY**

- 15.1 The Transferor Companies and the Transferee Company shall, with all reasonable dispatch, make application to the Regional Director (Central Government) of relevant jurisdiction, under the Section 233 and other applicable provisions of the Act read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, for the sanctioning the Scheme with such modifications as may be approved by the Regional Director.

- 15.2 On the scheme being agreed to by the requisite majorities of all the classes of the members and/ or creditors of the Transferor Companies and the Transferee Company shall, with all reasonable dispatch, apply to the Regional Director (Central Government), for sanctioning the Scheme under the Section 233 and other applicable provisions of the Act read with Rule 25 of the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016, and for such other orders, as the said Regional Director (Central Government) may deem fit for carrying this Scheme into effect and for dissolution of the Transferor Companies without winding-up

**15A) Listing Agreement and SEBI Compliances**

- 15A.1 Since the Transferee Company is listed Company, this Scheme is subject to the compliances of all requirements under the Listing Regulations and all statutory directives of the Securities Exchange Board of India (SEBI) insofar as they relate to sanction and implementation of the Scheme.

- 15A.2 SEBI vide Notification No. SEBI/LAD/NRO/GN/2016-17/029 dated 15th February, 2017 has amended the Listing Regulations and relaxed the requirement obtaining prior approval or no objection/ observation letter of the Stock Exchanges and SEBI in case of merger of wholly owned subsidiary with its holding company. The draft schemes shall be filed with the Stock exchange for disclosure purpose in compliance with the above notification.

**16) MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 16.1. The Transferor Companies (by its Board of Directors) and the Transferee Company (by its Board of Directors) in their full and absolute discretion may assent to any modification(s) or amendment(s) in this Scheme which the Central Government or such other appropriate authority and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme. Further, the Transferor Companies (by its Board of Directors), the Transferee Company (by its Board of Directors) and after the dissolution of the Transferor Companies, the Transferee Company (by its Board of Directors) be and are hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the Central Government or such other appropriate authority or of any directive or orders of any



other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

- 16.2. The Board of Directors of the Transferor Companies hereby authorise the Board of Directors of the Transferee Company or any committee thereof to give assent to any modification(s) or amendment(s) in the Scheme which may be considered necessary or desirable for any reason whatsoever and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, the implementation of the Scheme shall not get adversely affected as a result of acceptance of any such modification by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies be and is hereby authorised by the Board of Directors of the Transferor Companies to take such steps and to do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

#### **17) CONDITIONALITY OF SCHEME**

The Scheme is conditional upon and subject to —

- 17.1. the observations/objections of Registrar of Companies and Official Liquidator in terms of Section 233.
- 17.2. the Scheme being agreed to by the requisite majority of members and creditors of the Transferor Companies and Transferee Company.
- 17.3. the Scheme being approved by the Regional Director (Central Government) at Hyderabad/ Regional Director (Central Government) of relevant jurisdiction.
- 17.4. the Confirmation order of Regional Director (Central Government) sanctioning this Scheme being filed with the Registrar of Companies having jurisdiction over the Transferee Company.
- 17.5. all other sanctions and approvals, as may be required by law, in respect of this Scheme being obtained.

#### **18) REVOCATION AND SEVERABILITY**

- 18.1. In the event of any of the said sanctions and approvals referred to in Clause 16 and 17 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Central Government or such other appropriate authority and/or order or orders not being passed as aforesaid before 28 February 2018 or such other date as may be mutually agreed upon by the respective Board of Directors of the Transferor Companies and the Transferee Company who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Transferor Companies and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each Company shall bear its own costs unless otherwise mutually agreed. Further, Board of Directors of the Transferor Companies and the Transferee Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such Board of Directors are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/any of the company;
- 18.2. If any part of this Scheme hereof is invalid, ruled illegal by any tribunal of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.
- 18.3. The Scheme may be withdrawn by the Board of Directors of the Transferor Companies and the Transferee Company only by mutual consent and only if such Boards of Directors jointly agree that the coming into effect of the Scheme could have adverse implication on both the Transferor Companies and Transferee Company.

#### **19. EXPENSES CONNECTED WITH THE SCHEME**

- 19.1. All costs, charges, taxes including duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any (saved as expressly otherwise agreed) of the Transferor Companies and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Transferee Company.

## Annexure – II

**Explanatory Statement as required under Section 230(3) read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016**

**(i) Details of the order of the Tribunal directing the calling, convening and conducting of the meeting:-**

The clause is not applicable.

**(ii) Details of the Companies:****TRANSFEROR COMPANY - 01:**

S.No.	Category	Particulars																					
1.	CIN	U72900PN2009PTC134858																					
2.	PAN	AAGCM2256F																					
3.	Name of the Company	Maven Systems Private Limited																					
4.	Date of Incorporation	21/10/2009																					
5.	Type of Company	Private Company																					
6.	Registered Office of the company and email ID	Galore Tech, Survey No. 22, Hissa No.1/2+2/1+3/1+4/1/1,Bavdhan Khurd Pune, Pune, Maharastra- 411021. investorrelations@moschip.com																					
7.	Main Objects of the Company as per the Memorandum of Association	1)To provide design services in embedded systems, solutions and software by designing the hardware, developing the software and integrating the same. The Company has not changed its name since incorporation.																					
8.	Details of change of name, registered office and objects of the company during the last five years	On 10/02/2017, the Company has shifted its registered office from "13, Jeevanchhaya Society, L I C Colony, Paud Road, Pune, Maharashtra-411038" to "Galore Tech, Survey No. 22, Hissa No.1/2+2/1+3/1+4/1/1, Bavdhan Khurd, Pune, Maharashtra-411021". The Company has not altered its objects since incorporation.																					
9.	Name of stock exchanges (s) where securities of the company are listed, if applicable	As on the date, the securities of the Company are not listed on any Recognized Stock Exchange.																					
10.	Details of the capital structure of the company	<table border="1"> <thead> <tr> <th>Authorised Capital</th> <th>Amount in Rs.</th> </tr> </thead> <tbody> <tr> <td>10,000 Equity shares of Rs.10/- each</td> <td>1,00,000</td> </tr> <tr> <td>Total</td> <td>1,00,000</td> </tr> <tr> <td>Issued, Subscribed and Paid-Up Capital</td> <td></td> </tr> <tr> <td>10,000 Equity shares of Rs.10/- each fully paid up</td> <td>1,00,000</td> </tr> <tr> <td>Total</td> <td>1,00,000</td> </tr> </tbody> </table>	Authorised Capital	Amount in Rs.	10,000 Equity shares of Rs.10/- each	1,00,000	Total	1,00,000	Issued, Subscribed and Paid-Up Capital		10,000 Equity shares of Rs.10/- each fully paid up	1,00,000	Total	1,00,000									
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10,000 Equity shares of Rs.10/- each fully paid up	1,00,000																						
Total	1,00,000																						
11.	Name of the Promoter and director along with their address	<table border="1"> <thead> <tr> <th>S. No.</th> <th>Name of the Director</th> <th>Address</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>Mr. Seetha Ramam</td> <td>Voleti# 203 Srivari Residency, Venkatasai Enclave,Nizampet, Hyderabad-500090</td> </tr> <tr> <td>02</td> <td>Mr. Kasinath Tumuluru</td> <td># 2-2-1089, Flat 406, Ratnam Happy Homes Residency, Golnaka, Musheerabad, Hyderabad-500044</td> </tr> <tr> <td>03</td> <td>Mr. A. Chandra Shekar</td> <td># 9 -146, Panduranga Nagar, near Moti Nagar, Hyderabad, Telangana-500018</td> </tr> <tr> <th>S. No.</th> <th>Name of the Promoters</th> <th>Address</th> </tr> <tr> <td>01</td> <td>MosChip Semiconductor Technology Limited</td> <td>Plot No. 83 &amp; 84, 02nd Floor, Punnaiah Plaza, Road No. 02, Banjara Hills, Hyderabad - 500034</td> </tr> <tr> <td>02</td> <td>Mr. Seetha Ramam Voleti (Nominee of MosChip Semiconductor Technology Limited)</td> <td># 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090</td> </tr> </tbody> </table>	S. No.	Name of the Director	Address	01	Mr. Seetha Ramam	Voleti# 203 Srivari Residency, Venkatasai Enclave,Nizampet, Hyderabad-500090	02	Mr. Kasinath Tumuluru	# 2-2-1089, Flat 406, Ratnam Happy Homes Residency, Golnaka, Musheerabad, Hyderabad-500044	03	Mr. A. Chandra Shekar	# 9 -146, Panduranga Nagar, near Moti Nagar, Hyderabad, Telangana-500018	S. No.	Name of the Promoters	Address	01	MosChip Semiconductor Technology Limited	Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 02, Banjara Hills, Hyderabad - 500034	02	Mr. Seetha Ramam Voleti (Nominee of MosChip Semiconductor Technology Limited)	# 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090
S. No.	Name of the Director	Address																					
01	Mr. Seetha Ramam	Voleti# 203 Srivari Residency, Venkatasai Enclave,Nizampet, Hyderabad-500090																					
02	Mr. Kasinath Tumuluru	# 2-2-1089, Flat 406, Ratnam Happy Homes Residency, Golnaka, Musheerabad, Hyderabad-500044																					
03	Mr. A. Chandra Shekar	# 9 -146, Panduranga Nagar, near Moti Nagar, Hyderabad, Telangana-500018																					
S. No.	Name of the Promoters	Address																					
01	MosChip Semiconductor Technology Limited	Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 02, Banjara Hills, Hyderabad - 500034																					
02	Mr. Seetha Ramam Voleti (Nominee of MosChip Semiconductor Technology Limited)	# 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090																					



