

Sasken Network Engineering Limited

Consolidated Balance Sheet

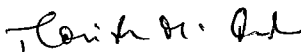
Amount in INR

| Particulars | Notes Reference | As at Mar 31, 2014 | As at Mar 31, 2013 |
|---------------------------------|--------------------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds: | | | |
| Share Capital | 2 | 30,500,000 | 30,500,000 |
| Reserves and Surplus | 3 | 181,119,373 | 229,096,446 |
| Non Current Liabilities: | | | |
| Long term provisions | 4 | 3,176,195 | 7,034,368 |
| Current Liabilities: | | | |
| Trade payables | | 23,652,220 | 30,358,568 |
| Other current liabilities | 5 | 13,088,419 | 8,008,077 |
| Short term provisions | 6 | 15,030,803 | 9,098,633 |
| Total | | 266,567,010 | 314,096,092 |
| ASSETS | | | |
| Non Current Assets | | | |
| Fixed Assets: | | | |
| Tangible fixed assets | 7 | 5,474,102 | 12,378,032 |
| Intangible assets | 8 | 3,638 | 3,307,238 |
| Deferred Tax Assets [Net] | 21(h) | 13,758,000 | 17,209,385 |
| Long term loans and advances | 9 | 44,339,231 | 48,314,500 |
| Current Assets | | | |
| Current Investments | 10 | 41,741,804 | 75,707,533 |
| Contracts in progress | 11 | 6,504,014 | 11,822,492 |
| Trade receivables | 12 | 86,664,017 | 87,555,184 |
| Cash and cash equivalents | 13 | 48,159,278 | 14,173,159 |
| Short term loans and advances | 14 | 3,388,728 | 5,720,535 |
| Other current assets | 15 | 16,534,198 | 37,908,034 |
| Total | | 266,567,010 | 314,096,092 |

See accompanying notes forming part of the financial statements

1 - 21

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

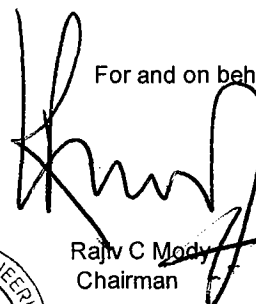


Monisha Parikh
Partner

Place : Bangalore
Date : 22 April 2014



For and on behalf of the Board of Directors



Rajiv C. Modh
Chairman

Place : Bangalore
Date : 22 April 2014



Neeta Revankar
Director

Sasken Network Engineering Limited

Consolidated Statement of Profit and Loss

| Amount in INR | | | |
|---|-----------------|-----------------------------------|-----------------------------------|
| Particulars | Notes Reference | For the Year Ended 31/Mar/2014 | For the Year Ended 31/Mar/2013 |
| Revenue | | | |
| Revenue from operations | 16 | 303,493,010 | 389,729,494 |
| Other Income | 17 | 29,718,569 | 8,767,018 |
| Total Revenue | | 333,211,579 | 398,496,512 |
| Expenses | | | |
| Employee benefit expense | 18 | 162,456,485 | 192,649,068 |
| Purchases of Traded Goods | | 6,750,279 | 1,075,133 |
| [Increase] / Decrease of Contracts-in-progress | 19 | 5,318,478 | (3,677,359) |
| Other operational expense | 20 | 102,392,340 | 155,573,686 |
| Depreciation and amortization expense | 7 & 8 | 9,513,312 | 11,625,834 |
| Total Expenses | | 286,430,894 | 357,246,362 |
| Profit before tax | | 46,780,685 | 41,250,150 |
| Tax expense/[credit]: | | | |
| (1) Current tax | | 11,312,806 | 17,947,153 |
| (2) Deferred tax | | 3,475,333 | 342,582 |
| Total tax expense | | 14,788,139 | 18,289,735 |
| Profit for the period ended carried to the Balance Sheet | | 31,992,546 | 22,960,415 |
| Earnings Per Share [EPS] [Equity Share par value Rs 10 each] | | | |
| Basic | | 10.49 | 7.53 |
| Diluted | | 10.49 | 7.53 |
| Weighted average number of Equity Shares used in computation of | | | |
| Basic EPS | | 3,050,000 | 3,050,000 |
| Diluted EPS | | 3,050,000 | 3,050,000 |
| [Refer Note 21 (a)] | | | |

See accompanying notes forming part of the financial statements

1 - 21

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Monisha Parikh

Monisha Parikh
Partner



Place : Bangalore
Date : 22 April 2014

For and on behalf of the Board of Directors

Rajiv C Mody
Rajiv C Mody
Chairman

Neeta Revankar

Neeta Revankar
Director



Place : Bangalore
Date : 22 April 2014

Sasken Network Engineering Limited

Consolidated Cash Flow Statement

| Particulars | Amount in INR | |
|--|---|---|
| | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
| Net Profit before tax | 46,780,685 | 41,250,150 |
| Adjustments for: | | |
| Depreciation | 9,513,312 | 11,625,834 |
| Reversal of provision for Trade receivables | (7,610,268) | 1,937,973 |
| Unrealised Exchange loss/(gain) | 283,865 | (437,091) |
| Loss/(Profit) on Sale/Disposal of Assets/asset written off (Net) | (522,683) | (128,160) |
| Dividend and Interest Income | (3,159,779) | (3,534,962) |
| Write back of unclaimed balances/ provisions | (438,376) | (1,520,495) |
| Operating profit before working capital changes | 44,846,756 | 49,193,249 |
| Adjustments for (increase) / decrease in operating assets: | | |
| Contract in progress | 5,318,478 | (3,677,359) |
| Trade Receivables | 3,716,032 | 6,430,758 |
| Short-term loans and advances | 2,043,807 | (2,722,474) |
| Long-term loans and advances | 8,580,392 | 180,932 |
| Other Current Assets | 21,566,404 | (10,564,553) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables | (4,581,985) | 7,036,384 |
| Short-term provisions | 505,359 | (479,075) |
| Long-term provisions | (3,858,173) | 882,317 |
| Other current liabilities | 5,636,230 | (315,904) |
| Cash generated from operations | 83,773,300 | 45,964,275 |
| Direct taxes (paid) / refund received [net] | (9,842,567) | 13,322,868 |
| Net cash from / (used in) operating activities | 73,930,733 | 59,287,143 |
| B. Cash flow from investing activities: | | |
| Earmarked deposits matured | 107,692 | 1,363,083 |
| Purchase of fixed assets | (892,967) | (11,596,339) |
| Proceeds from sale of assets | 1,089,532 | 902,403 |
| Proceeds from Business transfer of Sasken Network Solution Inc to Sasken Communications Technologies Limited | 2,759,519 | - |
| (Purchase) / Sale of Mutual Funds | 35,643,731 | (29,273,187) |
| Proceeds of loan given Sasken Inc | - | 35,609,000 |
| Dividend Income and Interest Income | 1,481,777 | 70,459 |
| Net cash used in investing activities | 40,189,284 | (2,924,581) |
| C. Cash flow from financing activities: | | |
| Interest Income | - | 545,106 |
| Payment of dividend and dividend tax | (72,615,872) | (63,806,200) |
| Net cash from financing activities | (72,615,872) | (63,261,094) |
| Net Increase/(Decrease) in Cash and cash equivalents | 41,504,145 | (6,898,532) |
| Impact on account of Foreign Currency Translation | (7,410,334) | 3,668,994 |
| Cash and cash equivalents at the beginning of the period | 14,054,966 | 17,284,504 |
| Cash and cash equivalents at the end of the period | 48,148,777 | 14,054,966 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | |
| Cash and cash equivalents as per Balance Sheet | 48,159,278 | 14,173,159 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements - Margin Money | (10,501) | (118,193) |
| Net Cash and cash equivalents [as defined in AS 3 Cash Flow Statements] | 48,148,777 | 14,054,966 |
| Balances with banks | | |
| (i) In current account | 48,148,777 | 14,054,966 |
| (iii) Balance held as Margin Money in earmarked accounts | 10,501 | 118,193 |
| | 48,159,278 | 14,173,159 |
| Supplementary non-cash flow information | | |
| Dividends received and re-invested in units of mutual funds | 1,678,002 | 3,239,369 |

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Monisha Parikh
Partner

Place : Bangalore
Date : 22 April 2014



1 - 21
For and on behalf of the Board of Directors

Rajiv C Mody
Chairman

Place : Bangalore
Date : 22 April 2014

Neeta Revankar
Director



Sasken Network Engineering Limited

Reference to Notes Forming Part of Consolidated Balance Sheet

| | | Amount in INR | |
|---|----------|-----------------------|-----------------------|
| | | As at Mar 31, 2014 | As at Mar 31, 2013 |
| Share Capital | 2 | | |
| Authorised capital | | | |
| 5,000,000 Equity shares of Rs. 10 each with 1 voting right per share [At March 31, 2013, 5,000,000 Equity shares of Rs.10 each] | | 50,000,000 | 50,000,000 |
| Issued, subscribed and paid up capital | | 30,500,000 | 30,500,000 |
| 3,050,000 Equity Shares of Rs. 10/- each fully paid up with 1 voting right per share [As at March 31, 2013 3,050,000 Equity Shares of Rs. 10/- each fully paid up with 1 voting right per share] | | | |
| [All the Equity shares are held by the Holding Company - Sasken Communication Technologies Limited and its nominees] | | | |
| There is no change in the share capital and in the share holding pattern as compared to previous year. | | 30,500,000 | 30,500,000 |
| Shareholders holding more than 5 percent shares in the Company: | | | |
| Class of shares / Name of shareholder | | | |
| Equity shares with voting rights held by Sasken Communication Technologies Limited and its nominees | | | |
| Number of shares held | | 3,050,000 | 3,050,000 |
| % holding in that class of shares | | 100% | 100% |
| There are no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment. | | | |
| Reserves and Surplus | 3 | | |
| General Reserve | | | |
| Opening balance | | 5,415,042 | - |
| Add: Transfer from Statement of Profit and loss | | 3,406,311 | 5,415,042 |
| Closing balance | | 8,821,353 | 5,415,042 |
| Hedging reserve | | | |
| Opening balance | | 288,000 | (1,213,508) |
| Add / (Less): Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year | | - | 288,000 |
| Add / (Less): Transferred to Statement of Profit and Loss | | (288,000) | 1,213,508 |
| Closing balance | | - | 288,000 |
| Foreign exchange translation reserve [Refer Note 1 (i)] | | | |
| Opening balance | | 7,478,100 | 3,853,191 |
| Movement during the year | | (7,065,747) | 3,624,909 |
| Total | | 412,353 | 7,478,100 |
| Balance in Statement of Profit and loss | | | |
| Opening balance | | 215,915,304 | 262,176,131 |
| Add: Profit for the year | | 31,992,546 | 22,960,415 |
| Less: Interim dividend paid | | (62,067,500) | (54,900,000) |
| Less: Proposed dividend | | - | - |
| Less: Dividend tax on Interim dividend | | (10,548,372) | (8,906,200) |
| Less: Transfer to General Reserve | | (3,406,311) | (5,415,042) |
| Total | | 171,885,667 | 215,915,304 |
| Grand Total | | 181,119,373 | 229,096,446 |



