sasken

ANNUAL REPORT 2011-2012

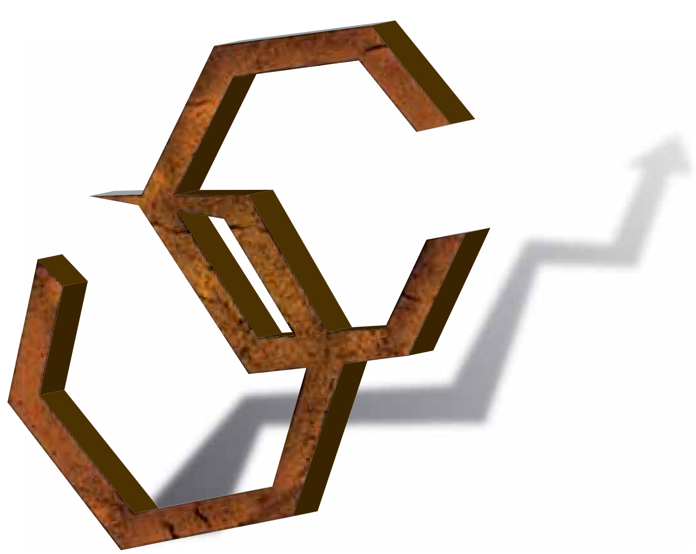
BREAKING MOULDS

There are **great leaders**, **achievers**. And there are **winners**. All at the helm of great things. They share similar traits. Made out of similar moulds. And then there is *another species*.

Those who break moulds, stepping away from concrete perceptions. Those who steer away from status quo, and make the best of what they have.

In the next few pages, we tell you stories of how people have broken moulds, equipped with not much more than innate virtue. Not necessarily with physical resources. We show you how a fighter stood for peace; something that is seldom expected of a boxer. Personalities who have steered away from status quo are the ones who have led change for humanity at large, by inspiring millions.

Read on to see how Sasken is truly embracing change, while breaking moulds along the way.



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LIVING THE VALUES

Peace is believed to be fomented by Saints. The blessed. The Sires. The ones who preach peace are often those who haven't much to lose. But there was one man who fought for peace, even when had everything to lose. For ***Mohammad Ali*** was the World Boxing Champion. He has a family, wealth, titles and fame. The world's most fierce boxer fought his biggest fight for peace and equality, outside of the ring. And he won that battle because he lived his values.

The values that were seeded during Sasken's inception, still govern our actions. We've seen glorious times and experienced difficult ones. But never did we waver on our values. Looking back, it's the same values that manifest into the lifeline for our business.

BOARD OF *DIRECTORS*

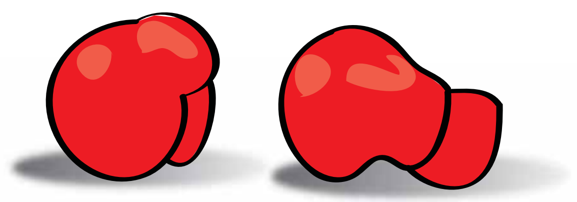
Mr. Rajiv C. Mody	Chairman and Managing Director
Dr. Ashok Jhunjhunwala	Director
Mr. Bansi S. Mehta	Director
Mr. Bharat V. Patel	Director
Mr. J. B. Mody	Director
Prof. J. Ramachandran	Director
Mr. Kiran S. Karnik	Director
Mr. Pranabh D. Mody	Director
Mr. Sanjay M. Shah	Director
Dr. G. Venkatesh	Whole Time Director
Mr. Krishna J. Jhaveri	Whole Time Director
Ms. Neeta S. Revankar	Whole Time Director & Chief Financial Officer
Mr. Bharat P. Mehta	Alternate Director to Mr. J. B. Mody

Committees of the Board

Audit Committee
Compensation Committee
Share Transfer and Investor Grievance Committee
Governance and Nomination Committee
Strategy, Business and Marketing Review Committee
Techonology, Capabilities and HR Committee

Enterprise Management and Governance Leadership Team

Mr. Rajiv C. Mody	Chairman and Chief Executive Officer
Dr. G. Venkatesh	Chief Technology and Strategy Officer
Ms. Neeta S. Revankar	CFO and Global Head - HR, IT and Administration



CFO and Global Head - HR, IT and Administration

Ms. Neeta S. Revankar

Company Secretary and Compliance Officer

Mr. R. Vittal

Statutory Auditors

S.R. Batliboi & Co.
Chartered Accountants

Bankers

Citibank N.A.
Deutsche Bank AG
HDFC
Union Bank of India

Registered and Corporate Office

No. 139/25, Ring Road, Domlur,
Bangalore 560 071, Karnataka, INDIA.

