

GOKHALE & CO

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Moschip Semiconductor Technology Limited

Report on the Standalone financial statements

We have audited the accompanying Standalone financial statements of Moschip Semiconductor Technology Limited, the company which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

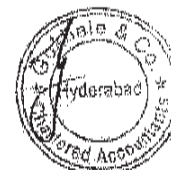
Management's Responsibility for the Standalone financial statements

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

Auditor's Responsibility

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

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



Notes:

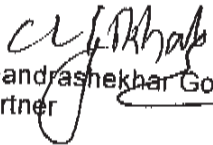
- 1) The Company's business activity falls within a single primary business segment i.e., software development and product sales and hence furnishing of segment wise revenue, results and capital employed is not applicable.
- 2) Details of Investor's complaints/requests for the quarter ended 31 March 2016: Opening Balance : Nil ; Received during the quarter: Nil; Disposed off during the quarter: Nil; Pending at the end of the quarter: Nil.
- 3) Other Expenses Include provision of Rs.4.00 crores made for doubtful debts in relation to amount receivable from Wholly Owned Subsidiary, Moschip Semiconductor Technology Limited.
- 4) The above Audited results were reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 27 May 2016.
- 5) The Statutory Auditors have audited the standalone results of the Company for the year ended 31 March 2016.
- 6) Previous quarter/year figures have been regrouped / reclassified wherever necessary.

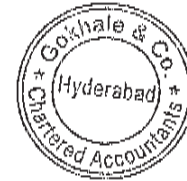
Hyderabad
27-May-16



K Ramachandra Reddy
Chairman&CEO

For Gokhale & Co
Chartered Accountants


Chandrashekhhar Gokhale
Partner



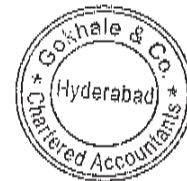
Statement of Assets and Liabilities (Standalone)

Amount in Rs.

Particulars	As at 31.03.2016	As at 31.03.2015
	Audited	Audited
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	92,071,034	92,071,034
(b) Reserves and surplus	(303,110,624)	(191,274,804)
Sub-total - Shareholders' funds	(211,039,590)	(99,203,770)
2 Non-current liabilities		
(a) Long-term provisions	7,901,426	7,576,101
Sub-total - Non-current liabilities	7,901,426	7,576,101
3 Current liabilities		
(a) Short-term borrowings	262,440,823	173,258,684
(b) Trade payables	25,416,443	27,886,118
(c) Short-term provisions	93,303,220	45,927,271
Sub-total - Current liabilities	381,160,486	247,072,373
TOTAL - EQUITY AND LIABILITIES	178,022,322	155,444,704
B ASSETS		
1 Non-current assets		
(a) Fixed assets	2,285,105	3,962,413
(b) Non Current Investments	956,989	956,989
(c) Long-term loans and advances	4,316,500	4,316,500
Sub-total - Non-current assets	7,558,594	9,235,902
2 Current assets		
(a) Inventories	44,908,498	28,195,671
(b) Trade receivables	84,395,960	76,967,527
(b) Cash and cash equivalents	18,303,343	14,456,639
(c) Short-term loans and advances	22,855,927	26,586,965
Sub-total - Current assets	170,463,728	146,208,802
TOTAL - ASSETS	178,022,322	155,444,704

For Gokhale & Co
Chartered Accountants

Chandrashekhar Gokhale
Chandrashekhar Gokhale
Partner



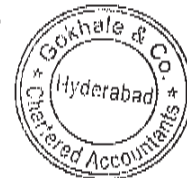
AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31 MARCH 2016

(Rs. in Lakhs)

		3 Months Ended		Previous 3 Months Ended	Corresponding 3 Months Ended in the Previous Year	Year ended 31 March	
		31.03.2016		31.12.2015	31.03.2015	2016	2015
		Audited		UnAudited	Audited	Audited	Audited
1	Net Sales/Income from Operations	149.92		128.29	255.39	509.52	579.86
2	Other Income	2.93		2.91	2.53	14.92	9.33
3	Total Income (1+2)	152.85		131.20	257.92	524.44	587.99
4	Expenditure						
	a. Increase/ decrease in stock in trade and work in progress	0.00		0.00	0.00	0.00	0.00
	b. Consumption of raw materials	0.00		0.00	0.00	0.00	0.00
	c. Purchase of traded goods	0.00		0.00	0.00	0.00	0.00
	d. Employee cost	178.10		149.55	171.04	580.93	439.46
	e. Depreciation	3.99		4.56	(2.60)	17.65	40.00
	f. Other expenditure	467.23		65.04	94.63	700.11	349.21
	g. Total	649.32		219.15	263.07	1,296.69	828.67
5	Interest	77.13		78.41	58.44	296.36	213.84
6	Exceptional Items	0.16		(0.21)	0.00	0.25	(0.21)
7	Profit Before (+) / Loss (-) from Ordinary Activities before tax (3)-(4+5+6)	(573.76)		(166.15)	(63.59)	(1,070.87)	(454.31)
8	Tax Expense	0.00		0.00	0.00	0.00	0.00
9	Net Profit (+) / Loss (-) from Ordinary Activities after tax (7-8)	(573.76)		(166.15)	(63.59)	(1,070.87)	(454.31)
10	Extraordinary / Prior Period Items	21.43		0.53	0.00	47.23	(0.35)
11	Net Profit (+) / Loss (-) for the period (9-10)	(552.30)		(166.68)	(63.59)	(1,118.10)	(453.96)
12	Paid-up equity share Capital (Face value Rs. 10/- each)	920.71		920.71	920.71	920.71	920.71
13	Reserves excluding revaluation reserves	NA		NA	NA	66.81	66.81
14	Earnings Per Share (Not Annualised) Rs.						
	a) Before Extraordinary and Prior Period Items						
	Basic	(1.25)		(0.36)	(0.14)	(2.33)	(0.99)
	Diluted	(1.25)		(0.36)	(0.14)	(2.33)	(0.99)
	a) After Extraordinary and Prior Period Items						
	Basic	(1.29)		(0.36)	(0.14)	(2.43)	(0.99)
	Diluted	(1.29)		(0.36)	(0.14)	(2.43)	(0.99)
15	Public shareholding						
	No. of Shares	37,581,549		37,551,549	37,566,049	37,581,549	37,566,049
	% of Shareholding	81.64%		81.57%	81.60%	81.64%	81.60%
16	Promoters and Promoter group shareholding						
	a) Pledged/Encumbered						
	- Number of Shares	Nil		Nil	Nil	Nil	Nil
	- Percentage of Share (as a % of the total shareholding of promoter and promoter group)	Nil		Nil	Nil	Nil	Nil
	b) Non-encumbered						
	- Number of Shares	8,453,968		8,483,968	8,469,468	8,453,968	8,469,468
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100		100%	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	18.35%		18.43%	18.40%	18.36%	18.40%