Sasken Network Engineering Limited

Reference to Notes Forming Part of Consolidated Balance Sheet

| | | Amount in INR | |
|---|----------|-----------------------|-----------------------|
| | | As at Mar 31, 2014 | As at Mar 31, 2013 |
| Long term provisions | 4 | | |
| Provision for Gratuity | | 3,176,195 | 7,034,368 |
| Total | | 3,176,195 | 7,034,368 |
| Other current liabilities | 5 | | |
| Statutory remittances [Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.] | | 1,372,058 | 2,951,673 |
| Deferred revenues | | 8,757,635 | 2,674,235 |
| Advance received from customers | | 2,958,726 | 1,815,778 |
| Payables on purchase of Fixed Assets | | - | 566,391 |
| | | 13,088,419 | 8,008,077 |
| Short term provisions | 6 | | |
| Provision for Employee compensated absences | | 4,536,530 | 7,158,663 |
| Provision for Gratuity | | 3,302,333 | 622,814 |
| Provision for Income Tax [Net of Advance Income Tax Rs. 34,650,945/- Previous year Rs.26,927,239/-] | | 7,191,940 | 1,317,156 |
| Total | | 15,030,803 | 9,098,633 |



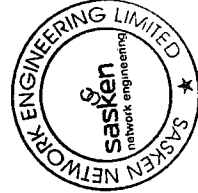
Sasken Network Engineering Limited

Reference to Notes Forming Part of Consolidated Balance Sheet

Fixed Assets

| Fixed Assets | | | | | | | | | | | | | Amount in INR | |
|---|-----------------|----------------------|-----------------------------|-------------|--------------------------------|-----------------------------|---------------------|-------------------|-------------|--------------------------------|--------------------|--------------------|----------------------|--|
| Fixed Asset | Notes Reference | Gross Block | | | | Depreciation / Amortization | | | | Net Block | | | | |
| | | As at April 01, 2013 | Additions during the period | Deductions | Adjustment (Refer Notes below) | As at Mar 31, 2014 | Upto March 31, 2013 | During the period | Deductions | Adjustment (Refer Notes below) | As at Mar 31, 2014 | As at Mar 31, 2014 | As at March 31, 2013 | |
| 7 | | | | | | | | | | | | | | |
| Tangible Assets - Owned | | | | | | | | | | | | | | |
| Electrical Fittings | | | | | | | | | | | | | | |
| Current Year | | 286,364 | - | 23,961 | - | 262,403 | 233,503 | 14,980 | 23,961 | - | 224,522 | 37,881 | 52,861 | |
| (Previous Year) | | (286,364) | - | - | - | (286,364) | (218,522) | (14,981) | - | - | (233,503) | (52,861) | (67,842) | |
| Leasehold improvement | | | | | | | | | | | | | | |
| Current Year | | 1,482,597 | - | 1,320,008 | - | 162,589 | 1,147,371 | 335,228 | 1,320,008 | - | 162,589 | - | 335,226 | |
| (Previous Year) | | (1,482,597) | - | - | - | (1,482,597) | (883,370) | (264,001) | - | - | (1,147,371) | (335,226) | (599,227) | |
| Computers | | | | | | | | | | | | | | |
| Current Year | | 16,261,361 | 55,500 | 5,422,227 | 47,150 | 10,941,784 | 13,516,175 | 1,284,800 | 5,306,846 | 26,085 | 9,520,214 | 1,421,570 | 2,745,186 | |
| (Previous Year) | | (16,430,229) | (1,273,151) | (1,462,834) | (20,815) | (16,261,361) | (12,581,902) | (2,334,461) | (1,412,802) | (12,614) | (13,516,175) | (2,745,186) | (3,848,327) | |
| Furniture and Fittings | | | | | | | | | | | | | | |
| Current Year | | 979,805 | - | 352,142 | - | 627,663 | 473,928 | 360,982 | 348,205 | - | 486,705 | 140,958 | 506,877 | |
| (Previous Year) | | (905,155) | (74,650) | - | - | (979,805) | (376,338) | (197,590) | - | - | (473,928) | (506,877) | (528,817) | |
| Plant and Equipment | | | | | | | | | | | | | | |
| Current Year | | 44,528,118 | - | 3,846,559 | 728 | 40,682,287 | 41,178,032 | 1,985,251 | 3,820,397 | 42 | 39,342,928 | 1,339,359 | 3,350,086 | |
| (Previous Year) | | (43,802,033) | (732,697) | (6,812) | - | (44,528,118) | (36,850,860) | (4,328,061) | (889) | - | (41,178,032) | (3,350,086) | (6,951,073) | |
| Office Equipment | | | | | | | | | | | | | | |
| Current Year | | 12,605,673 | - | 1,268,312 | 77,962 | 11,415,323 | 7,216,877 | 2,346,557 | 687,112 | 4,667 | 8,880,989 | 2,534,334 | 5,388,796 | |
| (Previous Year) | | (14,245,652) | (604,266) | (1,205,456) | (b) | (12,605,673) | (6,152,613) | (2,033,697) | (b) | 394,489 | (7,216,877) | (5,388,796) | (8,093,039) | |
| Tangible Assets - Current Year TOTAL | | 76,143,918 | 55,500 | 12,233,209 | 125,840 | 64,092,049 | 63,765,888 | 6,327,796 | 11,506,529 | 30,784 | 58,617,947 | 5,474,102 | 12,378,032 | |
| Tangible Assets - Previous Year TOTAL | | (77,152,030) | (2,684,744) | (2,574,902) | 1,017,974 | (76,143,918) | (57,063,705) | (9,072,791) | (1,988,735) | 381,875 | (63,765,888) | (12,378,032) | (20,088,325) | |
| Intangible Assets - Owned | | | | | | | | | | | | | | |
| Computer Software | | | | | | | | | | | | | | |
| Current Year | | 31,554,404 | 271,076 | 1,063,025 | 33,692 | 30,796,147 | 28,247,166 | 3,185,516 | 648,650 | 6,677 | 30,792,509 | 3,638 | 3,307,238 | |
| (Previous Year) | | (27,089,540) | (4,770,624) | (305,760) | - | (31,554,404) | (25,790,522) | (2,553,043) | (96,335) | 64 | (28,247,166) | (3,307,238) | (1,299,016) | |
| Intangible Assets - Current Year TOTAL | | 31,554,404 | 271,076 | 1,063,025 | 33,692 | 30,796,147 | 28,247,166 | 3,185,516 | 648,650 | 6,677 | 30,792,509 | 3,638 | 3,307,238 | |
| Intangible Assets - Previous Year TOTAL | | (27,089,540) | (4,770,624) | (305,760) | - | (31,554,404) | (25,790,522) | (2,553,043) | (96,335) | 64 | (28,247,166) | (3,307,238) | (1,299,016) | |
| Current Year TOTAL | | 107,698,322 | 326,576 | 13,298,234 | 159,532 | 94,888,196 | 92,013,052 | 9,513,312 | 13,156,378 | 39,471 | 89,110,458 | 5,477,740 | 15,685,270 | |
| Previous Year TOTAL | | (104,241,570) | (7,485,388) | (2,980,682) | 1,017,974 | (107,698,322) | (82,854,227) | (11,823,634) | (2,085,070) | 381,939 | (92,013,052) | (15,685,270) | (21,387,343) | |

Note: (a) Adjustments pertain to foreign exchange adjustment arising from the restatement of fixed assets & accumulated depreciation of Sasken Network Solutions Inc. at the closing conversion
(b) Adjustment for Office Equipment during the previous year includes adjustment towards reduction in the value of the asset waived off by the creditor Rs.10,36,789.
(c) Figures in brackets related to the previous year ended March 31, 2013



Sasken Network Engineering Limited

Reference to Notes Forming Part of Consolidated Balance Sheet

| Amount in INR | | | |
|--|--------------------|-----------------------|-----------------------|
| | Notes Reference | As at Mar 31, 2014 | As at Mar 31, 2013 |
| Long term loans and advances | 9 | | |
| <u>Unsecured considered good</u> | | | |
| Security deposits | | 431,648 | 8,869,956 |
| Prepaid Expenses | | - | 142,084 |
| Advance income tax | | 43,602,524 | 33,077,745 |
| [Net of Provision for tax Rs. 73,122,303/-, Previous year Rs.77,368,724/-] | | | |
| Minimum Alternate Tax Credit | | 305,059 | 6,224,715 |
| Total | | 44,339,231 | 48,314,500 |



Sasken Network Engineering Limited

Reference to Notes Forming Part of Consolidated Balance Sheet

| | | Amount in INR | |
|---|--------------------|-----------------------|-----------------------|
| | Notes Reference | As at Mar 31, 2014 | As at Mar 31, 2013 |
| Current Investment (other than trade) | 10 | | |
| (At lower of cost and fair value) | | | |
| <u>Mutual Funds-Quoted</u> | | | |
| Kotak FMP Series 110- Direct growth [As at Mar 31, 2014 - 1,000,000 Units of Rs. 10.6845 Each] [NAV - Rs.106.84 Lakhs] | | 10,000,000 | - |
| Tata Fixed Maturity Plan series 43 scheme D-Direct plan growth [As at Mar 31, 2014 - 750,000 Units of Rs.10.6678 Each] [NAV - Rs.80.00 Lakhs] | | 7,500,000 | - |
| UTI Fixed Term Income Fund Series [As at Mar 31, 2014 - 750,279.21 Units of Rs.10.2911 Each] [NAV-77.21 Lakhs] | | 7,502,792 | - |
| - DWS Fixed Maturity Plan - Series 27 - Regular Plan - Growth [As at March 31, 2013 - 1,861,682.071 Units of Rs. 10/- Each] [NAV - Rs.186.17 Lakhs] | | - | 18,616,821 |
| <u>Mutual Funds-Unquoted</u> | | | |
| - Kotak Flexi Debt Scheme Plan A - Daily Dividend [As at Mar 31, 2013 - 78,358.81 Units of Rs. 10.0475 Each] [NAV - Rs.74.19 Lakhs] | | - | 7,418,660 |
| - Birla Sun Life Cash Plus- Daily Dividend -Direct Plan -Reinvestment [As at Mar 31, 2014 - 75,733.08 Units of Rs.100.3293 Each] [NAV - Rs.75.98] | | 7,588,076 | - |
| SBI SHDF-Short Term-Retail Plan Weekly Dividend [As at Mar 31, 2013 - 232,400.179 Units of Rs.10.9686 Each] [NAV - Rs.25.31 Lakhs] | | - | 2,530,605 |
| SBI -Short Term Debt Fund-Regular Plan Weekly Dividend [As at Mar 31, 2013 - 5,985.282 Units of Rs.10.5608 Each] [NAV - Rs.0.63 Lakhs] | | - | 63,121 |
| JP Morgan India Treasury Fund Super Inst. Daily Div Reinvest [As at Mar 31, 2013 - 1,190,054.398 Units of Rs.10.0089 Each] [NAV - Rs.119.11 Lakhs] | | - | 11,911,135 |
| Templeton India Ultra Short Bond Fund Super Institutional - Daily Dividend Plan [As at Mar 31, 2013 - 1,084,853.084 Units of Rs.10.0172 Each] [NAV - Rs.108.67 Lakhs] | | - | 10,867,191 |
| ICICI Prudential ST - Regular Plan - Growth Option [As at Mar 31, 2013 - 1,026,060.575 Units of Rs.23.94 Each] [NAV - Rs.243.00 Lakhs] | | - | 24,300,000 |
| SBI Magnum Insta Cash Fund - Direct Plan - Daily Dividend [As at Mar 31, 2014 - 5,463.149 Units of Rs. 1,675.03 Each] [NAV - Rs.91.51 Lakhs] | | 9,150,936 | - |
| Total | | 41,741,804 | 75,707,533 |
| Aggregate amount of unquoted investments | | 16,739,012 | 57,090,712 |
| Aggregate amount of quoted investments | | 25,002,792 | 18,616,821 |
| Aggregate market value of quoted investments | | 26,406,548 | 18,859,398 |