ENTERPRISE MANAGEMENT AND *GOVERNANCE LEADERSHIP TEAM*

From right to left:

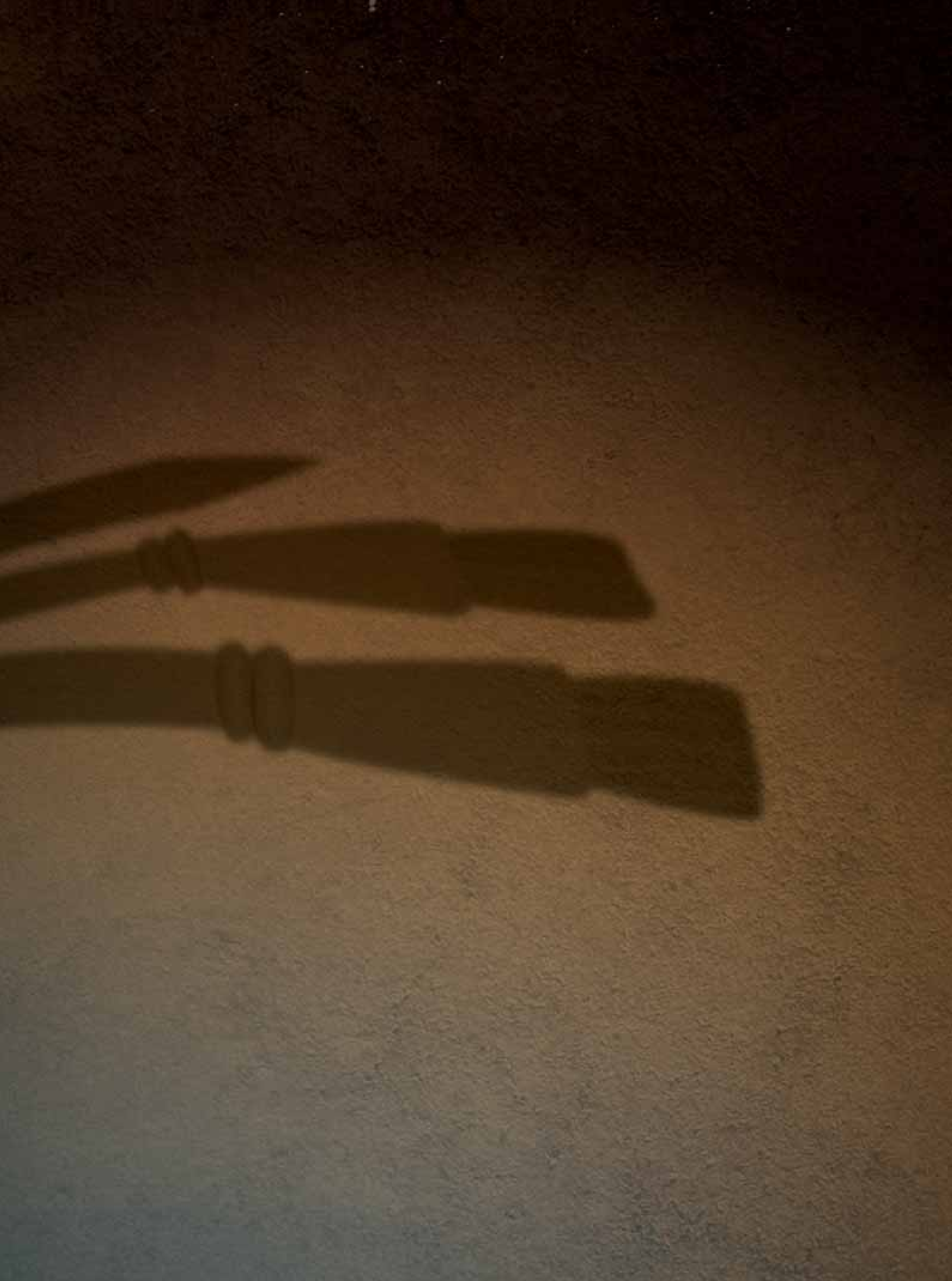
Mr. Rajiv C. Mody	Chairman and Chief Executive Officer
Dr. G. Venkatesh	Chief Technology and Strategy Officer
Ms. Neeta S. Revankar	CFO and Global Head - HR, IT and Administration

MULTIPLE VIEWS, SINGULAR VISION

An artist sets forth to create art with a vision, seeing the end result crystal clear. The challenge however is when it isn't one artist, but hundreds of them, working towards a single vision, despite opposing opinions and the obvious inability to see the same end.