12.	If the scheme of compromise or arrangement relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or arrangement, including holding, subsidiary or of associate Companies.	Maven Systems Private Limited (the "Transferor Company-01") is a wholly owned subsidiary of MosChip Semiconductor Technology Limited (the Transferee Company) in terms of Section 2(87) of Companies Act, 2013. The Transferee Company currently holds 100% of the paid-up equity the share capital of the Transferor Company.
13.	The date of the Board meeting at which the scheme was approved by the Board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote/ participate on such resolution;	The Board of Directors approved the Scheme of Amalgamation on 24.08.2017. The following Directors voted in favour of the resolution: 1. Mr. Seetha Ramam Voleti 2. Mr. Kasinath Tumuluru 3. Mr. A. Chandra Shekar All the Directors present in the meeting have voted in favour of the resolution.

**TRANSFEROR COMPANY - 02:**

S. No	Category	Particulars												
1.	CIN	U72400KA2014PTC074813												
2.	PAN	AADGE6861H												
3.	Name of the Company	ElitePlus Semiconductor Technologies Private Limited												
4.	Date of Incorporation	10/06/2014												
5.	Type of Company	Private Company												
6.	Registered Office of the company and email ID	Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka-560068 investorrelations@moschip.com												
7.	Main Objects of the Company as per the Memorandum of Association	<ol style="list-style-type: none"> <li>To carry on the business as designers, developers, trainers, fabricators, assemblers, repair, modify, trade, merchants, stockiest, consignor, consultants, contractors, advisors, manufacturers, assemblers, buyers, sellers, importers, exporters, service and dealers in all kind of technology, software and hardware related to semiconductors and semiconductor products of all kinds and description.</li> <li>To carry on the business as developers, manufacturers, assemblers, buyers, sellers, importers, exporters and dealers in all kinds of semiconductor products, systems, components, consumables, stationery, spare parts, stores, accessories and materials related to semiconductors.</li> <li>To undertake the business of IT enabled out sourcing services including back office, call office, call centres, hardware and software maintenance services and other information technology services related to semiconductors.</li> </ol>												
8.	Details of change of name registered office and objects of the Company during the last five years	The Company has not changed its name since incorporation. On 10/02/2017, the Company has shifted its registered office "No.991/992, 2nd Floor, 5th Main HSR Layout, Sector-7, Bangalore, Karnataka-560102" to "Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka-560068". The Company has not altered its objects since incorporation.												
9.	Name of stock exchanges (s) where securities of the company are listed, if applicable	As on the date, the securities of the Company are not listed on any Recognized Stock Exchange.												
10.	Details of the capital structure of the company	<table border="1"> <thead> <tr> <th>Authorised Capital</th> <th>Amount in Rs.</th> </tr> </thead> <tbody> <tr> <td>11,000 Equity shares of Rs.10/- each</td> <td>1,10,000</td> </tr> <tr> <td>Total</td> <td>1,10,000</td> </tr> <tr> <td>Issued, Subscribed and Paid-Up Capital</td> <td></td> </tr> <tr> <td>10,800 Equity shares of Rs.10/- each fully paid up</td> <td>1,08,000</td> </tr> <tr> <td>Total</td> <td>1,08,000</td> </tr> </tbody> </table>	Authorised Capital	Amount in Rs.	11,000 Equity shares of Rs.10/- each	1,10,000	Total	1,10,000	Issued, Subscribed and Paid-Up Capital		10,800 Equity shares of Rs.10/- each fully paid up	1,08,000	Total	1,08,000
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Total	1,10,000													
Issued, Subscribed and Paid-Up Capital														
10,800 Equity shares of Rs.10/- each fully paid up	1,08,000													
Total	1,08,000													

11.	Name of the Promoter and director along with their address	<b>S. No.</b>	<b>Name of the Director</b>	<b>Address</b>
		01	Mr. Seetha Ramam Voleti	# 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090
		02	Mr. Kasinath Tumuluru	# 2-2-1089, Flat 406, Ratnam Happy Homes Residency, Golnaka, Musheerabad, Hyderabad-500044
		03	Mr. A. Chandra Shekar	# 9 -146, Panduranga Nagar, near Moti Nagar, Hyderabad, Telangana-500018
		<b>S. No</b>	<b>Name of the Promoters</b>	<b>Address</b>
		01	MosChip Semiconductor Technology Limited	Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 02, Banjara Hills, Hyderabad - 500034
02	Mr. Seetha Ramam Voleti (Nominee of MosChip Semiconductor Technology Limited)	# 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090		
12.	If the scheme of compromise or arrangement relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or arrangement, including holding, subsidiary or of associate Companies.	ElitePlus Semiconductor Technologies Private Limited (the "Transferor Company-2") is a wholly owned subsidiary of MosChip Semiconductor Technology Limited (the Transferee Company) in terms of Section 2(87) of the Companies Act, 2013. The Transferee Company currently holds 100% of the paid-up equity share capital of the Transferor Company.		
13.	The date of the Board meeting at which the scheme was approved by the Board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote/participate on such resolution;	<p>The Board of Directors approved the Scheme of Amalgamation on 24.08.2017.</p> <p>The following Directors voted in favour of the resolution:</p> <ol style="list-style-type: none"> <li>1. Mr. Seetha Ramam Voleti</li> <li>2. Mr. Kasinath Tumuluru</li> <li>3. Mr. A. Chandra Shekar</li> </ol> <p>All the Directors present in the meeting have voted in favour of the resolution.</p>		

