

CA S.S. Swamy
B.Sc. B.Com. F.C.A., CAIIB
Chartered Accountant



Tel: 22424932 (O)
23416843 (R)
9845158963(M)
Office: 'Arya Plaza' 3/5, II Floor,
Bull Temple Road,
BANGALORE – 560 018.

**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, 2015, 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.

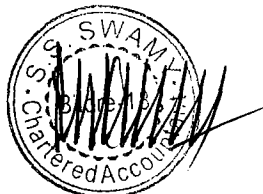
Management's Responsibility for the Financial Statements

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.



Contd.....2

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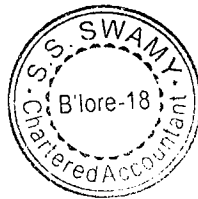
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud 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, 2015, and its profits and its cash flows for the year ended on that date.

Bangalore
April 23, 2015




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

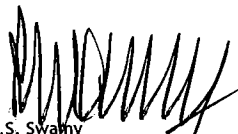
Balance Sheet

Amount in Rs.

Particulars	Notes	As at	As at
		March 31, 2015	March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds	3	70,696,054	70,696,054
Reserves and surplus	4	5,667,697	(30,445,449)
Current liabilities			
Trade payables	5	55,473,541	68,492,738
Other current liabilities	6	6,512,080	2,996,558
Short term provisions	7	4,128,374	-
Total		142,477,746	111,739,901
ASSETS			
Non current assets			
Fixed assets			
Tangible fixed assets	8	66,213	255,619
Long term loans and advances	9	400,486	177,829
Current assets			
Trade receivables	10	58,865,350	41,210,529
Cash and bank balances	11	64,613,370	59,366,760
Short term loans and advances	12	2,840,233	1,572,034
Other current assets	13	15,692,094	9,157,130
Total		142,477,746	111,739,901

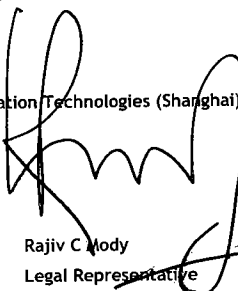
Significant Accounting policies and Notes attached herein form an integral part of the financial statements.

As per my report of even date



S.S. Swamy
Chartered Accountant
Membership No.019990

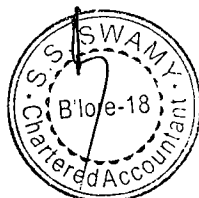
Sasken Communication Technologies (Shanghai) Co., Limited



Rajiv C. Mody
Legal Representative
DIN: 00092037

Place : Bangalore

Date : April 23, 2015



Sasken Communication Technologies (Shanghai) Co., Limited

Statement of Profit and Loss

Amount in Rs.

Particulars	Notes	For the	For the
		Year Ended	Year Ended
		March 31, 2015	March 31, 2014
Revenue from Operations	14	154,425,530	81,036,036
Other Income	15	14,239,059	640,244
Total Revenue		168,664,589	81,676,280
Expenses:			
Employee benefit expense	16	113,635,528	78,065,629
Other expense	17	10,046,613	11,099,883
Depreciation and amortization expense	8	193,573	12,612,413
Total expenses		123,875,714	101,777,925
Profit/(loss) before exceptional and tax		44,788,875	(20,101,645)
Exceptional items		913,673	-
Profit/(loss) before tax		43,875,202	(20,101,645)
Tax expense/(credit):			
(1) Current tax		10,435,854	898,279
Total tax expense		10,435,854	898,279
Profit/(loss) for the year		33,439,348	(20,999,924)

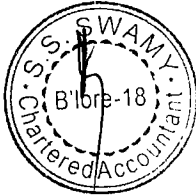
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As per my report of even date