The ***Apollo 11 team*** took a giant leap for mankind on the moon. The team, diverse in its composition– with scientists, visionaries and political leaders- worked together with a single vision. It only goes to show that challenging as it is, it is when minds are galvanized to come together, that we go beyond the skies. Quite literally.

We have over 3000 people at Sasken; we come from different geographies, diverse cultures, from varied areas of expertise. But we come with one vision: to retain Sasken as a great company to work with and do business with.



LETTER TO *SHAREHOLDERS*

Dear Shareholder,

I am very happy to present to you the performance of the Company for FY 2012.

We had expected that after significant changes in FY 11, we would witness a period of relatively stable growth in FY 12. The global macro-economic conditions predominantly in the European region have muted these prospects in the year gone by.

The deployment of high speed wireless networks, launch of a range of smart devices and the application ecosystem were expected to significantly drive data consumption. However, there continues to be substantial churn due to velocity of changes in the communications ecosystem. The evolution of technology and software platforms has resulted in creating a new hierarchy amongst the key players in this space. This has led to high levels of volatility in our business, despite which we have managed to hold our position as a partner of choice in providing R&D services to our customers.

We have been able to effectively manage a ramp down in business from one of our key customers due to a change in their software strategy. Our agility was amply demonstrated by the fact that we were quick to ramp up capabilities to address new market opportunities. Our key account strategy is on track and we have witnessed smart growth in a majority of our accounts. The investments that we have made to serve new adjacencies have also begun to fructify and will bolster our revenue going forward.

Our resilience has helped us take advantage of new demand that arose for design services in the smartphone market space in which we have established credibility and leadership. In addition to Android, we have started winning and executing business with semiconductor vendors on the Windows platform. This upstream engagement will pave the way for us to similarly engage with tier 1 vendors of smart devices.

In the burgeoning Android based device market space, we have built and established a leadership position and offer services to leading silicon and device vendors. We have diligently executed several projects to help our customers validate silicon platforms on the latest release of Android and help them establish market leadership. Our engagement on all current semiconductor platforms has enabled the top rung of device Original Equipment Manufacturers (OEMs) take leadership position in several markets worldwide.

In the Networks segment, we have added new accounts which are poised for brisk growth. We have won and executed business in global standards based radio trunking systems for public safety and civil defense. Our engagement to offer small cell solutions for a leading vendor of 3G and 4G base stations has been growing smartly. We have partnered with a global leader in DPI (Deep Packet Inspection) technologies which is expected to open new markets in the coming year.

Our long standing strength in the semiconductor domain gave us the opportunity to consolidate our position with three of the world's leading semiconductor vendors. We have made significant inroads in delivering connectivity solutions on a processor family and are well on our way to becoming a partner of choice. This marquee customer is expected to be a serious contender in the mobile computing space. We are seeing an uptick in business from the wireless platforms for Windows based smart devices. We have embarked on a drive to diversify our current customer base by targeting business from silicon vendors who specialize in verticals like consumer electronics, entertainment and healthcare.

In the Auto and Consumer Electronics segment, the Rear Seat Entertainment (RSE) product that we have enabled is poised to be commercially available in the market. These RSE systems will be seen as an integral part of some of the biggest brands in the automobile industry. The top end sedans that will feature Sasken powered RSE solutions are expected to be launched in Q1 and Q2 of FY 13 across several markets in Americas, Asia and Europe.

Our VyapaarSEWA™ initiative made smart progress which included the successful completion of the Proof of Concept (PoC) phase. The PoC covered locations including Nagercoil in Kanyakumari district of Tamilnadu and Meawat in Palwal district in Haryana. The technology platform delivered all functionalities that were envisaged and met all stated PoC objectives. Detailed surveys were conducted post PoC to gauge its impact on the beneficiaries covered. Based on these surveys, the goal of the ensuing pilot phase is to push economic transactions through better adoption of the platform.

The ongoing pilot phase is ambitious and will cover 3,000 registered Self Help Group (SHG) members in approximately 100 villages spread across four districts over one year. The pilot will span the states of Tamil Nadu, Kerala, Haryana, the National Capital Region and the Union Territory of Pondicherry. It is envisaged that these SHGs will generate a significant number of transactions leading to consummation of a substantial volume of business.

Telecom service providers are constantly exploring ways to add value and better engage with their customers in the face of tremendous competition. The hunger for consumption of media, proliferation of smart devices and an application ecosystem threatens to relegate operators to being mere providers of capacity. Telcos are increasingly exploring opportunities to service their customer segments with bespoke offerings. In an effort to address this important market segment, we have commenced engagement with large Telco customers and currently offer them a bouquet of 'Managed Test Services'. Our offerings give these service providers 'out of the box solutions' for enhancing customer engagement. Coming from a single vendor, these solutions reduce both cost and multi-vendor coordination issues.

