



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
SASKEN COMMUNICATION TECHNOLOGIES (SHANGHAI) CO., LIMITED**

Report on the Financial Statements

I have audited the accompanying financial statements of **SASKEN COMMUNICATION TECHNOLOGIES (SHANGHAI) CO., LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act 2013 (the "Act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

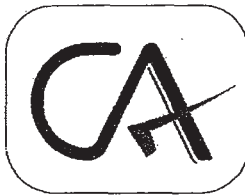
Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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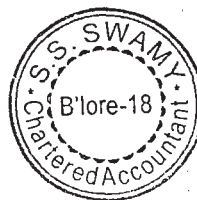
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud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


I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profits and its cash flows for the year ended on that date.

Bangalore
April 22, 2016




S.S. SWAMY
CHARTERED ACCOUNTANT
3/5, II Floor, 'Arya Plaza'
Bull Temple Road
BANGALORE-560 018
Membership No. 019990

Sasken Communication Technologies (Shanghai) Co., Limited


Balance Sheet

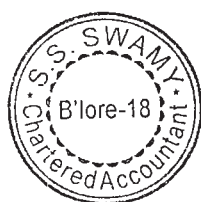
Amount in Rs.

Particulars	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
1. Shareholders' funds	3	70,696,054	70,696,054
Reserves and surplus	4	56,086,696	5,667,697
2. Current liabilities			
a) Trade payables	5	19,574,646	55,473,541
b) Other current liabilities	6	7,649,414	6,512,080
c) Short term provisions	7	3,709,409	4,128,374
Total		157,716,219	142,477,746
ASSETS			
1. Non current assets			
a) Fixed assets (net)			
i) Tangible fixed assets	8	22,349	66,213
b) Long term loans and advances	9	384,929	400,486
2. Current assets			
a) Trade receivables	10	65,198,728	58,865,350
b) Cash and bank balances	11	54,388,002	64,613,370
c) Short term loans and advances	12	3,481,496	2,840,233
d) Other current assets	13	34,240,715	15,692,094
Total		157,716,219	142,477,746

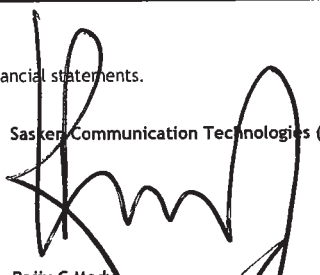
Significant Accounting policies and Notes attached herein form an integral part of the financial statements.

As per my report of even date


S.S. Swamy
Chartered Accountant
Membership No.019990



Sasken Communication Technologies (Shanghai) Co., Limited


Rajiv C Mody
Legal Representative
DIN: 00092037

Place : Bengaluru

Date : April 22, 2016



Sasken Communication Technologies (Shanghai) Co., Limited

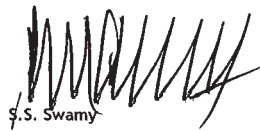
Statement of Profit and Loss

Amount in Rs.

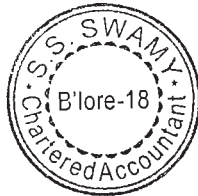
Particulars		Notes	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
I	Revenue from Operations	14	238,567,077	154,425,530
II	Other Income	15	(2,949,595)	14,239,059
III	Total Revenue (I+II)		235,617,482	168,664,589
IV	Expenses:			
	Employee benefit expense	16	160,603,384	113,635,528
	Other expense	17	8,214,487	10,046,613
	Depreciation and amortization expense	8	44,795	193,573
	Total expenses		168,862,666	123,875,714
V	Profit before exceptional items and tax (III - IV)		66,754,816	44,788,875
VI	Exceptional items		-	913,673
VII	Profit before tax (V - VI)		66,754,816	43,875,202
VIII	Tax expense/(credit):			
	(1) Current tax		16,450,716	10,435,854
	(2) Deferred tax		(2,848)	-
	Total tax expense		16,447,868	10,435,854
IX	Profit/(loss) for the year (VII-VIII)		50,306,948	33,439,348

Significant Accounting policies and Notes attached herein form an integral part of the financial statements.