**TRANSFEROR COMPANY - 03:**

S.No.	Category	Particulars
1.	CIN	U72400KA2013PTC070896
2.	PAN	AABC09026C
3.	Name of the Company	Orange Semiconductors Private Limited
4.	Date of Incorporation	05/09/2013
5.	Type of Company	Private Company
6.	Registered Office of the company and email ID	Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka-560068 investorrelations@moschip.com
7.	Main Objects of the Company as per the Memorandum of Association	<p>1)To perform design and innovations in the field of engineering, computer science, semiconductor technology, performing innovative services and innovative operations and delivery models.</p> <p>2)To carry on the business of providing consultancy services, process and workflow solutions, management services, administration services, technical and legal consultation services, co-ordination services for management and educational courses, agency services, marketing and vendor development services, international and local business development services, Quality Management Services, Product Branding Services, services of liaisoning and representation for various business segments whether located in India or abroad and render all kind of services required by industries, trade and commerce in respect of any project, job work, import, export, trade, formation, incorporation, promotion, registration of various business units and process re-engineering.</p> <p>3)To carry on the business of consultants in the field of Information Technology, hardware and software, Telecom and Consumer Electronics, Industrial segments, design and fabrication of semiconductor devices and all related areas.</p>
8.	Details of change of name registered office and objects of the Company during the last five years	<p>The Company has not changed its name since incorporation.</p> <p>On 04/03/2014, the Company has shifted its registered office from "33, Saraswathipuram, Behind Rashi Pride Appts, IIM Post, B G Road, Nayanappanahalli, Bangalore, Karnataka-560076" to "13/35, 1st Floor, 3,rd Cross, Venkatareddy Layout, Koramangala, Bangalore, Karnataka-560095".</p>

	On 10/02/2017, the Company has shifted its registered office form "13/35, 1st Floor, 3,rd Cross, Venkatarreddy Layout, Koramangala, Bangalore, Karnataka-560095" to "Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka -560068".  The Company has not altered its objects since incorporation.
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- 9 Name of stock exchanges (s) where securities of the company are listed, if applicable  
As on the date, the securities of the Company are not listed on any recognized Stock Exchange

10	Details of the capital structure of the company	Authorised Capital	Amount in Rs.	
		10,000 Equity shares of Rs. 10/- each	1,00,000	
		Total	1,00,000	
		Issued, Subscribed and Paid-Up Capital		
		10,000 Equity shares of Rs. 10/- each fully paid up	1,00,000	
		Total	1,00,000	
11	Name of the Promoter and director along with their address	<b>S. No.</b>	<b>Name of the Director</b>	<b>Address</b>
		01	Mr. Seetha Ramam Voleti	# 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090
		02	Mr. Kasinath Tumuluru	# 2-2-1089, Flat 406, Ratnam Happy Homes Residency, Golnaka, Musheerabad, Hyderabad-500044
		03	Mr. A. Chandra Shekar	# 9 -146, Panduranga Nagar, near Moti Nagar, Hyderabad, Telangana-500018
		<b>S. No</b>	<b>Name of the Promoters</b>	<b>Address</b>
		01	MosChip Semiconductor Technology Limited	Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 02, Banjara Hills, Hyderabad - 500034
02	Mr. Seetha Ramam Voleti (Nominee of MosChip Semiconductor Technology Limited)	# 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090		
12	If the scheme of compromise or arrangement relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or arrangement, including holding, subsidiary or of associate Companies.	Orange Semiconductors Private Limited (the "Transferor Company-3") is a wholly owned subsidiary of MosChip Semiconductor Technology Limited (the Transferee Company) in terms of Section 2(87) of the Companies Act, 2013. The Transferee Company currently holds 100% of the paid-up equity share capital of the Transferor Company.		
13	The date of the Board meeting at which the scheme was approved by the Board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote/participate on such resolution;	The Board of Directors approved the Scheme of Amalgamation on 24.08.2017. The following Directors voted in favour of the resolution: 1. Mr. Seetha Ramam Voleti 2. Mr. Kasinath Tumuluru 3. Mr. A. Chandra Shekar  All the Directors present in the meeting have voted in favour of the resolution.		

**TRANSFEROR COMPANY - 04:**

S.No.	Category	Particulars
1.	CIN	U74900KA2013PTC072049
2.	PAN	AABC09026C
3.	Name of the Company	TexoTech Solutions Private Limited
4.	Date of Incorporation	22/11/2013
5.	Type of Company	Private Company
6.	Registered Office of the company and email ID	