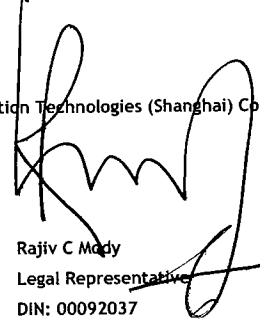


S.S. Swamy
Chartered Accountant
Membership No.019990

Place : Bangalore
Date : April 23, 2015



Sasken Communication Technologies (Shanghai) Co., Limited



Rajiv C Mody
Legal Representative
DIN: 00092037



Sasken Communication Technologies (Shanghai) Co., Limited

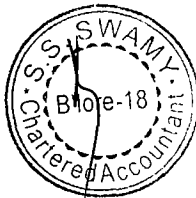
Cash Flow Statement

Particulars	Amount in Rs.	
	For the Year Ended March 31, 2015	For the Year Ended March 31, 2014
Net Profit before tax	43,875,202	(20,101,645)
Adjustments for:		
Depreciation	193,573	12,612,413
Other non-cash (writeback)/charges	(2,780,486)	(825,217)
Unrealised Exchange loss/(gain)	24,702,326	8,774,905
Loss/(Profit) on Sale/Disposal of Assets	-	(3,289,190)
Dividend & Interest Income	(227,955)	(191,780)
Operating profit before working capital changes	65,762,660	(3,020,514)
Adjustments for (increase) / decrease in operating assets:		
Trade Receivables	(20,508,747)	14,620,795
Short-term loans and advances	(1,198,544)	44,572
Long-term loans and advances	(214,777)	324,968
Other Current Assets	(6,129,224)	29,774,972
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(33,295,928)	(17,637,463)
Other current liabilities	3,382,749	(1,305,218)
Cash generated from operations	7,798,189	22,802,112
Direct taxes (paid) / refund received [net]	(6,307,480)	(898,279)
Net cash from / (used in) operating activities	1,490,709	21,903,833
B. Cash flow from investing activities:		
Purchase of fixed assets	7,161	173,185
Proceeds from sale of asset	-	4,529,937
Dividend, Interest Income	227,955	191,780
Net cash used in investing activities	235,116	4,894,902
Net Increase/[Decrease] in Cash and cash equivalents	1,725,825	26,798,735
Impact on account of Foreign Currency Translation	3,520,785	3,285,463
Cash and cash equivalents at the beginning of the period	59,366,760	29,282,562
Cash and cash equivalents at the end of the period	64,613,370	59,366,760
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet	64,613,370	59,366,760
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]	64,613,370	59,366,760
Balances with banks		
(i) In current account	64,613,370	59,366,760
	64,613,370	59,366,760

As per my report of even date

S.S. Swamy
Chartered Accountant
Membership No.019990

Place : Bangalore
Date : April 23, 2015



Sasken Communication Technologies (Shanghai) Co., Limited

Rajiv C. Mody
Legal Representative
DIN: 00092037

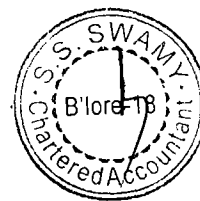


Sasken Communication Technologies (Shanghai) Co., Limited

Notes to financial statements for the year ended March 31, 2015

Amount in Rs.

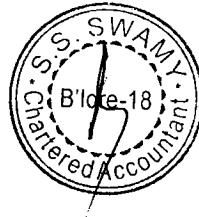
Particulars	As at	As at
	March 31, 2015	March 31, 2014
3. Shareholders' funds		
Issued, subscribed and paid up capital		
Share Capital	70,696,054	70,696,054
	<u>70,696,054</u>	<u>70,696,054</u>
4. Reserves and surplus		
Foreign exchange translation reserve		
Opening balance	15,032,459	8,786,308
Add: movements during the year	2,673,798	6,246,151
	<u>17,706,257</u>	<u>15,032,459</u>
Profit and loss account balance		
Opening balance	(45,477,908)	(24,477,984)
Add: profit / (loss) for the year	33,439,348	(20,999,924)
	<u>(12,038,560)</u>	<u>(45,477,908)</u>
	<u>5,667,697</u>	<u>(30,445,449)</u>
5. Trade payables		
For goods, services and expenses		
- Dues to other creditors	55,473,541	68,492,738
	<u>55,473,541</u>	<u>68,492,738</u>
6. Other current liabilities		
Statutory liabilities	6,512,080	2,996,558
	<u>6,512,080</u>	<u>2,996,558</u>
7. Short term provisions		
Provision for Income Tax	4,128,374	-
	<u>4,128,374</u>	<u>-</u>