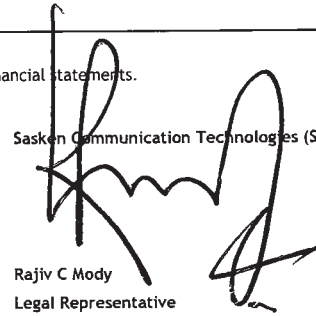
As per my report of even date



S.S. Swamy
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Sasken Communication Technologies (Shanghai) Co., Limited


Rajiv C Mody
Legal Representative
DIN: 00092037



Place : Bengaluru
Date : April 22, 2016


Sasken Communication Technologies (Shanghai) Co., Limited

Cash Flow Statement

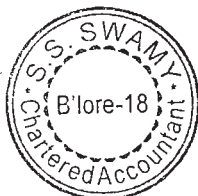
Amount in Rs.

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
A. Cash flows from operating activities:		
Profit before tax	66,754,816	43,875,202
Adjustments for:		
Depreciation	44,795	193,573
Other non-cash (writeback)/charges	-	(2,780,486)
Unrealised Exchange loss/(gain)	18,241,241	24,702,326
Dividend & Interest Income	(206,687)	(227,955)
Operating profit before working capital changes	84,834,165	65,762,660
Adjustments for:		
(Increase)/decrease in Trade receivables	(8,542,008)	(20,508,747)
(Increase)/decrease in Loans & Advances	(600,605)	(1,413,321)
(Increase)/decrease in Other Assets	(18,427,082)	(6,129,224)
Increase/(decrease) in Trade payable	(51,907,500)	(33,295,928)
Increase/(decrease) in Liabilities	1,089,119	3,382,749
Cash generated from operations	6,446,089	7,798,189
Direct taxes (paid) / refund received [net]	(16,898,808)	(6,307,480)
Net cash from / (used in) operating activities	(10,452,719)	1,490,709
B. Cash flow from investing activities:		
Purchase of fixed assets	(417)	7,161
Dividend, Interest Income	206,687	227,955
Net cash used in investing activities	206,270	235,116
Net increase/(decrease) in Cash and Cash equivalents (A+B)	(10,246,449)	1,725,825
Impact on account of Foreign Currency Translation	21,081	3,520,785
Cash and Cash equivalents at the beginning of the year	64,613,370	59,366,760
Cash and Cash equivalents at the end of the year	54,388,002	64,613,370
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet	54,388,002	64,613,370
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	-	-
Net Cash and cash equivalents [as defined in AS 3 Cash Flow Statements]	54,388,002	64,613,370
Balances with banks		
(i) In current account	54,388,002	64,613,370
	54,388,002	64,613,370

As per my report of even date

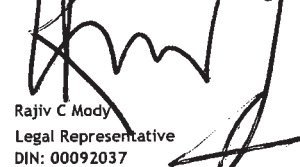


S.S. Swamy
Chartered Accountant
Membership No.019990



Place : Bengaluru
Date : April 22, 2016

Sasken Communication Technologies (Shanghai) Co., Limited


Rajiv C. Mody
Legal Representative
DIN: 00092037



Sasken Communication Technologies (Shanghai) Co., Limited

Notes to financial statements for the year ended March 31, 2016

Amount in Rs.

Particulars	As at	As at
	March 31, 2016	March 31, 2015
3. Shareholders' funds		
Issued, subscribed and paid up capital		
Share Capital	70,696,054	70,696,054
	70,696,054	70,696,054
4. Reserves and surplus		
Foreign exchange translation reserve		
Opening balance	17,706,257	15,032,459
Add: movements during the year	112,051	2,673,798
	17,818,308	17,706,257
Profit and loss account balance		
Opening balance	(12,038,560)	(45,477,908)
Add: profit / (loss) for the year	50,306,948	33,439,348
	38,268,388	(12,038,560)
	56,086,696	5,667,697
5. Trade payables		
For goods, services and expenses		
- Dues to other creditors	19,574,646	55,473,541
	19,574,646	55,473,541
6. Other current liabilities		
Statutory liabilities	7,649,414	6,512,080
	7,649,414	6,512,080
7. Short term provisions		
Provision for Income Tax	3,709,409	4,128,374
	3,709,409	4,128,374



Notes to financial statements for the year ended March 31, 2016

Particulars	Gross Block				Depreciation/Amortization/Impairment				NET BLOCK		Amount in Rs.	
	Balance as at April 1, 2015	Additions during the year	Deletions during the year	Adjustments	Balance as at March 31, 2016	Balance as at April 1, 2015	For the year	Deletions during the year	Adjustments	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets												
- Computers	3,590,162	-	-	27,806	3,617,968	3,567,319	19,359	-	27,465	3,614,143	3,825	22,843
- Office Equipments	191,412	-	-	1,483	192,895	148,042	25,436	-	893	174,371	18,524	43,370
Balance as at March 31, 2016	3,781,574	-	-	29,289	3,810,863	3,715,361	44,795	-	28,358	3,788,514	22,349	66,213
Balance as at March 31, 2015	11,960,649	-	8,816,884	637,809	3,781,574	11,705,030	193,573	8,816,884	633,642	3,715,361	66,213	



Sasken Communication Technologies (Shanghai) Co., Limited

Notes to financial statements for the year ended March 31, 2016

Amount in Rs.