7.	Main Objects of the Company as per the Memorandum of Association	<p>1. To carry on the business of providing technical manpower resources, recruitment, placement, selecting, interviewing, staffing and employing at all levels of employment, relating to IT industry and providing of consultancy or other services in this aspect.</p> <p>2. To promote, encourage, establish, develop, maintain, organize, undertake, manage, operate, conduct the business of training and consultancy of IT resources in all types of business, trade, commerce and industry, including the fields of engineering, management, financial and information technology and to advise the management, in training, development, evaluation, appraisal and recruitment, in business, trade, commerce, and industry.</p> <p>3. To carry on the business of consultants and service providers in the field of Human Resources Services in all its aspects including testing and analyzing abilities and skills of persons and rating the same, developing the test modules, conducting training programmes of all kinds including orientation programmes.</p> <p>4. To carry on the business of development and design of software programs related any industry, business, application, product, device, computer, microprocessor, including design and implementation of hardware and software whether in India or abroad with the help of own or outsourced technical manpower resources.</p>																					
8	Details of change of name registered office and objects of the Company during the last five years	<p>The Company has not changed its name since incorporation.</p> <p>On 09/12/2015, the Company has shifted its registered office from "805, Elbrus Block, Alpine Eco, Doddanekundi Village, Ferncity Main Road, Alpine Avenue, Mahadevapura, Bangalore, Karnataka-560037" to "No.8, 1st Floor, 3rd Cross, Venkatarreddy Layout, Koramangala, Bangalore, Karnataka-560095".</p> <p>On 10/02/2017, the Company has shifted its registered office from "No.8, 1st Floor, 3rd Cross, Venkatarreddy Layout, Koramangala, Bangalore, Karnataka-560095" to "Fortune Summit, 6th Sector, HSR Layout, Roopena Agrahara, Bangalore, Karnataka -560068".</p> <p>The Company has not altered its objects since incorporation.</p>																					
9	Name of stock exchanges (s) where securities of the company are listed, if applicable	As on date, the securities of the Company are not listed on any Recognised Stock Exchange.																					
10	Details of the capital structure of the company	<table border="1" data-bbox="589 1039 1471 1260"> <thead> <tr> <th data-bbox="589 1039 1073 1071">Authorised Capital</th> <th data-bbox="1073 1039 1471 1071">Amount in Rs.</th> </tr> </thead> <tbody> <tr> <td data-bbox="589 1071 1073 1102">10,000 Equity shares of Rs.10/- each</td> <td data-bbox="1073 1071 1471 1102">1,00,000</td> </tr> <tr> <td data-bbox="589 1102 1073 1134">Total</td> <td data-bbox="1073 1102 1471 1134">1,00,000</td> </tr> <tr> <th data-bbox="589 1134 1073 1165">Issued, Subscribed and Paid-Up Capital</th> <th data-bbox="1073 1134 1471 1165"></th> </tr> <tr> <td data-bbox="589 1165 1073 1197">10,000 Equity shares of Rs.10/- each fully paid up</td> <td data-bbox="1073 1165 1471 1197">1,00,000</td> </tr> <tr> <td data-bbox="589 1197 1073 1228">Total</td> <td data-bbox="1073 1197 1471 1228">1,00,000</td> </tr> </tbody> </table>	Authorised Capital	Amount in Rs.	10,000 Equity shares of Rs.10/- each	1,00,000	Total	1,00,000	Issued, Subscribed and Paid-Up Capital		10,000 Equity shares of Rs.10/- each fully paid up	1,00,000	Total	1,00,000									
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11	Name of the Promoter and director along with their address	<table border="1" data-bbox="589 1270 1471 1722"> <thead> <tr> <th data-bbox="589 1270 657 1302">S. No.</th> <th data-bbox="657 1270 909 1302">Name of the Director</th> <th data-bbox="909 1270 1471 1302">Address</th> </tr> </thead> <tbody> <tr> <td data-bbox="589 1302 657 1375">01</td> <td data-bbox="657 1302 909 1375">Mr. Seetha Ramam Voleti</td> <td data-bbox="909 1302 1471 1375"># 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090</td> </tr> <tr> <td data-bbox="589 1375 657 1438">02</td> <td data-bbox="657 1375 909 1438">Mr. Kasinath Tumuluru</td> <td data-bbox="909 1375 1471 1438"># 2-2-1089, Flat 406, Ratnam Happy Homes Residency, Golnaka, Musheerabad, Hyderabad-500044</td> </tr> <tr> <td data-bbox="589 1438 657 1501">03</td> <td data-bbox="657 1438 909 1501">Mr. A. Chandra Shekar</td> <td data-bbox="909 1438 1471 1501"># 9 -146, Panduranga Nagar, near Moti Nagar, Hyderabad, Telangana-500018</td> </tr> <tr> <th data-bbox="589 1501 657 1533">S. No.</th> <th data-bbox="657 1501 909 1533">Name of the Promoters</th> <th data-bbox="909 1501 1471 1533">Address</th> </tr> <tr> <td data-bbox="589 1533 657 1606">01</td> <td data-bbox="657 1533 909 1606">MosChip Semiconductor Technology Limited</td> <td data-bbox="909 1533 1471 1606">Plot No. 83 &amp; 84, 02nd Floor, Punnaiah Plaza, Road No. 02, Banjara Hills, Hyderabad - 500034</td> </tr> <tr> <td data-bbox="589 1606 657 1722">02</td> <td data-bbox="657 1606 909 1722">Mr. Seetha Ramam Voleti (Nominee of MosChip Semiconductor Technology Limited)</td> <td data-bbox="909 1606 1471 1722"># 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090</td> </tr> </tbody> </table>	S. No.	Name of the Director	Address	01	Mr. Seetha Ramam Voleti	# 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090	02	Mr. Kasinath Tumuluru	# 2-2-1089, Flat 406, Ratnam Happy Homes Residency, Golnaka, Musheerabad, Hyderabad-500044	03	Mr. A. Chandra Shekar	# 9 -146, Panduranga Nagar, near Moti Nagar, Hyderabad, Telangana-500018	S. No.	Name of the Promoters	Address	01	MosChip Semiconductor Technology Limited	Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 02, Banjara Hills, Hyderabad - 500034	02	Mr. Seetha Ramam Voleti (Nominee of MosChip Semiconductor Technology Limited)	# 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090
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12	If the scheme of compromise or arrangement relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or arrangement, including holding, subsidiary or of associate Companies.	<p>TexoTech Solutions Private Limited (the "Transferor Company-4") is a wholly owned subsidiary of Orange Semiconductors Private Limited and Indirect wholly owned subsidiary of MosChip Semiconductor Technology Limited (the "Transferee Company")</p>																					

13	The date of the Board meeting at which the scheme was approved by the Board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote/ participate on such resolution;	The Board of Directors approved the Scheme of Amalgamation on 24.08.2017. The following Directors voted in favour of the resolution: 1. Mr. Seetha Ramam Voleti 2. Mr. Kasinath Tumuluru 3. Mr. A. Chandra Shekar  All the Directors present in the meeting have voted in favour of the resolution.
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**TRANSFeree COMPANY:**

S.No.	Category	Particulars
1.	CIN	L31909TG1999PLC032184
2.	PAN	AACCM3938L
3.	Name of the Company	MosChip Semiconductor Technology Limited
4.	Date of Incorporation	27/07/1999
5.	Type of Company	Listed Public Limited Company
6.	Registered Office of the company and email ID	Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 02, Banjara Hills, Hyderabad, Telangana-500034. Email: investorrelations@moschip.com
7	Main Objects of the Company as per the Memorandum of Association	<ol style="list-style-type: none"> <li>1) To carry on the business of and to render consultancy, training and professional services in the area of information technology and software development, to develop programmes and systems, to undertake turnkey software projects and operation research to offer complete hardware and software solutions and technical services and to subject the same to commercial exploitation, export, import and to act as dealers and authorized representatives of the same.</li> <li>2) To carry out researches, investigations and experimental work of every description in relation to the electrical, electronic and telecommunication industry, to act as consultants and advisors or provide consultation services, in all aspects of automation, including computerization or any others, to government, statutory or semi-government organizations, business, commerce and industry, or any other organization whatever nature, in all their branches, activities, operations or projects.</li> <li>3) To undertake the designing, development and programming of systems and application software either for its own use or for sale in India or abroad and to design and develop such systems and application software for or on behalf of manufacturers, owners and users of computer systems and analogue/digital/electronic/optical/laser/photographic equipment and to provide design services of ASIC, embedded technologies, design automation including architectural development, RTL development synthesis, mixed signal design, technology migration retargeting, logic design, logic verification, circuit design, physical design, gate array/standard cell implementations physical verification, hardware design, ATM, embedded operating systems, Device Drives, DSP Hardware net work protocols, Routing, Frame relays, High speed bus design, Network management and EDA methodologies, custom tool and GUI development, Tool customization, Frame works, Data and code conversions in India or elsewhere in the world and to buy, sell, import and export, deal, convert and exploit, the same on commercial lines or otherwise in respect of the same.</li> <li>4) To carry on the business of and to provide application and development in the area of internet and e-commerce and to offer web based solutions, to publish multimedia websites for companies, corporations, institutions, and to create design services for website, internet business solutions, intranet, extra net, and other information over internet.</li> <li>5) To set up and run electronic data processing centers and to carry on the business of data processing, word processing, software development, programming and consultancy, system studies, management consultancy, techno-economic feasibility studies of project, design and development of management information systems, technical analysis of data, data storage and retrieval services and services of all kinds and description in connection with commerce, finance, accounts, medicine, engineering, communication and other technological fields.</li> <li>6) To carry on the business of manufacturers, developers, buyers, sellers, importers, exporters, agents, job workers, assemblers, and dealers of metal oxide semiconductor chips, chips of Integrated Circuit nature and all types of computer and communication systems including micro computers, macro computers, workstations, software and hardware of all description, peripherals and accessories, parts and consumables including mother boards, VDUs, LCDs, and such other products or things which may be considered either as an integral part of a computer system or as an optional attachment or supplement there to and to undertake turnkey projects and operations, research, to offer complete solutions and technical services including data transmission, data processing devices whether present or future and to subject the same to commercial exploitation either for its own use or for sale in India or elsewhere in the world and to execute and install thereof the same whether by the company or on behalf of manufacturers, owners and users.</li> </ol>