Sasken Communication Technologies (Shanghai) Co., Limited

Notes to financial statements for the year ended March 31, 2015

Particulars	Balance as at April 1, 2014	Additions during the year	Gross Block Deletions during the year	Adjustments	Balance as at March 31, 2015	Upto March 31, 2014	Depreciation/Amortization/Impairment			Upto March 31, 2015	NET BLOCK	
							For the year	Deletions during the year	Adjustments		As at March 31, 2015	As at March 31, 2014
Tangible Assets												
- Computers	11,777,358	-	8,816,884	629,688	3,590,162	11,587,469	168,955	8,816,884	627,779	3,567,319	22,843	189,889
- Office Equipments	183,291	-	-	8,121	191,412	117,561	24,618	-	5,863	148,042	43,370	65,730
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	255,619
Balance as at March 31, 2014	55,892,074	71,352	52,471,596	8,468,819	11,960,649	43,084,332	12,612,413	51,230,849	7,239,134	11,705,030	255,619	

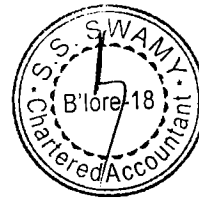


Sasken Communication Technologies (Shanghai) Co., Limited

Notes to financial statements for the year ended March 31, 2015

Amount in Rs.

Particulars	As at	As at
	March 31, 2015	March 31, 2014
9. Long term loans and advances		
Unsecured considered good		
Security deposits	400,486	177,829
Unsecured considered doubtful		
Security deposits	-	1,355,452
Less: Provision for doubtful deposits	-	(1,355,452)
	400,486	177,829
10. Trade receivables		
Unsecured considered good		
Outstanding for more than six months from due date	24,725,781	25,612,232
Outstanding for less than six months from due date	34,139,569	15,598,297
	58,865,350	41,210,529
11. Cash and bank balances		
Cash and cash equivalents		
Balances with banks	64,564,894	59,295,901
Cash on hand	48,476	70,859
	64,613,370	59,366,760
12. Short term loans and advances		
Loans and advances to employees	193,319	803,974
Prepaid expenses/Other recoverables	2,646,914	752,375
Balances with Govt. Authorities	-	15,685
	2,840,233	1,572,034
13. Other current assets		
Unbilled Revenues	14,735,836	7,996,091
Receivable towards sale of Fixed Assets	956,258	1,161,039
	15,692,094	9,157,130

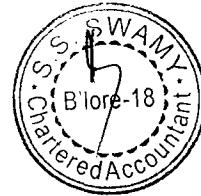


Sasken Communication Technologies (Shanghai) Co., Limited

Notes to financial statements for the year ended March 31, 2015

Amount in Rs.

Particulars	For the	For the
	Year Ended	Year Ended
	March 31, 2015	March 31, 2014
14. Revenue from operations		
Sale of software services	154,425,530	81,036,036
	154,425,530	81,036,036
15. Other Income		
Miscellaneous income	116,866	357,450
Other interest income	227,955	191,780
Write back of unclaimed balances/ provisions	3,078,211	825,217
Profit on Sale of Fixed Assets	-	3,289,190
Exchange gain / (loss)	10,816,027	(4,023,393)
	14,239,059	640,244



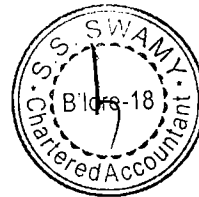
Sasken Communication Technologies (Shanghai) Co., Limited

Notes to financial statements for the year ended March 31, 2015

Amount in Rs.