Particulars	As at March 31, 2016	As at March 31, 2015
9. Long term loans and advances		
Unsecured considered good		
Security deposits	384,929	400,486
	384,929	400,486
10. Trade receivables		
Unsecured considered good		
Outstanding for more than six months from due date	26,573,220	24,725,781
Outstanding for less than six months from due date	38,625,508	34,139,569
	65,198,728	58,865,350
11. Cash and bank balances		
Cash and cash equivalents		
Balances with banks	54,188,981	64,564,894
Cash on hand	199,021	48,476
	54,388,002	64,613,370
12. Short term loans and advances		
Loans and advances to employees	-	193,319
Prepaid expenses/Other recoverables	3,440,057	2,646,914
Balances with Govt. Authorities	41,439	-
	3,481,496	2,840,233
13. Other current assets		
Unbilled Revenues	33,180,696	14,735,836
Receivable towards sale of Fixed Assets	1,060,019	956,258
	34,240,715	15,692,094



Sasken Communication Technologies (Shanghai) Co., Limited

Notes to financial statements for the year ended March 31, 2016

Amount in Rs.

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
14. Revenue from operations		
Sale of software services	238,567,077	154,425,530
	238,567,077	154,425,530
15. Other Income		
Miscellaneous income	1,565	116,866
Other interest income	206,687	227,955
Write back of unclaimed balances/ provisions	-	3,078,211
Exchange gain / (loss)	(3,157,847)	10,816,027
	(2,949,595)	14,239,059



Sasken Communication Technologies (Shanghai) Co., Limited

Notes to financial statements for the year ended March 31, 2016

Amount in Rs.

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
16. Employee Benefit Expense		
Salaries & Bonus	149,373,884	106,343,616
Contribution to Provident and Other Funds	9,648,223	6,256,392
Staff Welfare	1,180,034	925,757
Recruitment and Relocation	401,243	109,763
	160,603,384	113,635,528
17. Other operational expense		
Rent	3,353,409	3,720,246
Repairs and maintenance		
-Plant and machinery	8,458	29,190
-Building	63,327	124,180
-Others	15,544	1,820
Communication expenses	466,216	378,245
Travel expenses	851,615	1,573,840
Electricity and water charges	83,401	56,104
Professional, legal and consultancy charges	2,381,726	2,369,734
Insurance	8,292	9,405
Software expenses	-	61,548
Selling expenses - others	155,986	185,747
Provision for doubtful deposits and other loans and advances	-	(1,376,028)
Doubtful deposits and other loans and advances written off	20,595	1,376,028
Bad debts written off	-	297,725
Auditor's Remuneration		
- Audit fees *	455,417	447,139
- Reimbursement of expenses	-	1,929
Rates and taxes	446,279	612,545
Printing & Stationery	65,285	18,222
Miscellaneous expenses	(161,063)	158,994
	8,214,487	10,046,613

* represents fees paid for audit under local GAAP.



Sasken Communication Technologies (Shanghai) Co., Limited

Notes forming part of the accounts for the year ended March 31, 2016

1. The company is a wholly owned subsidiary of Sasken Communication Technologies Limited. Key Management Personnel: Mr. Rajiv Mody, Managing Director. The company was incorporated on 4th January 2006 under the People's Republic of China Laws

2. Significant Accounting Policies

(a) Basis for preparation of financial statements

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and complies in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014). The financial statements have been prepared under the historical cost convention on an accrual basis, except in case of certain financial instruments which are measured at fair values and in case of assets for which impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used during the previous year, other than those disclosed.

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 Company may undertake in future, actual results ultimately may differ from the estimates.

(b) Revenue Recognition

The Company derives its revenues from services.

Revenue from time and material service contracts is recognized as the services are provided. Revenue from fixed price service contracts is recognized based on the proportionate completion method, provided collection is probable. Dividend income is recognized when the right to receive dividend is established.

Interest income is recognized on an accrual basis.