Sasken Network Engineering Limited

Reference To Notes Forming Part of Consolidated Statement of Profit and Loss

| | | Amount in INR | |
|--|-----------------|--------------------------------|--------------------------------|
| | Notes Reference | For the Year Ended Mar 31,2014 | For the Year Ended Mar 31,2013 |
| Employee Benefit Expense | 18 | | |
| Salaries & Bonus [includes Gratuity of Rs. 1,639,570/-, Previous year Rs.1,724,763/-] | | 153,837,940 | 179,201,374 |
| Contribution to Provident fund & other funds | 21(d)(ii) | 5,261,777 | 7,285,855 |
| Employees State Insurance | 21(d)(ii) | 391,775 | 736,209 |
| Staff Welfare | | 2,535,378 | 3,868,857 |
| Recruitment and Relocation | | 429,615 | 1,556,773 |
| Total | | 162,456,485 | 192,649,068 |
| Increase/(decrease) of Contracts-in-progress | 19 | | |
| Opening balance | | | |
| Contracts-in-progress | | 11,822,492 | 8,145,133 |
| | | 11,822,492 | 8,145,133 |
| Closing balance | | | |
| Contracts-in-progress | | 6,504,014 | 11,822,492 |
| | | 6,504,014 | 11,822,492 |
| Net (Increase) / decrease | | 5,318,478 | (3,677,359) |
| Other operational expense | 20 | | |
| Rent | | | |
| -Building | 21(g) | 13,853,495 | 13,553,719 |
| -Equipment | | 2,129,235 | 2,547,857 |
| Repairs and maintenance | | | |
| -Plant and machinery, Equipments & Computers | | 2,242,517 | 2,872,214 |
| -Building | | 3,334,917 | 3,401,970 |
| -Others | | 535,767 | 1,532,371 |
| Communication expenses | | 4,104,983 | 6,935,831 |
| Printing and Stationery | | 388,551 | 1,223,457 |
| Donations | | - | 2,500 |
| Travel expenses [Net of income of Rs.7,063,833 /-, Previous year Rs. 6,856,006/-] | | 16,002,871 | 33,401,385 |
| Electricity and water charges | | 2,858,629 | 2,817,929 |
| Professional, legal and consultancy charges | | 5,351,072 | 14,538,529 |
| - Audit fees | | 1,222,119 | 1,274,774 |
| - Other services | | - | 90,000 |
| - Reimbursement of expenses | | 127,373 | 128,464 |
| Insurance | | 625,012 | 402,895 |
| Contract staff cost | | 28,377,367 | 63,263,345 |
| Software expenses | | 19,137,150 | 33,592 |
| Training and conference expenses | | 79,211 | 196,526 |
| Selling expenses - others | | 207,845 | 548,936 |
| Doubtful trade receivables provided/(reversed),net | | - | 1,937,973 |
| Loss on sale of fixed assets/discarded assets | | 84,825 | 32,957 |
| Membership & Subscriptions | | 91,800 | 3,000 |
| Rates and taxes | | 672,587 | 485,978 |
| Interest expense | | - | 21,615 |
| Freight Expenses | | - | 3,899,608 |
| Miscellaneous expenses | | 965,014 | 426,261 |
| Total | | 102,392,340 | 155,573,686 |



Sasken Network Engineering Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

1. Description of Business and significant accounting policies

Sasken Network Engineering Limited ("SNEL" or "the Company") and its subsidiaries (hereinafter collectively referred to as "the Group") is a provider of installation & commissioning services and technical support services to network equipment vendors & operators.

SNEL has its headquarters in Bangalore, India with a wholly owned subsidiary in the United States of America.

Significant Accounting Policies

a) Basis for preparation of financial statements

The financial statements are prepared for the purpose of consolidation with Sasken Communication Technologies Limited, the Parent company.

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Sasken Network Solutions Inc, USA ("SNSI").

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the group and are consistent with those used during the previous year.

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. Although these estimates are based on management's best knowledge of current events and actions the group may undertake in future, actual results ultimately may differ from the estimates.

All intercompany balances and transactions between the Company and its subsidiary have been eliminated in consolidation.

b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) Revenue Recognition

Income from services

The Group derives its revenues from Installation & Commissioning services and Technical Support services. Revenue on such services are recognized on completion of services and provided the collection is probable.

✓



Sale of traded goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

d) Contracts-in-Process

Costs related to work-in-progress that are pending acceptance from customers as at the end of the reporting period, are reported as contracts in process. Contracts in process are carried at lower of direct costs and net realizable value.

e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a First-in-First-out basis and includes all direct costs in bringing the inventories to their present location and condition.

f) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its present condition for intended use. Financing cost relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

g) Depreciation

Depreciation is provided on Straight Line Method (SLM), over the estimated useful life of the asset, at the rates mentioned below, which are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956

The estimated useful lives of tangible assets are as follows:

| Type of asset | Estimated life (in years) |
|---|---------------------------|
| Office equipments | 5 |
| Electrical Fittings | 5 |
| Test and Other Equipments (including Tools) | 4 |
| Computers | 4 |
| Furniture & Fittings | 10 |
| Vehicles | 5 |

Leasehold improvements at leased premises are depreciated on SLM, over the estimated useful life or the lease period, whichever is lower

Assets with unit value Rs.5,000 or less are depreciated entirely in the period of acquisition.

Intangible assets which comprise of the following, are amortized over the estimated useful life, on a straight line basis, as given below:

- Generic Computer Software - over 12 months.
- Computer software used for rendering of services over the life of the Project / Product - 12 months to 60 months

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and net realizable value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.



i) Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at year end are translated at the exchange rate on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost. Exchange differences on settlement or restatement are adjusted in the Statement of profit and loss.

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 Group itself. In translating financial statements of non-integral operation for incorporation in financial statements, income and expenditure items are translated at the monthly average exchange rates for the year and the assets and liabilities both monetary and non-monetary are translated at the closing rate. Exchange differences arising from such translations are accumulated in foreign currency translation reserve until the disposal of the net investment. On disposal of a non-integral foreign operation, the cumulative amount of the exchange difference which has been deferred and which relate to that operation is recognised as income or expense in the same year in which the gain or loss on disposal is recognised. Where there is a change in the classification of a foreign operation, the translation procedure applicable to the revised classification is applied from the date of the change in the classification.

j) Employee Benefits

(i) Gratuity

For defined benefit plans in the form of gratuity the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

(ii) Provident Fund

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

In case of foreign subsidiary company, contributions are made as per the laws and regulations of that country. The same is charged to the Statement of Profit and Loss on an accrual basis. There are no obligations beyond the Company's contributions.

(iii) Compensated absences

Short-term compensated absences are provided based on estimates. Provision for Long-term compensated absences is made based on actuarial valuation as at the Balance Sheet date. Provision for compensated absences is made on an estimate of utilization / availment of the un-availed leave balance to the credit of the employees as at the year end.



k) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

l) Income Taxes

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognized for the future tax consequences arising out of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applicable on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable / virtual certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax asset can be realised. The effect on deferred tax assets and liabilities resulting from change in tax rates is recognized in the income statement in the period of enactment of the change.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly MAT is recognized as an asset in the balance sheet when it is probable that future economic benefit associated with it flows to the company and the asset can be measured reliably.

m) Earnings Per Share

Basic Earnings per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

n) Provisions & Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

o) Segment Policy

Identification of segments:

The Company is focused in the telecommunication space. The risks and returns of the Company are predominantly determined by the nature of the solutions offered to its customers, which may be in the form of products or services. The primary reporting segment being business segment is installation & commissioning services and Technical Support services.

The geographical segment information is disclosed based on the location of the customers.



p) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognised as expense in the Statement of Profit and Loss on a straight line basis over the lease term.

q) Derivatives

Forward exchange contracts not intended for trading or speculation purposes covered by notified AS-11.

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

The Company has adopted the principles of Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement'. Accordingly, such forward exchange contracts taken to hedge the foreign exchange exposure on highly probable sales forecast transactions which qualify for hedge accounting are fair valued at Balance Sheet date and the effective portion of the resultant loss / (gain) is debited / credited to the hedging reserve and the ineffective portion is recognized in the Statement of Profit and Loss.

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

Hedge Accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedging reserve is transferred to the Statement of profit and loss when the forecasted transaction occurs or when a hedged transaction is no longer expected to occur.

r) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



Notes forming part of the consolidated financial statements for the year ended March 31, 2014

21. Other Notes to accounts

a) Earnings per Share

Earnings Per Share has been determined as follows:

| | | Amount in INR | |
|--|-------|--------------------------------|--------------------------------|
| Particulars | | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Profit after tax as per the Statement of profit & loss | A | 31,992,545 | 22,960,415 |
| Weighted Average number of Shares for Basic EPS | B | 3,050,000 | 3,050,000 |
| | | INR | INR |
| Nominal value of equity shares | | 10.00 | 10.00 |
| Earnings Per Share | | | |
| Basic & Diluted | A / B | 10.49 | 7.53 |

- b) The Company has adopted the Employee Stock Option Plan of Sasken Communication Technologies Limited (SCTL), the Holding Company. Under the Plan, certain employees of the Company may be granted shares of SCTL, in accordance with the terms and conditions as specified in the Plan. The Holding Company has recorded Rs.Nil/- for the year ended March 31, 2014, [Previous year: Rs.198,293/-] as compensation cost for such options held by the employees of the Company. The Holding Company has not transferred any charge on accounting of stock expense to the Company.

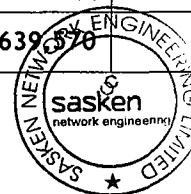
c) Contingent liabilities

| | | Amount in INR | |
|--|--|-------------------|-------------------|
| Particulars | | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Contingent liabilities: | | | |
| Income tax matters relating to disallowance of certain deductions and fringe benefit taxes | | 26,518,318 | 904,990 |
| Commitments: | | | |
| Towards Security Deposit | | 8,000,000 | - |

d) Employee Benefits

- i. The following computations provide disclosures in accordance with Accounting Standard (AS) 15 on Employee benefits for Defined benefit plans as per actuarial valuations :

| | | Amount in INR | |
|---|--|-------------------|-------------------|
| | | Gratuity | |
| | Particulars | As at 31-Mar-2014 | As at 31-Mar-2013 |
| 1 | Components of employer expense | | |
| 1 | Current Service cost | 1,068,321 | 2,053,951 |
| 2 | Interest cost | 559,827 | 502,913 |
| 3 | Expected return on plan assets | Nil | Nil |
| 4 | Past Service Cost | Nil | Nil |
| 5 | Actuarial Losses/(Gains) | 11,422 | (832,101) |
| 6 | Transfer in | Nil | Nil |
| 7 | Total expense / (gains) recognised in the Statement of Profit & Loss | 1,639,570 | 1,724,763 |