8	Details of change of name registered office and objects of the Company during the last five years	<p>During the last five years, he Company has not changed its name.</p> <p>During the last five years, he Company has not changed its registered office.</p> <p>During the last five years, he Company has not changed its objects.</p>																							
9	Name of stock exchanges (s) where securities of the company are listed, if applicable	<p>Bombay Stock Exchange Limited (BSE)</p> <p>BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001</p>																							
10	Details of the capital structure of the company	<table border="1"> <thead> <tr> <th data-bbox="612 350 1062 380">Authorised Capital</th> <th data-bbox="1062 350 1474 380">Amount in Rs.</th> </tr> </thead> <tbody> <tr> <td data-bbox="612 380 1062 422">27,50,00,000 Equity shares of Rs.2/- each</td> <td data-bbox="1062 380 1474 422">55,00,00,000</td> </tr> <tr> <td data-bbox="612 422 1062 464">Total</td> <td data-bbox="1062 422 1474 464">55,00,00,000</td> </tr> <tr> <td colspan="2" data-bbox="612 464 1062 506">Issued Capital</td> </tr> <tr> <td data-bbox="612 506 1062 548">12,74,47,589 Equity shares of Rs.2/- each</td> <td data-bbox="1062 506 1474 548">25,48,95,178</td> </tr> <tr> <td colspan="2" data-bbox="612 548 1062 590">Subscribed Capital</td> </tr> <tr> <td data-bbox="612 590 1062 632">12,48,68,515 Equity shares of Rs.2/- each</td> <td data-bbox="1062 590 1474 632">24,97,37,030</td> </tr> <tr> <td colspan="2" data-bbox="612 632 1062 674">Paid-up Capital</td> </tr> <tr> <td data-bbox="612 674 1062 716">12,48,68,515 Equity shares of Rs.2/- each</td> <td data-bbox="1062 674 1474 716">24,97,37,030</td> </tr> <tr> <td colspan="2" data-bbox="612 716 1062 722">Total paid-up</td> </tr> <tr> <td colspan="2" data-bbox="1062 716 1474 722">24,97,37,030</td> </tr> </tbody> </table>	Authorised Capital	Amount in Rs.	27,50,00,000 Equity shares of Rs.2/- each	55,00,00,000	Total	55,00,00,000	Issued Capital		12,74,47,589 Equity shares of Rs.2/- each	25,48,95,178	Subscribed Capital		12,48,68,515 Equity shares of Rs.2/- each	24,97,37,030	Paid-up Capital		12,48,68,515 Equity shares of Rs.2/- each	24,97,37,030	Total paid-up		24,97,37,030		
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11	Name of the Promoter and director along with their address	<p><b>A) Details of the Promoters of the Company:</b></p> <ol style="list-style-type: none"> <li>1. Techwave Pte Limited # 01, Scotts Road, #21-07 Shaw Centre, Singapore (228208).</li> <li>2. K. Ramachandra Reddy # Plot No.828, Road No. 42, Jubilee Hills, Hyderabad, Telangana – 500 034.</li> <li>3. C. Dayakar Reddy # Plot No. 686, Road No 33, Jubilee Hills, Hyderabad, Telangana – 500033.</li> <li>4. C. Surekha Reddy # Plot No. 686, Road No 33, Jubilee Hills, Hyderabad, Telangana – 500033.</li> <li>5. Vinay D. Kumar # 53 Whisper Valley, H.S. Darga, Golconda Post, Hyderabad, Telangana – 500008</li> <li>6. Art Khachaturian # 5911 Fleet St, San Jose, California, USA – 95120.</li> <li>7. K. Pratibha Reddy # Plot No.828, Road No. 42, Jubilee Hills, Hyderabad, Telangana – 500 034.</li> <li>8. Chandram Rama Reddy # 45 ICRISAT Colony, Phase-1, Brig Sayeed Rd, Tadbund, Secunderabad, Telangana – 500009.</li> <li>9. Joseph K. Wai # 24940, Oneonta DR, Los Altos, California, CA, USA – 94022.</li> <li>10. Laruence N Benz # 15211, Champion Lakes Place Louisville, KY 40245 Jefferson County, USA</li> <li>11. Sean Paul Carney # 905, Wallea DR, Menlo Park, California, CA, USA – 94025.</li> <li>12. Gary Kennedy # 15155, Alondra Lane, Saratoga, CA 95070 USA.</li> <li>13. Steve Shu Fun Kam # 28001 Arastradero Road, Los Altos Hills, CA - 94022, USA</li> <li>14. Eddie Sin Po Chiu # Block M, 7th Floor, Scenic Villas, Scenic Villa Drive, Pokfulam, Hong Kong, China</li> </ol> <p><b>B) Details of the Directors of the Company:</b></p> <ol style="list-style-type: none"> <li>01) Kadiri Ramachandra Reddy # 828, Road No. 42, Jubilee Hills, Hyderabad - 500033</li> <li>02) Seetha Ramam Voleti # 203 Srivari Residency, Venkatasai Enclave, Nizampet, Hyderabad-500090.</li> <li>03) Prasad Gajjala # Flat No. 401, Gharonda Annapurna Apartments, 1-10-15, Ashok Nagar, Hyderabad-500020.</li> <li>04) Poornima Shenoy # B - 1, Hulkul Residency No. 81, Lavelle Road, Bangalore, Karnataka-560001.</li> <li>05) Camillo Martino # 18841 Graystone Ln San Jose, California, CA – 95120, USA.</li> </ol>																							



12	If the scheme of compromise or arrangement relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or arrangement, including holding, subsidiary or of associate Companies.	MosChip Semiconductor Technology Limited (the "Transferee Company") is holding company of Maven Systems Private Limited (the "Transferor Company-01"), elitePlus Semiconductor Technologies Private Limited (the "Transferor Company-2"), Orange Semiconductors Private Limited (the "Transferor Company-3") and TexoTech Solutions Private Limited (the "Transferor Company-4")
13	The date of the Board meeting at which the scheme was approved by the Board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote/participate on such resolution;	The Board of Directors approved the Scheme of Amalgamation on 24.08.2017. The following Directors voted in favour of the resolution: 1. Mr. Seetha Ramam Voleti 2. Mr. Kadiri Ramachandra Reddy 3. Mr. Prasad Gajjala All the Directors present in the meeting have voted in favour of the resolution.

**STATEMENT TO BE ANNEXED TO THE NOTICE**

Pursuant to Clause (v) of Sub-rule (3) of Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