In addition, we have a suite of System Integration services in the Application Development, Maintenance, Enhancement space with particular emphasis on Video and Machine to Machine (M2M) solutions. Sasken is uniquely positioned to offer superior value to Telcos as we bring to the table expertise from the wealth of experience we have obtained serving Network OEMs, Semiconductor vendors and Product OEMs.

The growing adoption of mobility in the enterprise segment and the diversity of the mobile ecosystem with multiple devices, operating systems, applications and user groups are fuelling demand for services and solutions in this space. Hence we are venturing into this arena with a focus on industry specific verticals such as retail, healthcare etc. These efforts are likely to fructify and open new vistas for growth in the coming financial year.

Proliferation of mobile operating systems presents challenges for the integration of enterprise software applications across multiple mobile platforms. With a new class of mobile middleware infrastructure, this challenge is simplified. In the past, enterprises ended up developing a separate version for each platform. But today, mobile middleware infrastructure has facilitated cross platform mobile application development. Our efforts will enable a single source development approach making deployment possible across Android and iPhone OS devices.

Sasken is making steady progress in the Enterprise Mobility business, which we consider to be a natural extension to our core business. As enterprise systems have evolved and are built using solutions from multiple vendors, we are pursuing a partnership model to address the needs of this market. Sasken is now a member to the Microsoft Partner Network and also partner to the Dynamics Customer Relationship Management Network. We anticipate many business prospects to arise on account of these partnerships. Besides, we are also working with partners in the Mobile Device Management space and developing industry grade solutions to solve real business problems.

Our key differentiators have always been deep domain competence encompassing in several critical technologies that are key to the future evolution of the communications ecosystem. In addition, we have strong and enduring relationships with top tier players across the communication value chain. Our vast experience painstakingly garnered by decades of serving manufacturers of Handsets, to Silicon platforms, to Network Equipment Providers will help us move to the next level of growth. We relentlessly focus on talent growth through several programs aimed to improve employee empowerment, engagement and retention. We are investing heavily on several carefully designed programs to help our employees strengthen their existing skillsets whilst acquiring new ones. As a company we are solving interesting problems across different areas of the communication eco space which throws up challenging work for our employees.

We are delighted to have been conferred the prestigious ISA Technovation Award 2011. This signals external validation and recognition of Sasken's technical and business innovations in developing IP and solutions for the semiconductor and mobile devices markets over the last 15 years. As this industry continues on its path of exciting innovation, we expect to continue our contributions to the ecosystem and to leverage them to win and grow our business.

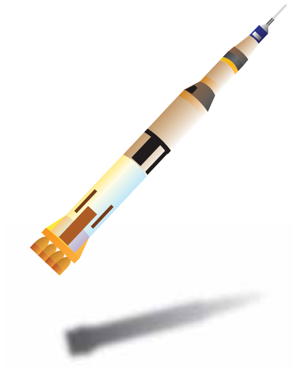
Sasken has also won the Sony Ericsson (now Sony Mobile) Best Supplier award which recognizes key vendors in different areas that have enabled them to successfully meet various requirements during the year. This is the second time that Sasken has won this award from this customer for excellent service in the Consulting, IT and Test & Mfg. sector.

We believe that our single minded focus, agility to adapt to changes and maturity of technology knowhow will help us remain competitive. Our strategy to diversify and broad base our offerings and customer base is well anchored on our core strengths and will provide vistas for profitable revenue growth. My management team and I pledge to do all we can in our control to ensure your Company remains successful. We are thankful for your support and look forward to the same in the years to come.