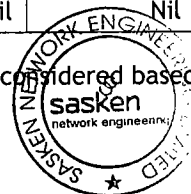


| | Particulars | Gratuity | |
|------------|--|--|----------------------|
| | | As at 31-Mar-2014 | As at 31-Mar-2013 |
| II | Actual Contribution and Benefits Payments for the year ended March 31, 2014 | | |
| 1 | Actual benefit payments | Nil | Nil |
| 2 | Actual Contributions | Nil | Nil |
| III | Net (asset)/liability recognised in Balance Sheet as at March 31, 2014 | | |
| 1 | Present value of Defined Benefit Obligation (DBO) | 6,478,527 | 7,657,182 |
| 2 | Fair value of plan assets | Nil | Nil |
| 3 | Funded status [Surplus/(Deficit)] | Nil | Nil |
| 4 | Unrecognised Past Service Costs | Nil | Nil |
| 5 | Net (asset)/liability recognised in Balance Sheet | 6,478,527 | 7,657,182 |
| IV | Change in Defined Benefit Obligations during the year ended March 31, 2014 | | |
| 1 | Present Value of DBO at beginning of year | 7,657,182 | 6,671,912 |
| 2 | Current Service cost | 1,068,321 | 2,053,951 |
| 3 | Interest cost | 559,827 | 502,913 |
| 4 | Actuarial (gains)/ losses | 11,422 | (832,101) |
| 5 | Transfer in | Nil | Nil |
| 6 | Past Service Cost | Nil | Nil |
| 7 | Benefits paid | (2,818,225) | (739,493) |
| 8 | Present Value of DBO at the end of year | 6,478,527 | 7,657,182 |
| V | Change in Fair Value of Assets during the year ended March 31, 2014 | | |
| 1 | Plan assets at beginning of year | Nil | Nil |
| 2 | Actual return on plan assets | Nil | Nil |
| 3 | Actual Company contributions | Nil | Nil |
| 4 | Benefits paid | Nil | Nil |
| 5 | Plan assets at the end of year | Nil | Nil |
| VI | Actuarial Assumptions for Gratuity and Leave | 31-Mar-2014 | 31-Mar-2013 |
| 1 | Discount Rate | 8.96% | 7.98% |
| 2 | Salary escalation | 5% | 5% |
| 3 | Attrition | 10% | 10% |
| 4 | Mortality | Indian Assured Lives Mortality (1994 -96) (modified) Ultimate | |
| 5 | Retirement Age Considered | 60 Years | |

Experience Adjustments

| Particulars | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 | 31-Mar-10 |
|-------------------------------------|-----------|-------------|-----------|-----------|-----------|
| Defined benefit obligation | 6,478,527 | 7,657,182 | 6,671,912 | 5,501,270 | 2,481,842 |
| Plan Assets | Nil | Nil | Nil | Nil | Nil |
| Surplus/(Deficit) | 6,478,527 | 7,657,182 | 6,671,912 | 5,501,270 | 2,481,842 |
| Exp. Adjustment on Plan Liabilities | (308,205) | (1,016,967) | (441,635) | (669,836) | (520,343) |
| Assumptions change | 319,627 | 184,866 | (174,655) | 319,331 | (299,915) |
| Exp. Adjustment on Plan Assets | Nil | Nil | Nil | Nil | Nil |

Note: Assumptions relating to future salary increases, attrition, etc. have been considered based on relevant economic factors such as inflation, market growth etc.



ii. Details of payments to defined contribution plans:

Amount in INR

| Particulars | For the Year Ended 31-Mar-14 | For the Year Ended 31-Mar-13 |
|---|------------------------------------|------------------------------------|
| Provident Fund & Pension Fund (excluding Labour welfare fund) | 5,263,950 | 7,280,341 |
| Employees State Insurance | 391,775 | 736,209 |

e) Related Party Disclosures

Name of the related parties and description of relationship

Holding Company: Sasken Communication Technologies Limited

Fellow Subsidiary: Sasken Inc

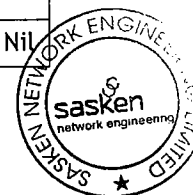
Joint Venture of Holding Company: ConnectM Technology Solutions Pvt. Ltd. (ConnectM)

Amount in INR

| Particulars | | Holding Company | | Fellow Subsidiary (Sasken Inc.) | |
|--|-----|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Transactions during the year | | | | | |
| Sale of Services | (*) | 57,763,487 | 72,014,333 | Nil | Nil |
| Reimbursement of expenses (Payable) | | 7,466,780 | 10,798,013 | Nil | Nil |
| Recovery of cost transfers and Interest income (Receivable) | | 665,243 | 9,221,157 | Nil | 225,134 |
| Dividend Paid | | 62,067,500 | 54,900,000 | Nil | Nil |
| Loan given / (repaid) | | Nil | Nil | Nil | (35,609,000) |
| Fixed Assets Transferred | | 621,423 | Nil | Nil | Nil |
| Trade Payables Transferred | | 2,055,999 | Nil | Nil | Nil |
| Trade Receivables Transferred | | 4,153,381 | Nil | Nil | Nil |

| Closing balances of the (Payables) and Receivables | | Holding Company | | Fellow Subsidiary (Sasken Inc.) | |
|---|-----|----------------------|----------------------|------------------------------------|----------------------|
| | | As at 31-Mar-2014 | As at 31-Mar-2013 | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Loans & Advances | | Nil | 1,548,231 | Nil | Nil |
| Trade Receivables & other current assets | (*) | 27,203,739 | 19,657,066 | Nil | Nil |
| Trade Payables | | 62,590 | 34,481 | Nil | Nil |

| Particulars | Joint Venture of Holding Company (ConnectM) | |
|------------------------------|--|--------------------------------------|
| | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Transactions during the year | | |
| Sale of Services | Nil | Nil |



| | Joint Venture of Holding Company (ConnectM) | |
|--|--|----------------------|
| Closing balances of the Receivables | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Trade Receivables | 321,843 | 379,432 |
| Provision for Doubtful Trade Receivables | 321,843 | 379,432 |

(*) - Includes Unbilled Revenue

Related Parties have been identified by the management and relied upon by the auditors. No amount is / has been written off or written back during the period in respect of debts due from or to related parties.

f) Segment Reporting

The Group provides installation & commissioning services and Technical Support services, which in the opinion of the management represents a single business segment and hence no separate disclosure has been made. The geographical segment information is disclosed based on location of the customers.

Geographical Segments Revenues

| Region | Amount in INR | |
|----------------------------------|--------------------------------------|--------------------------------------|
| | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| North America (including Canada) | 88,964,964 | 131,672,746 |
| Europe & Middle East | 79,817,514 | 46,060,864 |
| Asia-Pacific - India | 134,710,532 | 211,995,884 |
| Total | 303,493,010 | 389,729,494 |

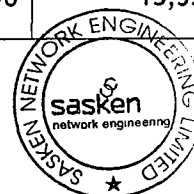
Assets:

| Region | Amount in INR | |
|----------------------------------|----------------------|----------------------|
| | As at 31-Mar-2014 | As at 31-Mar-2013 |
| North America (including Canada) | 26,984,897 | 27,748,301 |
| Europe & Middle East | 40,588,413 | 16,316,818 |
| Asia-Pacific - India | 99,575,812 | 137,693,402 |
| | 167,149,122 | 181,758,521 |

g) Operating leases

The Company has operating leases for office/Guest House premises that are renewable on a periodic basis and are cancelable by giving a notice period ranging from 1 month to 6 months. Rent escalation clauses vary from contract to contract.

| | Amount in INR | |
|---|--------------------------------------|--------------------------------------|
| | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Rent expenses included in statement of profit & loss towards operating leases | 13,853,496 | 13,553,719 |



The Company has entered into agreements for the hire of laptops. The lease rentals charged to the Statement of Profit & Loss in respect of these leases for the year ended March 31, 2014 amounts to Rs.1,636,819/-(Previous Year Rs.1,636,819/-). The future minimum lease payments under the agreements are as follows:

| | Amount in INR | |
|---|----------------------|----------------------|
| | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Not later than one year | 1,031,629 | 1,636,819 |
| Later than one year and not later than five years | 38,140 | 1,069,769 |

h) Deferred Tax

Deferred Tax Asset as at March 31, 2014 comprises:

| Particulars | Amount in INR | |
|--|----------------------|----------------------|
| | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Timing differences on account of depreciation | 8,706,000 | 8,662,244 |
| On account of provision for trade receivables | 2,425,000 | 4,894,000 |
| Provision for compensated absences, gratuity and other employee benefits | 2,539,000 | 3,462,586 |
| Other Timing differences | 88,000 | 190,555 |
| Total | 13,758,000 | 17,209,385 |

- i) Current year exchange fluctuation gain includes adjustment arising on account of translation of interim dividend paid during the prior year at the closing rate as against the historical rate.

j) Foreign Currency Exposure

The period end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

- (i) Amounts receivable in foreign currency on account of the following (*):

| Revenue & Reimbursements | Currency | As at 31-Mar-2014 | | As at 31-Mar-2013 | |
|-----------------------------|----------|---------------------|-------------------|---------------------|-------------------|
| | | Foreign Currency | Rupees | Foreign Currency | Rupees |
| | GBP | 36,000 | 3,585,398 | 50,709 | 4,163,287 |
| | USD | 784,632 | 47,007,298 | 297,292 | 16,142,959 |
| | AED | 541,397 | 8,830,177 | 300,395 | 4,440,803 |
| Total | | | 59,422,873 | | 24,747,049 |

(*)- includes Unbilled Revenue

- (ii) Amounts payable in foreign currency on account of the following:



| | | As at 31-Mar-2014 | | As at 31-Mar-2013 | |
|------------------------|----------|-------------------|------------------|-------------------|------------------|
| | Currency | Foreign Currency | Rupees | Foreign Currency | Rupees |
| Capital goods imported | USD | Nil | Nil | 9,282 | 504,013 |
| Trade Payables | AED | 74,910 | 1,221,777 | 1,775 | 26,245 |
| | USD | 24,722 | 1,481,109 | Nil | Nil |
| Advances received | USD | 14,897 | 892,492 | 10,077 | 547,181 |
| Total | | | 2,373,679 | | 1,077,439 |

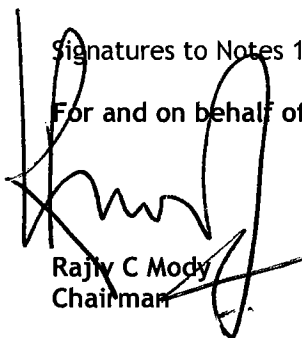
k) Outstanding forward contracts

| Against highly probable sales forecast | Currency | As at 31-Mar-2014 | | | As at 31-Mar-2013 | | |
|--|----------|-------------------|------------------|--------------------------------------|-------------------|------------------|--------------------------------------|
| | | No of contracts | Foreign Currency | Forward rate Ranges between Rs / USD | No of contracts | Foreign Currency | Forward rate Ranges between Rs / USD |
| | USD | Nil | Nil | Nil | 6 | 300,000 | 55.70 to 56.96 |

- l) The Board of Directors of the Company at its meeting held on January 16, 2014 approved the proposed Scheme of Amalgamation with its Holding Company- Sasken Communication Technologies Limited (SCTL) - with an appointed date of April 1, 2014, subject to approval by the Board of Directors of SCTL and other regulatory authorities.
- m) Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure.