S.No	CATEGORY	PARTICULARS																
01	Parties involved in such compromise or arrangement	M/s. Maven Systems Private Limited (Transferor Company-01) M/s. ElitePlus Semiconductor Technologies Private Limited (Transferor Company-02) M/s. Orange Semiconductor Technologies Private Limited (Transferor Company-03) M/s. TexoTech Solutions Private Limited (Transferor Company-04) M/s. MosChip Semiconductor Technology Limited (Transferee Company)																
2	In case of amalgamation or merger, appointed date, effective date, share exchange ratio (if applicable) and other considerations, if any	Appointed date: 01.04.2017 Effective date: The date on which the certified copy of the order of the Regional Director, South East Region, Hyderabad sanctioning the Scheme of Amalgamation is filed with Registrar of Companies, Telangana and Andhra Pradesh, Hyderabad. Consideration: Since, all Transferor Companies are wholly owned subsidiaries of Transferee Company, the entire equity share capital of Transferor Companies shall stand cancelled and hence no new equity shares will be allotted through the proposed Scheme of Amalgamation.																
3	Summary of valuation report (if applicable) including basis of valuation and fairness opinion of the registered valuer, if any; and the declaration that the valuation reports is available for inspection at the registered office of the company;	Not Applicable since, all Transferor Companies are wholly owned subsidiaries of Transferee Company, the entire equity share capital of Transferor Companies shall stand cancelled and hence no new equity shares will be allotted through the proposed Scheme of Amalgamation																
4	Details of capitl/ debt restructuring, if any;	<p style="text-align: center;"><b>PRE MERGER:</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Authorised Share Capital</th> <th style="text-align: center;">MosChip</th> <th style="text-align: center;">Maven</th> <th style="text-align: center;">ElitePlus</th> <th style="text-align: center;">Orange</th> <th style="text-align: center;">TexoTech</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Equity Shares</td> <td style="text-align: center;">Rs.55,00,00,000/- (Divided into 27,50,00,000 Equity Shares of Rs. 02/- each)</td> <td style="text-align: center;">Rs.1,00,000/- (Divided into 10,000 /- Equity Shares of Rs.10/- each)</td> <td style="text-align: center;">Rs.1,10,000/- (Divided into Rs.11,000 /- Equity Shares of Rs.10/- each)</td> <td style="text-align: center;">Rs1,00,000/- (Divided into 10,000 /- EquityShares of Rs.10/- each)</td> <td style="text-align: center;">Rs1,00,000/- (Divided into 10,000 /- EquityShares of Rs.10/-each)</td> </tr> </tbody> </table> <p style="text-align: center;"><b>POST MERGER:</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Authorised Share Capital</th> <th style="text-align: center;">MosChip</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Equity Shares</td> <td style="text-align: center;">55,04,10, 000 /- (Divided into 27,52,05,000 Shares of Rs. 2/- each)</td> </tr> </tbody> </table>	Authorised Share Capital	MosChip	Maven	ElitePlus	Orange	TexoTech	Equity Shares	Rs.55,00,00,000/- (Divided into 27,50,00,000 Equity Shares of Rs. 02/- each)	Rs.1,00,000/- (Divided into 10,000 /- Equity Shares of Rs.10/- each)	Rs.1,10,000/- (Divided into Rs.11,000 /- Equity Shares of Rs.10/- each)	Rs1,00,000/- (Divided into 10,000 /- EquityShares of Rs.10/- each)	Rs1,00,000/- (Divided into 10,000 /- EquityShares of Rs.10/-each)	Authorised Share Capital	MosChip	Equity Shares	55,04,10, 000 /- (Divided into 27,52,05,000 Shares of Rs. 2/- each)
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5	Rationale for the compromise or arrangement	<ul style="list-style-type: none"> <li>To achieve greater integration and greater financial strength and flexibility, to maximize overall shareholder value.</li> <li>To achieve cost savings from more focused operational efforts, rationalisation, standardization and simplification of business processes, productivity improvements and rationalization of administrative expenses.</li> <li>The consolidation of activities of the Transferor Companies and the Transferee Company by way of amalgamation will lead to operational synergies, greater productivity and economical operations for future growth of the Transferee Company.</li> <li>The Scheme of Amalgamation will provide for pooling of the managerial, technical and financial resources of the Transferor Companies and the Transferee Company which will help in increasing the competitiveness of the Transferee Company.</li> <li>The Scheme of Amalgamation will result in economies of scale, reduction in overheads including administrative, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of resources.</li> <li>The Scheme of Amalgamation will result in a significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by both the Transferor Companies and the Transferee Company.</li> <li>The banks, creditors and financial institutions, if any, are not adversely affected by the proposed amalgamation as their security and asset cover will be maintained.</li> <li>The Scheme provides for vesting and transfer of business and undertaking of the wholly owned subsidiary Companies including all the debts, liabilities, duties and obligations w.e.f the Appointed Date.</li> </ul>
6	Benefits of the compromise or arrangement as perceived by the Board of directors to the Company, members, creditors and others (as applicable);	The Benefits are detailed in the enclosed Draft Scheme of Amalgamation
7	Amount due to unsecured creditors	Rs.3,310.11 Lakhs
8	Disclosure about the effect of the compromise or arrangement on:	
(a)	Key Managerial Personnel	None
(b)	Directors	None
(c)	Promoters	None
(d)	Non promoter Members	None
(e)	Depositors	There are no Depositors
(f)	Creditors	The creditors of Transferor Companies shall become the creditors of the transferee company on the effective date and the liabilities towards such creditors shall stand transferred to the transferee company.
(g)	Debenture holders	There are no debenture holders
(h)	deposit trustee and debenture trustee	As the Company doesn't have any Depositors and Debenture holders, there is no Deposit Trustee and Debenture Trustee
(i)	Employees of the Company	The employees on the Rolls of Transferor Companies as on the effective date shall become the employees of the Transferee Company
9	Disclosure about effect of compromise or arrangement on material interests of directors, Key Managerial Personnel (KMP) and debenture trustee.	The proposed scheme would not affect the material interests of directors, Key Managerial Personnel (KMP). There is no debenture trustee to the Company.
10	Investigation or proceedings, if any, pending against the Company under the Act.	There are no pending proceedings against the Company.
11	Details of the availability of the following documents for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors, namely:	

(a)	Latest audited financial statements of the company including consolidated financial statements	Available at the Registered Office
(b)	Copy of the order of Tribunal in pursuance of which the meeting is to be convened or has been dispensed with;	Not applicable as the Meeting is held under Section 233 of the Companies Act, 2013
(c)	Copy of scheme of compromise or arrangement;	Attached to the Notice of the meeting. Also available at the Registered Office
(d)	Contracts or agreements material to the compromise or arrangement;	None [There would be employment contracts, service contracts with the clients and other...]
(e)	The certificate issued by Auditor of the company to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013	Available at the Registered Office
(f)	Such other information or documents as the Board or Management believes necessary and relevant for making decision for or against the scheme;	None
12	Details of approvals, sanctions or no-objection(s), if any from regulatory or any other governmental authorities required, received or pending for the proposed scheme of compromise or arrangement.	Application shall be filed with the Regional Director, South Eastern Region, Ministry of Corporate Affairs under Section 233 of the Companies Act, 2013 for the approval of the Scheme of Amalgamation.
13	A statement to the effect that the persons to whom the notice is sent may vote in the meeting either in person or by proxies, or where applicable, by voting through electronic means.	Yes. (Included in notes forming a part of the General Meeting Notice).

**Annexure - III  
FORM NO. CAA.10**

**(DECLARATION OF SOLVENCY)**

[Pursuant to Section 233(1)(c) of the Companies Act, 2013 read with Rule 25(2) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

1. (a) Corporate Identity Number (CIN) of Company: L31909TG1999PLC032184  
(b) Global location number (GLN) of company: Not Applicable
2. (a) Name of the Company: MosChip Semiconductor Technology Limited  
(b) Address of the registered office of the company: Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza Road No. 2, Banjara Hills, Hyderabad TG 500034  
(c) E-mail ID of the company: suresh.cs@moschip.com
3. (a) Whether the company is listed: Yes  
(b) If listed, please specify the name(s) of the stock exchange(s) where listed: BSE Limited, Mumbai.
4. Date of Board of Director's resolution approving the scheme: 24.08.2017

**Declaration of Solvency**

We, the directors of M/s. MosChip Semiconductor Technology Limited do solemnly affirm and declare that we have made a full enquiry into the affairs of the company and have formed the opinion that the Company is capable of meeting its liabilities as and when they fall due and that the company will not be rendered insolvent within a period of one year from the date of making this declaration.