Particulars	For the Year Ended March 31, 2015	For the Year Ended March 31, 2014
16. Employee Benefit Expense		
Salaries & Bonus	106,343,616	73,206,835
Contribution to Provident and Other Funds	6,256,392	4,403,234
Staff Welfare	925,757	355,496
Recruitment and Relocation	109,763	100,064
	113,635,528	78,065,629
17. Other operational expense		
Rent	3,720,246	2,993,571
Repairs and maintenance		
-Plant and machinery	29,190	314,916
-Building	124,180	73,614
-Others	1,820	14,901
Communication expenses	378,245	906,255
Travel expenses	1,573,840	770,949
Electricity and water charges	56,104	322,108
Professional, legal and consultancy charges	2,369,734	3,468,767
Insurance	9,405	104,991
Software expenses	61,548	84,666
Selling expenses - others	185,747	403,920
Provision for doubtful deposits and other loans and advances	(1,376,028)	-
Doubtful deposits and other loans and advances written off	1,376,028	-
Bad debts written off	297,725	-
Auditor's Remuneration		
- Audit fees *	447,139	916,244
- Reimbursement of expenses	1,929	-
Rates and taxes	612,545	524,606
Printing & Stationery	18,222	-
Miscellaneous expenses	158,994	200,375
	10,046,613	11,099,883

* 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, 2015

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

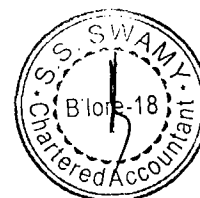
Based on an independent assessment, the management has estimated the useful lives of the following classes of assets, which are lower than or equal to those indicated in Schedule II. Depreciation is provided on Straight Line Method (SLM), over the estimated useful life of the asset, as follows:

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.

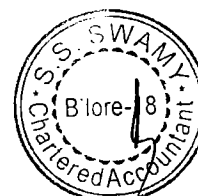
18 Other Notes

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is Nil, (As at March 31, 2014: Nil)

b) Contingent Liabilities - Bank Guarantee given amounting to Rs. Nil (As at March 31, 2014: Rs. Nil)

19 Provision for taxation

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



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

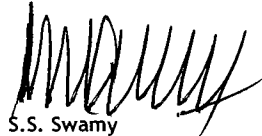
		As at March 31, 2015	
Particulars		Euro (EUR)	US Dollar (USD)
Amount in Foreign Currency Lakhs	Loans & Advances	124,294.22	291,916.14
	Current Liabilities	684,160.29	64,898.68
	Net Receivable/ (Payable)	(559,866.07)	227,017.46
Amount in Rs.	Loans & Advances	8,428,676	18,243,299
	Current Liabilities	46,394,479	4,055,843
	Net Receivable/ (Payable)	(37,965,803)	14,187,456
		As at March 31, 2014	
Particulars		Euro (EUR)	US Dollar (USD)
Amount in Foreign Currency Lakhs	Loans & Advances	124,294.22	276,075.62
	Current Liabilities	729,628.44	64,898.68
	Net Receivable/ (Payable)	(605,334.22)	211,176.94
Amount in Rs.	Loans & Advances	10,233,665	16,539,609
	Current Liabilities	60,073,371	3,888,061
	Net Receivable/ (Payable)	(49,839,706)	12,651,548

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

24 Comparatives

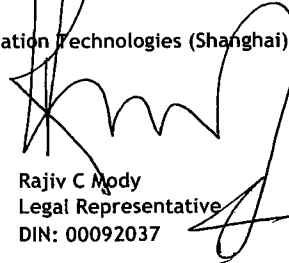
Previous year's figures have been regrouped/rearranged wherever necessary to conform with current year's presentation.

As per my report of even date



S.S. Swamy
Chartered Accountant
Membership No.019990

Sasken Communication Technologies (Shanghai) Co., Limited



Rajiv C Mody
Legal Representative
DIN: 00092037

Place : Bangalore
Date : April 23, 2015