Signatures to Notes 1 to 21

For and on behalf of the Board of Directors


Rajiv C Mody
Chairman


Neeta Revankar
Director

Place: Bangalore
Date: 22 April 2014



Sasken Network Engineering Limited

Balance Sheet

| | | Amount in INR | |
|---------------------------------|-----------------|-------------------------|-------------------------|
| Particulars | Notes Reference | As at March 31, 2014 | As at March 31, 2013 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds: | | | |
| Share Capital | 2 | 30,500,000 | 30,500,000 |
| Reserves and Surplus | 3 | 179,955,326 | 218,796,085 |
| Non Current Liabilities: | | | |
| Long term provisions | 4 | 3,176,195 | 7,034,368 |
| Current Liabilities: | | | |
| Trade payables | | 23,372,438 | 21,683,848 |
| Other current liabilities | 5 | 13,088,419 | 7,850,837 |
| Short term provisions | 6 | 15,030,803 | 8,302,259 |
| Total | | 265,123,181 | 294,167,397 |
| ASSETS | | | |
| Non Current Assets | | | |
| Fixed Assets: | | | |
| Tangible fixed assets | 7 | 5,474,102 | 11,648,647 |
| Intangible assets | 8 | 3,638 | 3,091,746 |
| Non Current Investments | 9 | 911,400 | 911,400 |
| Deferred Tax Assets [Net] | 22(m) | 13,758,000 | 17,037,000 |
| Long term loans and advances | 10 | 42,149,301 | 46,373,076 |
| Current Assets | | | |
| Current Investments | 11 | 41,741,804 | 75,707,533 |
| Contracts in progress | 12 | 6,504,014 | 11,822,492 |
| Trade receivables | 13 | 86,664,017 | 72,067,371 |
| Cash and cash equivalents | 14 | 47,993,979 | 10,791,123 |
| Short term loans and advances | 15 | 3,388,728 | 5,625,273 |
| Other current assets | 16 | 16,534,198 | 39,091,736 |
| Total | | 265,123,181 | 294,167,397 |

See accompanying notes forming part of the financial statements

1 - 22

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Monisha Parikh

Monisha Parikh
Partner

Place : Bangalore
Date : 22 April 2014



For and on behalf of the Board of Directors

Rajiv C Mody

Rajiv C Mody
Chairman

Place : Bangalore
Date : 22 April 2014

Neeta Revankar

Neeta Revankar
Director



Sasken Network Engineering Limited

Statement of Profit and Loss

| | | | Amount in INR | |
|--|--------------------|-----------------------|-----------------------|--|
| Particulars | Notes Reference | For the Year Ended | For the Year Ended | |
| | | March 31, 2014 | March 31, 2013 | |
| Revenue | | | | |
| Revenue from operations | 17 | 278,539,870 | 314,281,619 | |
| Other Income | 18 | 25,153,641 | 42,029,391 | |
| Total Revenue | | 303,693,511 | 356,311,010 | |
| Expenses | | | | |
| Employee benefit expense | 19 | 136,900,806 | 162,401,365 | |
| Purchases of Traded Goods | | 6,750,279 | 1,075,133 | |
| [Increase] / Decrease of Contracts-in-progress | 20 | 5,318,478 | (3,677,359) | |
| Other operational expense | 21 | 96,973,929 | 114,122,257 | |
| Depreciation and amortization expense | 7 & 8 | 9,095,100 | 11,506,799 | |
| Total Expenses | | 255,038,592 | 285,428,195 | |
| Profit before tax | | 48,654,919 | 70,882,815 | |
| Tax expense/[credit]: | | | | |
| (1) Current tax | | 11,312,806 | 16,889,396 | |
| (2) Deferred tax | | 3,279,000 | (157,000) | |
| (3) Minimum Alternate Tax Credit entitlement [for earlier years] | | - | - | |
| Total tax expense | | 14,591,806 | 16,732,396 | |
| Profit for the year carried to the Balance Sheet | | 34,063,113 | 54,150,419 | |

Earnings Per Share [EPS] [Equity Share par value Rs 10 each]

| | | |
|---|-----------|-----------|
| Basic | 11.17 | 17.75 |
| Diluted | 11.17 | 17.75 |
| Weighted average number of Equity Shares used in computation of | | |
| Basic EPS | 3,050,000 | 3,050,000 |
| Diluted EPS | 3,050,000 | 3,050,000 |
| [Refer Note 22 (a)] | | |

See accompanying notes forming part of the financial statements

1 - 22

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Monisha Parikh

Monisha Parikh
Partner

Place : Bangalore
Date : 22 April 2014



For and on behalf of the Board of Directors

Rajiv C Mody
Rajiv C Mody
Chairman

Neeta Revankar
Neeta Revankar
Director

Place : Bangalore
Date : 22 April 2014



Sasken Network Engineering Limited

Cash Flow Statement

Amount in INR

| Particulars | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
|--|---|---|
| Net Profit before tax | 48,654,919 | 70,882,815 |
| Adjustments for: | | |
| Depreciation | 9,095,100 | 11,506,799 |
| Provision for Doubtful Trade Receivables | (7,610,268) | 1,937,973 |
| Unrealised Exchange loss/(gain) | 283,862 | (460,848) |
| Loss/(Profit) on Sale/Disposal of Assets | (522,683) | (161,117) |
| Dividend, Interest Income & Write back of unclaimed balances / provisions | (6,376,988) | (38,265,744) |
| Operating profit before working capital changes | 43,523,942 | 45,439,878 |
| Adjustments for (increase) / decrease in operating assets: | | |
| Contract in progress | 5,318,478 | (3,677,359) |
| Trade Receivables | (7,524,562) | 16,969,205 |
| Short-term loans and advances | 2,236,545 | (2,627,211) |
| Long-term loans and advances | 8,580,392 | 180,932 |
| Other Current Assets | 21,924,909 | (11,736,978) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables | 1,797,914 | 2,177,694 |
| Short-term provisions | 565,760 | (599,950) |
| Long-term provisions | (3,858,173) | 882,317 |
| Other current liabilities | 5,731,092 | (230,176) |
| Cash generated from operations | 78,296,297 | 46,778,352 |
| Direct taxes (paid) / refund received [net] | (9,794,637) | 17,813,109 |
| Net cash from / (used in) operating activities | 68,501,660 | 64,591,461 |
| B. Cash flow from investing activities: | | |
| Earmarked deposits matured | 107,692 | 1,363,083 |
| Purchase of fixed assets | (830,589) | (10,771,152) |
| Proceeds from sale of asset | 1,914,725 | 77,205 |
| (Purchase) / Sale of Mutual Funds | 35,643,731 | (29,273,187) |
| Interest received | 8,201 | 70,459 |
| Dividend received | 4,581,000 | 33,598,980 |
| Net cash used in investing activities | 41,424,760 | (4,934,612) |
| C. Cash flow from financing activities: | | |
| Payment of dividend and dividend tax | (72,615,872) | (63,806,200) |
| Net cash from financing activities | (72,615,872) | (63,806,200) |
| Net Increase/(Decrease) in Cash and cash equivalents | 37,310,548 | (4,149,351) |
| Impact on account of Foreign Currency Translation | - | 6,130 |
| Cash and cash equivalents at the beginning of the period | 10,672,930 | 14,816,151 |
| Cash and cash equivalents at the end of the period | 47,983,478 | 10,672,930 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | |
| Cash and cash equivalents as per Balance Sheet | 47,993,979 | 10,791,123 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements - Margin Money | (10,501) | (118,193) |
| Net Cash and cash equivalents [as defined in AS 3 Cash Flow Statements] | 47,983,478 | 10,672,930 |
| Balances with banks | | |
| (i) In current account | 47,983,478 | 10,672,930 |
| (ii) Balance held as Margin Money in earmarked accounts | 10,501 | 118,193 |
| | 47,993,979 | 10,791,123 |
| Supplementary non-cash flow information | | |
| Dividends received and re-invested in units of mutual funds | 1,678,002 | 3,239,369 |

See accompanying notes forming part of the financial statements

1 - 22

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Monisha Parikh
Partner

Place : Bangalore

Date : April 22, 2014



For and on behalf of the Board of Directors

Neeta Revankar
Chairman

Neeta Revankar
Director

Place : Bangalore
Date : 22 April 2014

Sasken Network Engineering Limited

Reference to Notes Forming Part of Balance Sheet

| | | Amount in INR | |
|--|--------------------|-------------------------|-------------------------|
| | Notes Reference | As at March 31, 2014 | As at March 31, 2013 |
| Share Capital | | | |
| | 2 | | |
| Authorised capital | | | |
| 5,000,000 Equity shares of Rs 10 each with 1 voting right per share [As at March 31, 2013 - 5,000,000 Equity shares of Rs.10 each] | | 50,000,000 | 50,000,000 |
| Issued, subscribed and paid up capital | | | |
| | | 30,500,000 | 30,500,000 |
| 3,050,000 Equity Shares of Rs. 10/- each fully paid up with 1 voting right per share [As at March 31, 2013 - 3,050,000 Equity Shares of Rs. 10/- each fully paid up with 1 voting right per share] | | | |
| [All the Equity shares are held by the Holding Company - Sasken Communication Technologies Limited and its nominees] | | | |
| There is no change in the share capital and in the share holding pattern as compared to previous year. | | 30,500,000 | 30,500,000 |
| Shareholders holding more than 5 percent shares in the Company: | | | |
| Class of shares / Name of shareholder | | | |
| Equity shares with voting rights held by | | | |
| Sasken Communication Technologies Limited and its nominees | | | |
| Number of shares held | | 3,050,000 | 3,050,000 |
| % holding in that class of shares | | 100% | 100% |
| There are no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment. | | | |
| Reserves and Surplus | | | |
| | 3 | | |
| General Reserve | | | |
| Opening balance | | 5,415,042 | - |
| Add: Transfer from Statement of Profit & Loss | | 3,406,311 | 5,415,042 |
| Closing balance | | 8,821,353 | 5,415,042 |
| Hedging reserve | | | |
| Opening balance | | 288,000 | (1,213,508) |
| Add / (Less): Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year | | - | 288,000 |
| Add / (Less): Transferred to Statement of Profit and Loss | | (288,000) | 1,213,508 |
| Closing balance | | - | 288,000 |
| Balance in Statement of Profit and loss | | | |
| Opening balance | | 213,093,043 | 228,163,866 |
| Add: Profit for the year | | 34,063,113 | 54,150,419 |
| Less: Interim dividend paid | | (62,067,500) | (54,900,000) |
| Less: Proposed dividend | | - | - |
| Less: Dividend tax on Interim dividend | | (10,548,372) | (8,906,200) |
| Less: Transfer to General Reserve | | (3,406,311) | (5,415,042) |
| Total | | 171,133,973 | 213,093,043 |
| Grand Total | | 179,955,326 | 218,796,085 |



Sasken Network Engineering Limited

Reference to Notes Forming Part of Balance Sheet

| | | Amount in INR | |
|---|--------------------|-------------------------|-------------------------|
| | Notes Reference | As at March 31, 2014 | As at March 31, 2013 |
| Long term provisions | 4 | | |
| Provision for Gratuity | | 3,176,195 | 7,034,368 |
| Total | | 3,176,195 | 7,034,368 |
| Other current liabilities | 5 | | |
| Statutory remittances [Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.] | | 1,372,058 | 2,856,811 |
| Deferred revenues | | 8,757,635 | 2,674,235 |
| Advance received from customers | | 2,958,726 | 1,815,778 |
| Payables on purchase of Fixed Assets | | - | 504,013 |
| | | 13,088,419 | 7,850,837 |
| Short term provisions | 6 | | |
| Provision for Employee compensated absences | | 4,536,530 | 6,362,289 |
| Provision for Gratuity | | 3,302,333 | 622,814 |
| Provision for Income Tax (net) [Net of Advance Income Tax Rs.34,650,945/- Previous year Rs.26,927,239/-] | | 7,191,940 | 1,317,156 |
| Total | | 15,030,803 | 8,302,259 |