We append an audited statement of company's assets and liabilities as at 31st March, 2017, being the latest date of making this declaration.

We further declare that the Company's Audited Annual Accounts including the Balance Sheet have been filed upto date with the Registrar of Companies, Hyderabad.

**Signed for and behalf of the board of directors  
for M/s. MosChip Semiconductor Technology Limited**

**Seetha Ramam Voleti Kadiri Ramachandra Reddy**

Date: 24.08.2017  
Place: Hyderabad

Whole-Time Director  
DIN: 07332440  
Address: 203 Srivari Residency,  
Venkatasai Enclave, Nizampet,

Director  
DIN: 00042172  
Address: 828, Road No. 42  
Jubilee Hills, Hyderabad-500 033

Hyderabad-500 090

**Verification**

We solemnly declare that we have made a full enquiry into the affairs of the Company including the assets and liabilities of this company and that having done so and having noted that the scheme of merger or amalgamation between M/s. MosChip Semiconductor Technology Limited (Transferee Company) and M/s. ElitePlus Semiconductor Technologies Private Limited, M/s. Orange Semiconductors Private Limited, M/s. TexoTech Solutions Private Limited (Step down Subsidiary) and M/s. Maven Systems Private Limited (100% Wholly-owned Subsidiaries) (Transferor Companies) is proposed to be placed before the Shareholders and Creditors of the Company for approval as per the provisions of Sub-section of (1) of Section 233 of the Companies Act, 2013, We make this solemn declaration believing the same to be true.

Verified this day the 24th August, 2017.

**Signed for and behalf of the board of directors  
for M/s. MosChip Semiconductor Technology Limited**

Date: 24.08.2017  
Place: Hyderabad

**Seetha Ramam Voleti**  
Whole-Time Director  
DIN: 07332440  
Address: 203 Srivari Residency,  
Venkatasai Enclave, Nizampet,  
Hyderabad-500 090

**Kadiri Ramachandra Reddy**  
Director  
DIN: 00042172  
Address: 828, Road No. 42  
Jubilee Hills, Hyderabad-500 033

**Statement of assets and liabilities as at 31/03/2017**  
**Name of the company: MosChip Semiconductor Technology Limited**

S. No	Assets	Rs. In Lakhs
1.	Balance at Bank	17.73
2.	Cash in hand	0.75
3.	Marketable securities	-
4.	Bills receivables	-
5.	Trade debtors	2200.65
6.	Loans & advances	1999.30
7.	Unpaid calls	-
8.	Stock-in-trade	-
9.	Work in progress	407.62
10.	Freehold property	-
11.	Leasehold property	18.48
12.	Plant and machinery	0.22
13.	Furniture, fittings, utensils, etc.	1.65
14.	Patents, trademarks, etc.	-
15.	Investments other than Marketable securities	-
16.	Other property	457.05
	<b>Total (A)</b>	<b>5103.45</b>

S. No	Liabilities	Rs. In Lakhs
1.	Secured on specific assets	-
2.	Secured by floating charge(s)	-
3.	Estimated cost of liquidation and other expense including Interest accruing until payment of debts in full.	-
4.	Unsecured creditors (Amounts estimated to rank for payment)	
(a)	Trade accounts	-
(b)	Bills payable	45.45
(c)	Accrued expense	1001.66
(d)	Other liabilities	2263.00
(e)	Contingent liability	
	<b>Total (B):</b>	<b>3310.11</b>
	Total value of assets (A) Rs:	<b>5103.45</b>
	Total liabilities (B) Rs:	<b>3310.11</b>
	Estimated surplus after paying debts in full (A-B) Rs:	<b>1793.33</b>

Remarks: All the numbers have been extracted from the audited financial statements for the year ended 31 March 2017

(1) Signature: .....

(2) Signature: .....

Name: **Seetha Ramam Voleti**  
 Director

Name: **Ramachandra Reddy Kadiri**  
 Director

Place: Hyderabad  
 Date: 24th August, 2017

MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

Regd. Office: Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad – 500 034, CIN: L31909TG1999PLC032184

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies vide its circular no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 after considering certain provisions of the Information Technology Act, 2000, permitted the companies to send the notices / annual reports etc. through email to its members. To support this green initiative of the MCA whole heartedly, members who have not yet registered their email address, are requested to register their e-mail address with the Depository through their concerned Depository Participant and members who hold shares in physical mode are requested to intimate their e-mail address at which they would like to receive the above documents electronically, either to the company or to its Registrar and Share Transfer Agent. Shareholders are requested to fill the consent form below and send it to the Registrar and Share Transfer Agent, Karvy Computershare Pvt. Ltd or to the company

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

(Pursuant to circulars no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011)

To,
Karvy Computershare Pvt. Ltd.
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad - 500 032,
Telangana, India
Dear Sir,

I/We shareholder (s) of MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication in electronic mode (through email). I/We request you to kindly register my / our below mentioned email id in the Company's records for sending such communication through email.

Folio No...../DP ID No.\*.....and Client ID No.\*.....

\*Applicable for members holding shares in electronic form.

Name of the Sole / First Shareholder : \_\_\_\_\_

Name of the Joint Shareholders (if any) : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

E-mail id for receipt of documents in Electronic mode : \_\_\_\_\_

Date:

Place:
(Sole / First Shareholder)

Signature: \_\_\_\_\_

Note:

- 1. Shareholders are requested to inform the Company's Registrar and Share Transfer Karvy Computershare Pvt. Ltd, as and when there is change in their registered email-id.
2. for shares held in demat form, shareholders are also requested to inform /update their email-ids to their respective Depository Participants



MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

Regd. Office: Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad – 500 034.CIN: L31909TG1999PLC032184

FORM NO. MGT - 11

PROXY FORM

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_

Folio No. / Client ID: DP ID: \_\_\_\_\_

I/We being the Member(s) of \_\_\_\_\_ equity shares of Rs.2 each of **MOSCHIP**

**SEMICONDUCTOR TECHNOLOGY LIMITED**, hereby appoint:

1. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ Signature: \_\_\_\_\_

Or failing him/her

2. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ Signature: \_\_\_\_\_

Or failing him/her

3. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 18th Annual General Meeting of the Company, to be held on Friday, September 29, 2017 at 10.30 a.m. at Regd. Office: Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad – 500034 and at any adjournment(s) thereof, in respect of the resolutions, as indicated below:

<b>Resolution No.</b>	<b>Description</b>	<b>(For)*</b>	<b>(Against)*</b>	<b>(Abstain)*</b>
1.	To adopt Standalone and Consolidated Financial Statements of the Company including Report of Board of Directors and Auditors for the financial year ended 31st March, 2017.			
2.	To appoint a Director in place of Mr. Seetha Ramam Voleti (holding DIN: 07332440), who retires by rotation and being eligible offers himself for re-appointment			
3.	To appoint M/s S. T. Mohite & Co., Chartered Accountants (FRN No.011410S) as Statutory Auditors of the Company to hold office from the conclusion of the 18th Annual General Meeting (AGM) until the conclusion of the Twenty Third (23rd) AGM of the Company to be held in the year 2022 and fix their remuneration.			
4.	Re-appointment of Mr. Prasad Gajjala (DIN: 00026718) as an Independent Director of the company for a period of five years.			
5.	Re-appointment of Ms. Poornima Shenoy (DIN: 02270175) as an Independent Director of the company for a period of five years.			
6.	Appointment of Mr. Camillo Martino (DIN: 07785530) as an Independent Director of the company for a period of five years.			
7.	To approve the Scheme of Amalgamation of Wholly Owned Subsidiary Companies i.e. Maven Systems Private Limited (Maven Systems), ElitePlus Semiconductor Technologies Private Limited (ElitePlus Semiconductor), Orange Semiconductors Private Limited (Orange Semiconductors) and TexoTech Solutions Private Limited (TexoTech) with MosChip Semiconductor Technology Limited as per the provisions of Section 233 of the Companies Act, 2013			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Signature of Shareholder/s