For Gokhale & Co
Chartered Accountants

C. G. Gokhale
Chandrashekhara Gokhale
Partner



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

We have audited the Internal Financial Controls over financial reporting of **Moschip Semiconductor Technology Limited** ('the Company') as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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


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



from our examination of those books and the reports furnished by the management in respect of the unaudited financial statements of the subsidiary.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) The company has only one subsidiary which is registered in the USA and hence is not an Indian company. As per Guidance Note issued by the ICAI on this subject, reporting on clause (3)(i) of Section 143 of The Companies Act, 2013 is not required for consolidated financials. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group did not have any pending litigations which would impact its consolidated financial position.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company incorporated in India.

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


Chandrashekhara Gokhale
Partner
Membership No 023839
Hyderabad



Date: 27 MAY 2016

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

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

Opinion

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

Other Matters

- (a) We did not audit the financial statements of the company's subsidiary Moschip Semiconductor Technology, USA whose financial statements reflect total assets of Rs. 2,02,52,967.13 as at 31st March 2016, total revenues of Rs. 88,20,849.83 and net cash flows amounting to Rs. 36,396 for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears



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

We have audited the Internal Financial Controls over financial reporting of Moschip Semiconductor Technology Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



- viii. The Export Packing Credit balance of Rs 1,42,97,119 payable to UCO Bank as at the Balance Sheet date is overdue. There were no dues payable to any financial institution/s during the year.
- ix. The company has not taken any fresh term loans during the year. The Export Packing Credit obtained from UCO Bank in earlier years has been utilized for the intended purpose.
- x. On the basis of information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi. According to information and explanations given to us and on the basis of our examination of the records of the company, the company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion according to the information and explanations given to us the company is not a nidhi company. Accordingly paragraph 3(xii) of the order is not applicable.
- xiii. According to information and explanations given to us and on the basis of our examination of the records of the company, transactions with related parties are in compliance with sections 177 and 188 of the act and details of such transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.
- xiv. According to information and explanations given to us and on the basis of our examination of the records of the company, the company has not made any preferential allotment or private placement of share or fully or partially convertible debentures during the year.
- xv. According to information and explanations given to us and on the basis of our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly paragraph 3(xv) of the order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Gokhale & Co
Chartered Accountants
Firm Regn. No: 000942S
C. G. Gokhale
Chandrashekhara Gokhale
Partner
Membership No. 023839



27 MAY 2016

**Annexure A to the Auditors' report dated May 27, 2016 issued to the Members of
Moschip Semiconductor Technology Limited**

As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of Sub-section (11) of section 143 of the Companies Act, 2013 (18 of 2013) and on the basis of such checks, as we considered appropriate, we further report that:

- i.
 - a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all assets on rotation basis. In respect of assets verified according to this programme, which is reasonable, no material discrepancies were noticed.
 - c) The company is not holding any immovable property and hence paragraph 3 (i) (c) of the order is not applicable.
- ii. The company is a service company, primarily rendering software services. Accordingly it does not hold any physical inventories. Thus, paragraph 3(ii) of the order is not applicable to the company.
- iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- iv. In our opinion and according to the explanations given to us, the company has complied with the provisions of Sec.185 and 186 of the Act, with respect to the loans and investments made.
- v. The company has not accepted deposits from the public covered by the provisions of sections 73 to 76 of the Companies Act.
- vi. The Central government has not prescribed maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.
- vii.
 - a) The company has not been regular in depositing its undisputed statutory dues. However, as on the last day of the financial year there were no undisputed statutory dues including towards Provident Fund, ESI, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other statutory dues outstanding for a period of more than six months from the date they became payable.
 - b) As at the yearend there were no dues of income tax, sales tax, wealth tax, service tax or duty of customs or duty of excise, value added tax or cess which have not been deposited on account of any dispute.



- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For Gokhale & Co
Chartered Accountants
Firm Regn. No: 0009428


Chandrashekhar Gokhale
Partner
Membership No 023839



Place: Hyderabad

Date: 27 MAY 2016