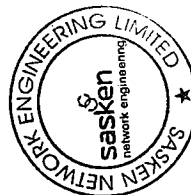
Sasken Network Engineering Limited

Reference to Notes Forming Part of Balance Sheet

Fixed Assets

| Fixed Asset | Notes Reference | Gross Block | | | | Depreciation / Amortization | | | | Net Block | | | |
|-------------------|-----------------|---|---------------------------|------------|--------------------------|-----------------------------|---------------------|-----------------|-------------|--------------------------|---------------------|----------------------|----------------------|
| | | As at April 01, 2013 | Additions during the year | Deductions | Adjustment (Refer Notes) | As at March 31, 2014 | Upto March 31, 2013 | During the year | Deductions | Adjustment (Refer Notes) | Upto March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| | | | | | | | | | | | | | |
| Tangible Assets | 7 | | | | | | | | | | | | |
| | | Electrical Fittings | | | | 262,403 | 233,503 | 14,980 | 23,961 | - | 224,522 | 37,881 | 52,861 |
| | | Current Year | | | | (286,364) | (218,522) | (14,981) | - | - | (333,503) | (52,861) | (67,842) |
| | | Leasehold Improvement | | | | 162,589 | 1,147,371 | 335,226 | 1,320,008 | - | 162,589 | (335,226) | 335,226 |
| | | Current Year | | | | (1,482,597) | (863,370) | (284,001) | - | - | (1,147,371) | - | (989,227) |
| | | Commodities | | | | 10,941,780 | 13,346,887 | 1,204,322 | 5,030,997 | (5,009) | 9,520,212 | 1,421,568 | 2,570,801 |
| | | Current Year | | | | (15,917,688) | (12,469,018) | (2,264,144) | (1,391,284) | - | (13,346,887) | (2,570,801) | (3,652,516) |
| | | Furniture and Fittings | | | | 627,663 | 473,928 | 360,982 | 348,205 | - | 486,705 | 140,958 | 505,877 |
| | | Current Year | | | | (979,805) | (376,338) | (97,590) | - | - | (473,928) | (505,877) | (528,817) |
| | | Plant and Equipment | | | | 40,682,289 | 41,177,914 | 1,984,008 | 3,818,994 | - | 39,342,928 | 1,339,361 | 3,344,893 |
| Intangible Assets | 8 | Current Year | | | | (979,805) | (376,338) | (97,590) | (989) | - | (41,177,914) | (3,344,893) | (6,951,073) |
| | | Office Equipment | | | | 11,415,323 | 7,198,443 | 2,240,095 | 557,549 | - | 8,860,989 | 2,534,334 | 4,838,989 |
| | | Current Year | | | | (12,037,432) | (6,152,613) | (2,015,229) | (574,944) | 394,455 | (7,198,443) | (4,838,989) | (6,093,039) |
| | | Tangible Assets - Current Year TOTAL | | | | 84,092,047 | 63,576,046 | 6,139,613 | 11,099,714 | - | 58,617,945 | 5,474,102 | 11,848,547 |
| | | Tangible Assets - Previous Year TOTAL | | | | (75,226,693) | (56,950,821) | (8,983,888) | (1,987,217) | 389,446 | (63,576,046) | (11,848,547) | (19,862,514) |
| | | Computer Software | | | | 30,796,148 | 28,217,099 | 2,955,487 | 380,076 | - | 30,792,510 | 3,638 | 3,091,746 |
| | | Current Year | | | | (31,308,845) | (25,790,522) | (2,522,911) | (96,334) | - | (28,217,099) | (3,091,746) | (1,299,019) |
| | | Intangible Assets - Current Year TOTAL | | | | 30,796,148 | 28,217,099 | 2,955,487 | 380,076 | - | 30,792,510 | 3,638 | 3,091,746 |
| | | Intangible Assets - Previous Year TOTAL | | | | (31,308,845) | (25,790,522) | (2,522,911) | (96,334) | - | (28,217,099) | (3,091,746) | (1,299,019) |
| | | Current Year TOTAL | | | | 94,888,195 | 91,765,145 | 9,095,100 | 11,779,780 | - | 88,410,455 | 5,477,740 | 14,740,393 |
| | | Previous Year TOTAL | | | | (106,535,538) | (82,741,343) | (11,506,799) | (2,063,551) | 389,446 | (91,765,145) | (14,740,393) | (21,151,533) |

Note:
(a) Adjustment of Rs 5,009 is on account of the exchange fluctuation of dubai branch depreciation
(b) Adjustment for Office Equipment relates to the reduction in the value of the asset to the extent of the amount waived off by the creditor.



Sasken Network Engineering Limited

Reference to Notes Forming Part of Balance Sheet

Amount in INR

| | Notes Reference | As at March 31, 2014 | As at March 31, 2013 |
|--|--------------------|-------------------------|-------------------------|
| Current Investment (other than trade) (At lower of cost and fair value) | 11 | | |
| <u>Mutual Funds- Quoted</u> | | | |
| - Kotak FMP Series 110 Direct - Growth [As at Mar 31, 2014 - 1,000,000 Units of Rs. 10.6845 Each] [NAV - Rs. 106.84 Lakhs] | | 10,000,000 | - |
| - Tata Fixed Maturity Plan series 43 scheme D-Direct plan growth [As at Mar 31, 2014 - 750,000 Units of Rs.10.6678 Each] [NAV - Rs.80.00 Lakhs] | | 7,500,000 | - |
| - UTI Fixed Term Income Fund Series [As at Mar 31,2014 750,279.21 Units of Rs.10.2911 Each] [NAV-77.21 Lakhs] | | 7,502,792 | - |
| - DWS Fixed Maturity Plan - Series 27 - Regular Plan - Growth [As at Mar 31, 2013 - 1,861,682.071 Units of Rs. 10/- Each] [NAV - Rs.186.17 Lakhs] | | - | 18,616,821 |
| <u>Mutual Funds- Unquoted</u> | | | |
| - Birla Sun Life Ultra Short Term Fund- IP - Daily Dividend [As at Mar 31, 2014 - 75,733.08 Units of Rs.100.3293 Each] [NAV - Rs.75.98] | | 7,588,076 | - |
| - SBI SHDF-Short Term-Retail Plan Weekly Dividend [As at Mar 31, 2013 - 232,400.179 Units of Rs.10.9686 Each] [NAV - Rs.25.31 Lakhs] | | - | 2,530,605 |
| - SBI -Short Term Debt Fund-Regular Plan Weekly Dividend [As at Mar 31, 2013 - 5,985.282 Units of Rs.10.5608 Each] [NAV - Rs.0.63 Lakhs] | | - | 63,121 |
| - JP Morgan India Treasury Fund Super Inst. Daily Div Reinvest [As at Mar 31, 2013 - 1,190,054.398 Units of Rs.10.0089 Each] [NAV - Rs.119.11 Lakhs] | | - | 11,911,135 |
| - Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment [As at Mar 31, 2013 - 1,084,853.084 Units of Rs.10.0172 Each] [NAV - Rs.108.67 Lakhs] | | - | 10,867,191 |
| - Kotak Flexi Debt Scheme Plan A - Daily Dividend [As at Mar 31, 2013 - 78,358.81 Units of Rs. 10.0475 Each] [NAV - Rs.74.19 Lakhs] | | - | 7,418,660 |
| - SBI Magnum Insta Cash Fund - Direct Plan - Daily Dividend [As at Mar 31, 2014 - 5,463.149 Units of Rs. 1,675.03 Each] [NAV - Rs.91.51 Lakhs] | | 9,150,936 | - |
| - ICICI Prudential ST - Regular Plan - Growth [As at Mar 31, 2013 - 1,026,060.575 Units of Rs.23.94 Each] [NAV - Rs.243.00 Lakhs] | | - | 24,300,000 |
| Total | | 41,741,804 | 75,707,533 |
| Aggregate amount of unquoted investments | | 16,739,012 | 57,090,712 |
| Aggregate amount of quoted investments | | 25,002,792 | 18,616,821 |
| Aggregate market value of quoted investments | | 26,406,548 | 18,859,398 |



Sasken Network Engineering Limited

Reference to Notes Forming Part of Balance Sheet

Amount in INR

| | Notes Reference | As at March 31, 2014 | As at March 31, 2013 |
|--|--------------------|-------------------------|-------------------------|
| Non current investments | 9 | | |
| <u>Unquoted, Trade, at cost, Investment in subsidiary companies</u> | | | |
| Sasken Network Solutions Inc 20,000 equity shares of USD 1 each, fully paid up (As on March 31, 2013 - 20000 equity shares of USD 1 each, fully paid up) | | 911,400 | 911,400 |
| Total | | 911,400 | 911,400 |
| Aggregate amount of unquoted investments | | 911,400 | 911,400 |
| Long term loans and advances | 10 | | |
| <u>Unsecured considered good</u> | | | |
| Security deposits | | 431,648 | 8,869,956 |
| Prepaid Expenses | | - | 142,084 |
| Advance income tax [Net of Provision for tax Rs.47,361,123/-, Previous year Rs.53,721,141/-] | | 41,412,594 | 31,136,321 |
| Minimum Alternate Tax Credit | | 305,059 | 6,224,715 |
| Total | | 42,149,301 | 46,373,076 |



Sasken Network Engineering Limited

Reference to Notes Forming Part of Balance Sheet

| | | Amount in INR | |
|--|--------------------|-------------------------|-------------------------|
| | Notes Reference | As at March 31, 2014 | As at March 31, 2013 |
| Contracts in progress [at lower of cost and net realizable value] | 12 | | |
| Contracts in progress | | 6,504,014 | 11,822,492 |
| Total | | 6,504,014 | 11,822,492 |
| Trade receivables | 13 | | |
| <u>Outstanding for more than six months from due date</u> | | | |
| Unsecured considered good | | - | 2,478,293 |
| Unsecured considered doubtful | | 5,284,993 | 15,083,042 |
| Less: Provision for trade receivables | | (5,284,993) | (15,083,042) |
| <u>Outstanding for less than six months from due date</u> | | | |
| Unsecured considered good | | 86,664,017 | 69,589,078 |
| Unsecured considered doubtful | | 2,187,782 | - |
| Less: Provision for trade receivables | | (2,187,782) | - |
| Total | | 86,664,017 | 72,067,371 |
| Cash and cash equivalents | 14 | | |
| Balances with Banks | | | |
| In current accounts | | 47,983,478 | 10,672,930 |
| <u>Other bank balances</u> | | | |
| In Deposit Account | | - | - |
| Balance held as Margin Money in earmarked accounts | | 10,501 | 118,193 |
| Total | | 47,993,979 | 10,791,123 |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is | | 47,983,478 | 10,672,930 |
| Short term loans and advances (Unsecured considered good) | 15 | | |
| Loans and advances to Sasken Communication Technologies Ltd [Holding Company] | | - | 1,452,969 |
| Loans and advances to employees | | 10,000 | - |
| Prepaid expenses | | 2,209,898 | 3,063,502 |
| Balances with government authorities | | | |
| (i) CENVAT credit receivable | | - | 108,324 |
| (iii) Service Tax credit receivable | | 186,076 | 92,623 |
| Others | | | |
| (i) Advance to Suppliers | | - | 85,931 |
| (ii) Recoverable towards expenses | | 982,754 | 459,425 |
| Fair value of forward contracts | | - | 362,499 |
| Total | | 3,388,728 | 5,625,273 |
| Other current assets | 16 | | |
| Unbilled Revenues | | 38,145,014 | 38,145,014 |
| Receivable towards sale of Fixed Assets | | 48,809 | 946,722 |
| Total | | 38,193,823 | 39,091,736 |



Sasken Network Engineering Limited

Reference To Notes Forming Part of Statement of Profit and Loss

| Particulars | Notes Reference | Amount in INR | |
|---|--------------------|-----------------------|-----------------------|
| | | For the Year Ended | For the Year Ended |
| | | March 31, 2014 | March 31, 2013 |
| Revenue from operations | 17 | | |
| Sale of network engineering services (Refer note below) | (*) | 270,817,053 | 312,690,440 |
| Sale of Traded Goods | | 7,722,817 | 1,591,179 |
| Total | | 278,539,870 | 314,281,619 |
| Other income | 18 | | |
| Miscellaneous income | | 1,621,559 | 590,753 |
| [Net of expenses of Rs.Nil/-, Previous Year Rs. Rs.282,083/-] | | | |
| Dividend on current investments - Mutual Funds | | 1,678,002 | 3,239,369 |
| Interest income on bank deposits | | 8,201 | 70,459 |
| Write back of unclaimed balances/ provisions | | 109,785 | 1,356,936 |
| Interest on Income Tax Refund | | 1,473,576 | - |
| Profit on Sale of Fixed Assets | | 607,508 | 161,117 |
| Net gain on sale of current investments | | 3,756,155 | - |
| Exchange gain | | 3,707,587 | 3,011,777 |
| Dividend income - subsidiaries | | 4,581,000 | 33,598,980 |
| Doubtful trade receivables reversed | | 7,610,268 | |
| Total | | 25,153,641 | 42,029,391 |