(c) Work in Progress

Costs related to milestones that have not been met are treated as costs of future activity and are reported as work in progress. Work in progress is carried at cost or net realizable value whichever is lower.

(d) Fixed Assets (including intangible assets)

Fixed assets are stated at cost, less accumulated depreciation less impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

(e) Depreciation

Based on an independent assessment, the management has estimated the useful lives of the following classes of assets, which are lower than or equal to those indicated in Schedule II. Depreciation is provided on Straight Line Method (SLM), over the estimated useful life of the asset, as follows:

Type of asset	Estimated life (SLM)	Schedule II Estimated life (SLM)
Computers	3	3
Electrical Fittings	5	10
Furniture & Fittings	10	10
Office Equipment	5	5
Plant and Equipments	5	15

Assets with unit value of Rs. 5,000 or less are depreciated entirely in the period of acquisition. Intangible assets are amortized over the estimated useful life.

(f) Foreign currency translations

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



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

iii. Exchange differences - Exchange differences arising on the settlement or conversion of monetary items, are recognised as income or as expenses in the period in which they arise.

iv. Translation of Integral and Non-Integral foreign operation. The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

(g) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with tax laws of People Republic of China. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

(h) Provisions

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.

(i) Segment Reporting

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Company is focused in the embedded communication space. The risks and returns of the Company are predominantly determined by the nature of the solution offered to its customers, which may be in the form of services. The Company currently operates in single business segment, i.e. services.

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

Allocation of common costs:

Common allocable costs are allocated to the segments according to the relative contribution of each segment to the total common costs.

Unallocated items:

The Unallocated items includes general corporate income and expense items, which are not allocated to any business segment.

(j) Operating Leases

Operating leases payments are recognized as expense in the profit and loss account on a straight-line basis over the lease term.

18 Other Notes

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is Nil, (As at March 31, 2015: Nil)

b) Contingent Liabilities - Bank Guarantee given amounting to Rs. Nil (As at March 31, 2015: Rs. Nil)

19 Provision for taxation

The operations of Sasken China are taxable under the tax laws of People Republic of China.



20 Related Party Disclosures

The following table summarizes the transactions and balances of the Company with group companies:

Holding Company	Sasken Communication Technologies Limited
Fellow Subsidiary Company	Sasken Finland Oy

[illegible]

Sasken Communication Technologies Ltd

Software development services rendered

	Amount in Rs.	
Balances	As at March 31, 2016	As at March 31, 2015

Sasken Communication Technologies Ltd

Subscription to the Share Capital	70,696,054	70,696,054
Receivable	18,289,986	17,253,346
Payable (Incl. provisions)	4,299,532	4,055,843

Sasken Finland Oy

Receivable	9,343,254	8,428,676
Payable (Incl. provisions)	10,779,539	46,394,479

21 Operating lease

The Company has operating leases for office premises that are (a) renewable on a periodic basis.

Particulars	Amount in Rs.	
	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015

Rent expenses included in profit & loss account towards operating leases
(RMB 323,852/-; Previous year RMB 373,324/-)

Minimum lease obligation under non-cancellable lease contracts amounts to:

		Amount in Rs.
Particulars	As at March 31, 2016	As at March 31, 2015
Due in one year of the balance sheet date	1,306,727	1,653,801
Due between one to five years	-	-

22 The Company has following foreign currency exposures which are not hedged:

		As at March 31, 2016	As at March 31, 2015
Particulars		US Dollar (USD)	US Dollar (USD)
Amount in Foreign Currency	Loans & Advances	276,075.62	291,916.14
	Current Liabilities	64,898.68	64,898.68
	Net Receivable/ (Payable)	211,176.94	227,017.46
Amount in Rs.	Loans & Advances	18,289,986	18,243,299
	Current Liabilities	4,299,532	4,055,843
	Net Receivable/ (Payable)	13,990,454	14,187,456

23 During the year ended March 31, 2015, as decided by the management and Board of Directors of the Group, a one-time special payment was made to employees as a token of appreciation in relation to receipt of favorable award at an arbitration proceeding.

24 Comparatives

Previous period's figures have been regrouped/rearranged wherever necessary to conform with current year's presentation.

As per my report of even date

S.S. Swamy
Chartered Accountant
Membership No.019990

Place : Bengaluru
Date : April 22, 2016

Sasken Communication Technologies (Shanghai) Co., Limited

Rajiv C Mody
Legal Representative
DIN: 00092037