\_\_\_\_\_  
Signature of first proxy holder

\_\_\_\_\_  
Signature of second proxy holder

\_\_\_\_\_  
Signature of third proxy holder

\*Please put a (V) in the appropriate column against the resolution as indicated in the Box. Alternatively, you may mention the number of shares in the appropriate column in respect of which you would like your proxy to vote. If you leave all the columns blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

Notes :

- 1 . This Form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company , not less than 48 hours before the commencement of the meeting .
- 2 . A proxy need not be a Member of the Company .
- 3 . In case the Member appointing proxy is a body corporate the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorised by it and an authenticated copy of such authorisation should be attached to the proxy form .
- 4 . A person can act as proxy on behalf of such number of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights .Further a Member holding more than ten percent of the total share capital of the Company carrying voting rights ,may appoint a single person as proxy and such person shall not act as proxy for any other person or Member .
- 5 . Appointing a proxy does not prevent a Member from attending the meeting in person if he /she so wishes .
- 6 . In case of joint holders the signature of any one holder will be sufficient but names of all the joint holders should be stated .

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**MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED**

Regd. Office: Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills,  
Hyderabad 500 034 .CIN L31909TG1999PLC032184

(To be handed over at entrance of the Meeting Venue)

**ATTENDANCE SLIP**

Regd. Folio No. / DPID – Client ID No. \_\_\_\_\_

SHAREHOLDER'S NAME: \_\_\_\_\_

(In Block Capitals)

In case of Proxy

NAME OF PROXY: \_\_\_\_\_

(In Block Capitals)

No. of Shares held \_\_\_\_\_

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company held on Friday, September 29, 2017 at 10.30 A.M. at Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.02, Banjara Hills, Hyderabad – 500 034.

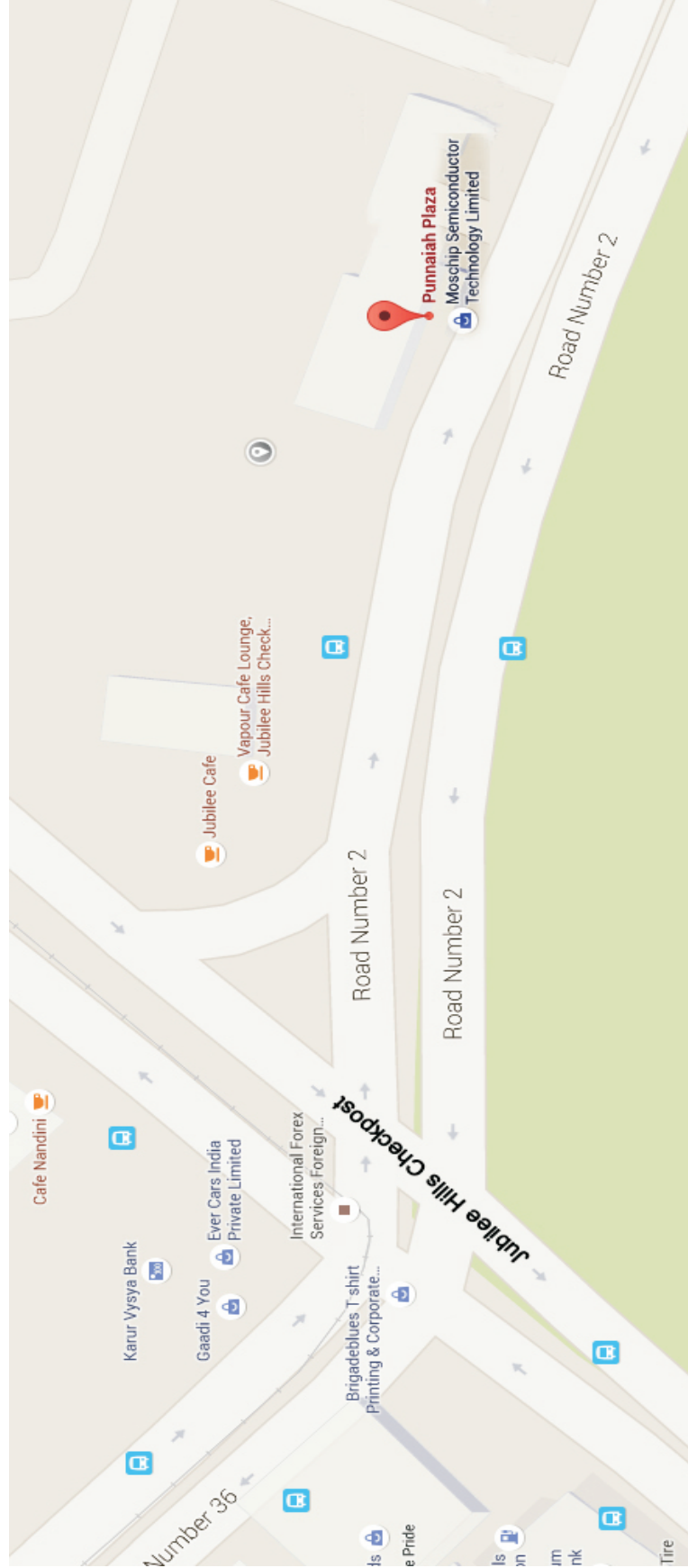
Signature of Shareholder/s / Proxy

**Notes:**

- a) Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting.
- b) Member/Proxy who wishes to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.
- c) Member/Proxy should bring his/her copy of the annual report for reference at the meeting.
- d) Please bring this Attendance Slip when coming to the Meeting.

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## Route Map for the venue of AGM





## NOTES

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# OFFICE LOCATIONS

## INDIA

### HYDERABAD (HEADQUARTERS)

PLOT # 83 & 84  
PUNNAIAH PLAZA, 2ND FLOOR  
BANJARA HILLS  
HYDERABAD – 500034  
TEL: +91-40-6622-9242  
FAX: +91-40-6622-9393  
CIN: L31909TG1999PLC032184

### UPPAL

PLOT NO. 5C,  
IDA, UPPAL,  
HYDERABAD - 500039

### BANGALORE (AT HSR LAYOUT)

FORTUNE SUMMIT,  
GF,6TH SECTOR, HSR LAYOUT,  
HOSUR MAIN ROAD,BANGALORE,  
KARNATAKA-560068

### PUNE

5TH FLOOR, GALORE TECH  
SURVEY NO. 22,  
BAVDHAN,  
PUNE – 411021, MAHARASTRA

209/1B/1A  
SHIVAJI NAGAR,  
RANGE HILLS ROAD, PUNE,  
MAHARASTRA - 411 020

## USA

### MILPITAS

840 N. HILLVIEW DRIVE  
MILPITAS  
CALIFORNIA 95035  
USA

## UK

### MAIDENHEAD

4 HAVELOCK ROAD  
MAIDENHEAD  
UK SL65BJ



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



[www.linkedin.com/company/moschip-semiconductor](http://www.linkedin.com/company/moschip-semiconductor)



[www.facebook.com/MosChipTechnology/](http://www.facebook.com/MosChipTechnology/)



Shaping the  
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