(*) - Note: Previous year Income includes Rs. 10,904,720 towards liquidated damages



Sasken Network Engineering Limited

Reference To Notes Forming Part of Statement of Profit and Loss

| | | Amount in INR | |
|--|--------------------|---|---|
| | Notes Reference | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
| Employee Benefit Expense | 19 | | |
| Salaries & Bonus [includes Gratuity of Rs.1,639,570_/-, Previous year Rs.1,724,763/-] | | 129,307,929 | 149,491,156 |
| Contribution to Provident fund | 22(ii)(iii) | 5,265,756 | 7,285,855 |
| Employees State Insurance | | 391,775 | 736,209 |
| Staff Welfare | | 1,692,840 | 3,516,034 |
| Recruitment and Relocation | | 242,506 | 1,372,111 |
| Total | | 136,900,806 | 162,401,365 |
| Increase/(decrease) of Contracts-in-progress | 20 | | |
| <u>Opening balance</u> | | | |
| Contracts-in-progress | | 11,822,492 | 8,145,133 |
| | | 11,822,492 | 8,145,133 |
| <u>Closing balance</u> | | | |
| Contracts-in-progress | | 6,504,014 | 11,822,492 |
| | | 6,504,014 | 11,822,492 |
| Net (Increase) / decrease | | 5,318,478 | (3,677,359) |
| Other operational expense | 21 | | |
| Rent | | | |
| -Building | 22(i) | 13,468,906 | 13,139,184 |
| -Equipment | | 2,129,235 | 2,547,857 |
| Repairs and maintenance | | | |
| -Plant and machinery, Equipments & Computers | | 2,242,517 | 2,856,807 |
| -Building | | 3,334,917 | 3,401,970 |
| -Others | | 535,767 | 1,532,371 |
| Communication expenses | | 3,404,939 | 5,850,792 |
| Printing and Stationery | | 388,551 | 1,223,345 |
| Donations | | - | 2,500 |
| Travel expenses [Net of income of Rs.6,136,347 /-, Previous year Rs.6,123,119/-] | | 13,842,982 | 28,274,314 |
| Electricity and water charges | | 2,858,629 | 2,817,929 |
| Professional, legal and consultancy charges | | 3,805,138 | 6,962,558 |
| - Audit fees | | 1,050,000 | 1,050,000 |
| - Other services | | - | 90,000 |
| - Reimbursement of expenses | | 87,121 | 100,984 |
| Insurance | | 625,012 | 402,895 |
| Contract staff cost | | 28,049,452 | 36,435,906 |
| Software expenses | | 19,137,150 | 33,592 |
| Training and conference expenses | | 79,211 | 196,526 |
| Selling expenses - others | | 207,845 | 509,093 |
| Doubtful trade receivables provided/(reversed),net | | - | 1,937,973 |
| Loss on sale of fixed assets/discarded assets | | 84,825 | - |
| Membership & Subscriptions | | 91,800 | 3,000 |
| Rates and taxes | | 661,959 | 477,696 |
| Freight Expenses | | 260,086 | 3,899,608 |
| Miscellaneous expenses | | 627,887 | 375,357 |
| Total | | 96,973,929 | 114,122,257 |



Sasken Network Engineering Limited

Notes forming part of the financial statements for the year ended March 31, 2014

1. Description of Business and significant accounting policies

Sasken Network Engineering Limited ("SNEL" or "the Company") is a provider of installation & commissioning services and technical support services to network equipment vendors & operators.

SNEL has its headquarters in Bangalore, India with a wholly owned subsidiary in the United States of America.

Significant Accounting Policies

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) Revenue Recognition

Income from services

The Company derives its revenues from Installation & Commissioning services and Technical Support services. Revenue on such services are recognized on completion of services and provided the collection is probable.

Sale of traded goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

d) Contracts-in-Progress

Costs related to work in progress that are pending acceptances from customers as at the end of the reporting period are reported as contracts in process. Contracts in progress are carried at lower of direct costs and net realizable value.



e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a First-in-First-out basis and includes all direct costs in bringing the inventories to their present location and condition.

f) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its present condition for intended use. Financing cost relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

g) Depreciation

Depreciation is provided on Straight Line Method (SLM), over the estimated useful life of the asset, at the rates mentioned below, which are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956

The estimated useful lives of tangible assets are as follows:

| Type of asset | Estimated life (in years) |
|---|---------------------------|
| Office equipments | 5 |
| Electrical Fittings | 5 |
| Test and Other Equipments (including Tools) | 4 |
| Computers | 4 |
| Furniture & Fittings | 10 |
| Vehicles | 5 |

Leasehold improvements at leased premises are depreciated on SLM, over the estimated useful life or the lease period, whichever is lower

Assets with unit value Rs.5,000 or less are depreciated entirely in the period of acquisition.

Intangible assets which comprise of the following, are amortized over the estimated useful life, on a straight line basis, as given below:

- Generic Computer Software - over 12 months.
- Computer software used for rendering of services over the life of the Project / Product - 12 months to 60 months

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and net realizable value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

i) Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at year end are translated at the exchange rate on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost. Exchange differences on settlement or restatement are adjusted in the Statement of Profit and Loss.

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 Group itself. In translating financial statements of non-integral operation for incorporation in financial statements, income and expenditure items are translated at the monthly average exchange rate for the year and the assets and liabilities both monetary and non-monetary are translated at the closing rate.



Exchange differences arising from such translations are accumulated in foreign currency translation reserve until the disposal of the net investment. On disposal of a non-integral foreign operation, the cumulative amount of the exchange difference which has been deferred and which relate to that operation is recognised as income or expense in the same year in which the gain or loss on disposal is recognised. Where there is a change in the classification of a foreign operation, the translation procedure applicable to the revised classification is applied from the date of the change in the classification.

j) Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

(i) Gratuity

For defined benefit plans in the form of gratuity the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

(ii) Provident Fund

The contributions towards Provident Fund and Pension Fund are remitted to the Office of the Regional Provident Fund Commissioner, Bangalore. Contributions towards Provident Fund and Pension Fund are charged to the Statement of Profit and Loss on an accrual basis.

(iii) Compensated absences

Short-term compensated absences are provided based on estimates. Provision for Long-term compensated absences is made based on actuarial valuation as at the Balance Sheet date. Provision for compensated absences is made on an estimate of utilization / availment of the un-availed leave balance to the credit of the employees as at the year end.

k) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

l) Income Taxes

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognized for the future tax consequences arising out of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applicable on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable / virtual certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax asset can be realised. The effect on deferred tax assets and liabilities resulting from change in tax rates is recognized in the income statement in the year of enactment of the change.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset



if there is convincing evidence that the company will pay normal income tax. Accordingly MAT is recognized as an asset in the balance sheet when it is probable that future economic benefit associated with it flows to the company and the asset can be measured reliably.

m) Earnings Per Share

Basic Earnings per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

n) Provisions & Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

o) Segment Policy

Identification of segments:

The Company is focused in the telecommunication space. The risks and returns of the Company are predominantly determined by the nature of the solutions offered to its customers, which may be in the form of products or services. The primary reporting segment being business segment is installation & commissioning services and Technical Support services.

The geographical segment information is disclosed based on the location of the customers.

p) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognised as expense in the Statement of Profit and Loss on a straight line basis over the lease term.

q) Derivatives

Forward exchange contracts not intended for trading or speculation purposes covered by notified AS-11.

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

The Company has adopted the principles of Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement'. Accordingly, forward exchange contracts taken to hedge the foreign exchange exposure on highly probable sales forecast transaction which qualify for hedge accounting are fair valued at Balance Sheet date and the effective portion of the resultant loss / (gain) is debited / credited to the hedging reserve and the ineffective portion is recognized in the Statement of Profit and Loss.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge Accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedging reserve is transferred to the Statement of Profit and Loss when the forecasted transaction occurs or when a hedged transaction is no longer expected to occur.



r) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

✓



22. Other Notes to accounts

a) Earnings per Share

Earnings Per Share has been determined as follows:

| | | Amount in INR | |
|--|-------|--------------------------------------|--------------------------------------|
| Particulars | | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Profit after tax as per the Statement of Profit and Loss | A | 34,063,113 | 54,150,419 |
| Weighted Average number of Shares for Basic EPS | B | 3,050,000 | 3,050,000 |
| | | Rs. | Rs. |
| Nominal value of equity shares | | 10.00 | 10.00 |
| Earnings Per Share | | | |
| Basic & Diluted | A / B | 11.17 | 17.75 |

- a) The Company has adopted the Employee Stock Option Plan of Sasken Communication Technologies Limited (SCTL), the Holding Company. Under the Plan, certain employees of the Company may be granted shares of SCTL, in accordance with the terms and conditions as specified in the Plan. The Holding Company has recorded Rs.Nil/- for the year ended March 31, 2014, [Previous year: Rs.198,293/-] as compensation cost for such options held by the employees of the Company. The Holding Company has not transferred any charge on accounting of stock expense to the Company.

b) Earning in Foreign Currency (on accrual basis)

| | | Amount in INR | |
|-----------------------|--|--------------------------------------|--------------------------------------|
| | | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Revenue | | 149,679,710 | 134,918,913 |
| Reimbursements | | 7,364,347 | 6,458,140 |
| Dividend | | 4,581,000 | 33,598,980 |
| Sale of Capital Goods | | Nil | 825,197 |

c) Expenditure in Foreign Currency (on accrual basis)

| | | Amount in INR | |
|--|--|--------------------------------------|--------------------------------------|
| | | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Professional & consultancy expenses | | 759,257 | 2,088,869 |
| Traded goods | | 6,622,605 | - |
| Software expenditure | | 27,432,961 | - |
| Travel expenditure | | 9,141,743 | 3,966,035 |
| Contract employee and subcontractor cost | | 14,505,290 | 8,370,348 |
| Employee related payments | | 12,491,419 | 4,712,382 |
| Other matters | | 3,464,182 | 1,051,472 |



d) C.I.F value of Imports

| | Amount in INR | |
|---------------|--------------------------------------|--------------------------------------|
| | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Capital Goods | Nil | 3,341,206 |

e) Purchase of traded goods:

| | Amount in INR | |
|---------------------------------|--------------------------------------|--------------------------------------|
| Particulars | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Servers and related accessories | 6,750,279 | 1,075,133 |
| Total | 6,750,279 | 1,075,133 |

f) Sale of traded goods:

| | Amount in INR | |
|---------------------------------|--------------------------------------|--------------------------------------|
| Particulars | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Servers and related accessories | 7,722,817 | 1,591,179 |
| Total | 7,722,817 | 1,591,179 |

g) Contingent liabilities and Commitments

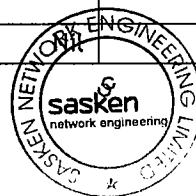
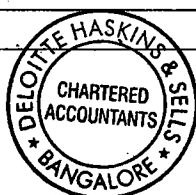
| | Amount in INR | |
|--|----------------------|----------------------|
| Particulars | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Contingent liabilities: | | |
| Income tax matters relating to disallowance of certain deductions and fringe benefit taxes | 26,518,318 | 904,990 |
| Commitments: | | |
| Towards Security Deposit | 8,000,000 | - |

h) There are no dues to Micro and Small Enterprises as at the year end. The information disclosure with regard to Micro and Small Enterprises is based on information collected by the management on enquiries made with the vendors which have been relied upon by the auditors.

i) Employee Benefits

i. The following computations provide disclosures in accordance with Accounting Standard (AS) 15 on Employee benefits, for Defined benefit plans - As per actuarial valuations :

| | | Amount in INR | |
|----|--|----------------------|----------------------|
| | Particulars | Gratuity | |
| | | As at 31-Mar-2014 | As at 31-Mar-2013 |
| I | Components of employer expense | | |
| 1 | Current Service cost | 1,068,321 | 2,053,951 |
| 2 | Interest cost | 559,827 | 502,913 |
| 3 | Expected return on plan assets | Nil | Nil |
| 4 | Past Service Cost | Nil | Nil |
| 5 | Actuarial Losses/(Gains) | 11,422 | (832,101) |
| 6 | Transfer in | Nil | Nil |
| 7 | Total expense / (gains) recognised in the Statement of Profit & Loss | 1,639,570 | 1,724,763 |
| II | Actual Contribution and Benefits Payments for the year ended March 31, 2014 | | |
| 1 | Actual benefit payments | | Nil |



| | Particulars | Gratuity | |
|-----|---|--|----------------------|
| | | As at 31-Mar-2014 | As at 31-Mar-2013 |
| 2 | Actual Contributions | Nil | Nil |
| III | Net (asset)/liability recognised in Balance Sheet as at March 31, 2014 | | |
| 1 | Present value of Defined Benefit Obligation (DBO) | 6,478,527 | 7,657,182 |
| 2 | Fair value of plan assets | Nil | Nil |
| 3 | Funded status [Surplus/(Deficit)] | Nil | Nil |
| 4 | Unrecognised Past Service Costs | Nil | Nil |
| 5 | Net (asset) / liability recognised in Balance Sheet | 6,478,527 | 7,657,182 |
| IV | Change in Defined Benefit Obligations during the year ended March 31, 2014 | | |
| 1 | Present Value of DBO at beginning of year | 7,657,182 | 6,671,912 |
| 2 | Current Service cost | 1,068,321 | 2,053,951 |
| 3 | Interest cost | 559,827 | 502,913 |
| 4 | Actuarial (gains)/ losses | 11,422 | (832,101) |
| 5 | Transfer in | Nil | Nil |
| 6 | Past Service Cost | Nil | Nil |
| 7 | Benefits paid | (2,818,225) | (739,493) |
| 8 | Present Value of DBO at the end of year | 6,478,527 | 7,657,182 |
| V | Change in Fair Value of Assets during the year ended March 31, 2014 | | |
| 1 | Plan assets at beginning of year | Nil | Nil |
| 2 | Actual return on plan assets | Nil | Nil |
| 3 | Actual Company contributions | Nil | Nil |
| 4 | Benefits paid | Nil | Nil |
| 5 | Plan assets at the end of year | Nil | Nil |
| VI | Actuarial Assumptions for Gratuity and Leave | 31-Mar-2014 | 31-Mar-2013 |
| 1 | Discount Rate | 8.96% | 7.98% |
| 2 | Salary escalation | 5% | 5% |
| 3 | Attrition | 10% | 10% |
| 4 | Mortality | Indian Assured Lives Mortality (1994 -96) (modified) Ultimate | |
| 5 | Retirement Age Considered | 60 Years | |

Experience Adjustments

| Particulars | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 | 31-Mar-10 |
|-------------------------------------|-----------|-------------|-----------|-----------|-----------|
| Defined benefit obligation | 6,478,527 | 7,657,182 | 6,671,912 | 5,501,270 | 2,481,842 |
| Plan Assets | Nil | Nil | Nil | Nil | Nil |
| Surplus/(Deficit) | 6,478,527 | 7,657,182 | 6,671,912 | 5,501,270 | 2,481,842 |
| Exp. Adjustment on Plan Liabilities | (308,205) | (1,016,967) | (441,635) | (669,836) | (520,343) |
| Assumptions change | 319,627 | 184,866 | (174,655) | 319,331 | (299,915) |
| Exp. Adjustment on Plan Assets | Nil | Nil | Nil | Nil | Nil |

Note: Assumptions relating to future salary increases, attrition, etc. have been considered based on relevant economic factors such as inflation, market growth etc.



ii. Details of payments to defined contribution plans:

Amount in INR

| Particulars | For the Year Ended 31-Mar-14 | For the Year Ended 31-Mar-13 |
|---|------------------------------------|------------------------------------|
| Provident Fund & Pension Fund (excluding Labour welfare fund) | 5,263,950 | 7,280,341 |
| Employee State Insurance | 391,775 | 736,209 |

j) Related Party Disclosures

Name of the related parties and description of relationship

Holding Company: Sasken Communication Technologies Limited

Subsidiary: Sasken Network Solution Inc.

Joint Venture of Holding Company: ConnectM Technology Solutions Pvt. Ltd. (ConnectM)

Amount in INR

| Particulars | | Holding Company | | Subsidiary (Sasken Network Solution Inc) | |
|---|-----|--------------------------------------|--------------------------------------|---|--------------------------------------|
| | | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Transactions during the year | | | | | |
| Sale of Services | (*) | 56,977,695 | 39,911,529 | 9,976,295 | 15,155,491 |
| Reimbursement of expenses (Payable) | | 7,064,744 | 5,113,434 | Nil | Nil |
| Reimbursements of cost transfers (Receivable) | | 149,376 | 911,996 | Nil | 73,854 |
| Dividend Received | | Nil | Nil | 4,581,000 | 33,598,980 |
| Dividend paid | | 62,067,500 | 54,900,000 | Nil | Nil |
| Assets/ Advances Transferred from Holding company | | Nil | Nil | Nil | 825,197 |
| Closing balances of the (Payables) and Receivables | | As at 31-Mar-2014 | As at 31-Mar-2013 | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Loans & Advances | | Nil | 1,452,969 | Nil | Nil |
| Trade Receivables & other current assets | (*) | 27,203,739 | 11,585,594 | Nil | 6,147,986 |
| Other Current Liabilities | | Nil | Nil | Nil | 825,197 |
| Trade Payables | | 62,590 | Nil | Nil | Nil |

| Particulars | Joint Venture of Holding Company (ConnectM) | |
|---|---|--------------------------------------|
| | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Transactions during the year | Nil | Nil |
| Closing balances of the (Payables) and Receivables | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Trade Receivables | 321,843 | 379,432 |
| Provision for Doubtful Trade Receivables | 321,843 | 379,432 |

(*) - Includes Unbilled Revenue



Related Parties have been identified by the management and relied upon by the auditors. No amount is / has been written off or written back during the year in respect of debts due from or to related parties.

k) Segment Reporting

The Company provides installation & commissioning services and Technical Support services, which in the opinion of the management represents a single business segment and hence no separate disclosure has been made. The geographical segment information is disclosed based on location of the customers.

**Geographical Segments
Revenues**

| Region | Amount in INR | |
|----------------------------------|-----------------------------------|-----------------------------------|
| | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| North America (including Canada) | 64,797,615 | 88,023,677 |
| Europe, Middle East & Africa | 79,817,514 | 46,060,864 |
| Asia-Pacific (including India) | 133,924,741 | 180,197,078 |
| Total | 278,539,870 | 314,281,619 |

Assets:

| Region | Amount in INR | |
|----------------------------------|----------------------|----------------------|
| | As at 31-Mar-2014 | As at 31-Mar-2013 |
| North America (including Canada) | 26,819,598 | 17,108,038 |
| Europe, Middle East & Africa | 40,588,413 | 16,316,819 |
| Asia-Pacific (including India) | 99,575,812 | 129,607,378 |
| Total | 166,983,823 | 163,032,235 |

l) Operating leases

The Company has operating leases for office/Guest House premises that are renewable on a periodic basis and are cancelable by giving a notice period ranging from 1 month to 6 months. Rent escalation clauses vary from contract to contract.

| | Amount in INR | |
|---|-----------------------------------|-----------------------------------|
| | For the Year Ended 31-Mar-2014 | For the Year Ended 31-Mar-2013 |
| Rent expenses included in Statement of Profit & Loss towards operating leases | 13,468,906 | 13,139,184 |

The Company has entered into non-cancellable lease agreements for the hire of laptops. The lease rentals charged to the Statement of Profit & Loss in respect of these leases for the year ended March 31, 2014 amounts to Rs.1,636,819/- (Previous Year Rs.1,636,819/-) . The future minimum lease payments under the agreements are as follows:

| | Amount in INR | |
|---|----------------------|----------------------|
| | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Not later than one year | 1,031,629 | 1,636,819 |
| Later than one year and not later than five years | 38,140 | 1,069,769 |



m) **Deferred Tax**

Deferred Tax Asset as at March 31, 2014 comprises:

| Particulars | Amount in INR | |
|--|-------------------|-------------------|
| | As at 31-Mar-2014 | As at 31-Mar-2013 |
| Timing differences on account of depreciation | 8,706,000 | 8,903,000 |
| On account of provision for doubtful trade receivables | 2,425,000 | 4,894,000 |
| Provision for employee benefits | 2,539,000 | 3,152,000 |
| Other Timing differences | 88,000 | 88,000 |
| Total | 13,758,000 | 17,037,000 |

n) **Foreign Currency Exposure**

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amounts receivable in foreign currency on account of the following (*):

| | Currency | As at 31-Mar-2014 | | As at 31-Mar-2013 | |
|--|----------|-------------------|-------------------|-------------------|-------------------|
| | | Foreign Currency | Rupees | Foreign Currency | Rupees |
| Trade Receivables & Other Current Assets | GBP | 36,000 | 3,585,398 | 50,709 | 4,163,287 |
| | USD | 784,632 | 47,007,298 | 425,712 | 23,116,143 |
| | AED | 541,397 | 8,830,177 | 300,395 | 4,440,803 |
| Total | | | 59,422,873 | | 31,720,233 |

(*)- includes Unbilled Revenue

Amounts payable in foreign currency on account of the following:

| | Currency | As at 31-Mar-2014 | | As at 31-Mar-2013 | |
|------------------------|----------|-------------------|------------------|-------------------|------------------|
| | | Foreign Currency | Rupees | Foreign Currency | Rupees |
| Capital goods imported | USD | Nil | Nil | 9,282 | 504,013 |
| Trade Payables | AED | 74,910 | 1,221,777 | 1,775 | 26,245 |
| | USD | 24,722 | 1,481,109 | Nil | Nil |
| Advances received | USD | 14,897 | 892,492 | 10,077 | 547,181 |
| Total | | | 3,595,378 | | 1,077,439 |



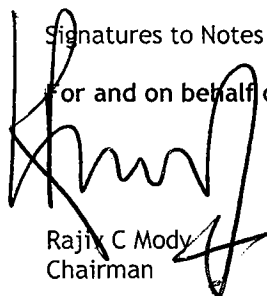
o) Outstanding forward contracts

| Against highly probable sales forecast | Currency | As at 31-Mar-2014 | | | As at 31-Mar-2013 | | |
|--|----------|-------------------|------------------|--------------------------------------|-------------------|------------------|--------------------------------------|
| | | No of contracts | Foreign Currency | Forward rate Ranges between Rs / USD | No of contracts | Foreign Currency | Forward rate Ranges between Rs / USD |
| | USD | Nil | Nil | Nil | 6 | 300,000 | 55.70 to 56.96 |

- p) The Board of Directors of the Company at its meeting held on January 16, 2014 approved the proposed Scheme of Amalgamation with its Holding Company- Sasken Communication Technologies Limited (SCTL) - with an appointed date of April 1, 2014 subject to approval by the Board of Directors of SCTL and other regulatory authorities
- q) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to Notes 1 to 22

For and on behalf of the Board of Directors



Rajiv C Mody
Chairman



Neeta Revankar
Director

Place: Bangalore

Date: April 22, 2014.