Thanking you,

Rajiv C Mody

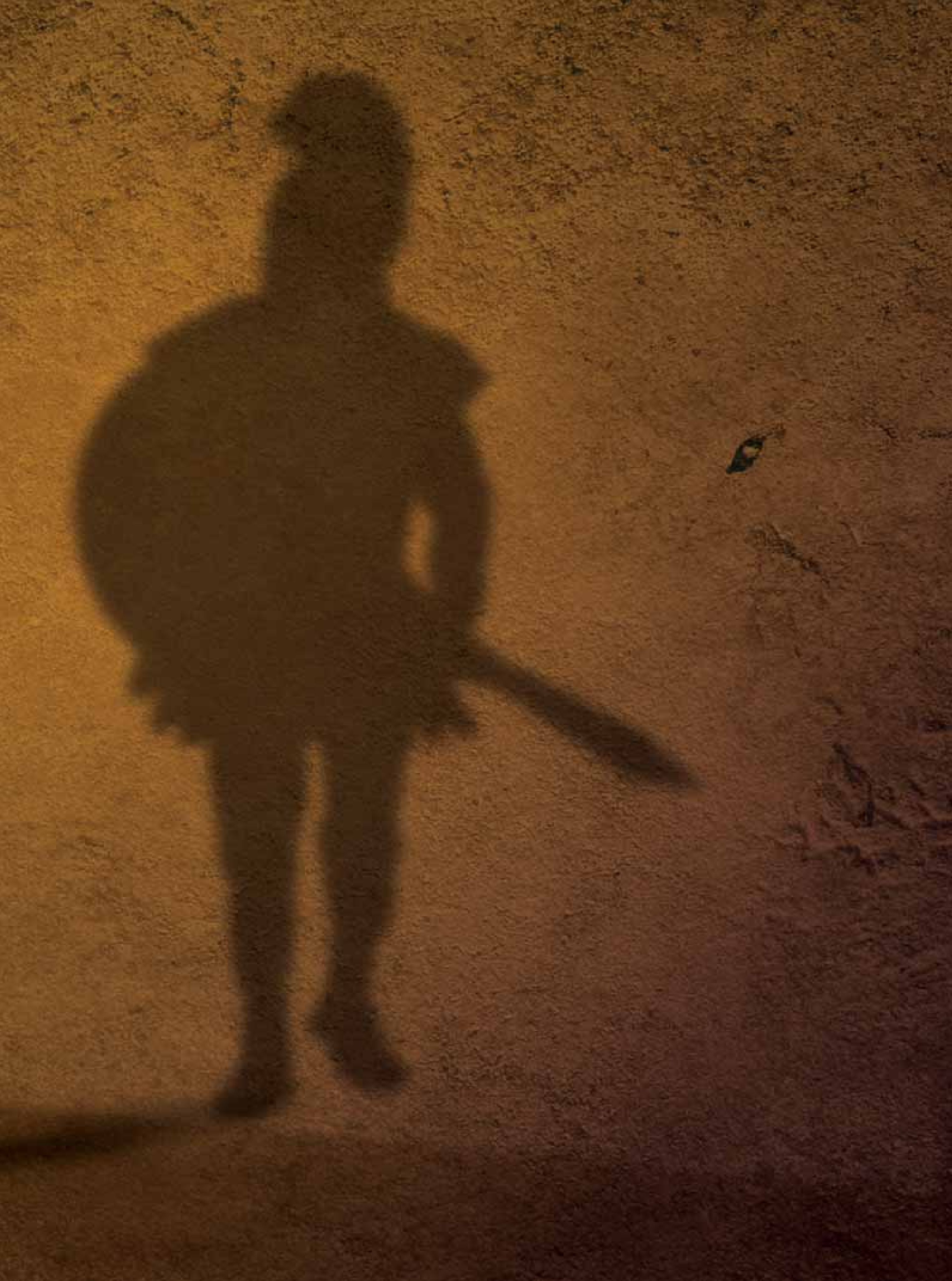
Chairman and Managing Director



LEADING FROM THE FRONT

A leader is big and strong. He has armies. He rules over countries. He has power. And he has a formal position. But ***Gandhi*** had none of this. Yet, there hasn't been a greater leader. Unassuming by nature, Mahatma broke the mould. He led India to independence, capturing our hearts along the way. Driven by his love for the country and a passion to make a difference in his people's lives, this man led from the front.

Sasken empowers every individual to be the change. We have been able to deftly marshal our resources, craft training engines, empowering employees with the competence they need, to be instrumental in technology creation that is changing the world. It is little wonder then, that we are one of the few companies that are leading from the front in the wireless space.



SASKEN *PEOPLE*

Talent employed with Sasken is highly sought after, both by the Indian arms of multinational companies and by Indian companies operating in the telecom space. As we run faster and better, we continue to find ourselves behind in the race for retention, as our employees have benefitted from the abundance of choices available to them. While organizations and industry observers seem to focus on the percentage of attrition as a critical parameter, we have come to strongly believe that there is more to being a good employer. We have focused on providing a value-centric environment that fosters learning, embracing diversity and providing the motivation to perform at one's best. We have additionally placed emphasis on developing the people management capabilities of our managers, on increasing the extent of recognition of employees' efforts, on strengthening employee connect with their managers and the organization and on bringing fun to the workplace. This is a continuing journey, and we are on track. We believe that employees do need to do their bit to increase their own engagement levels and as this happens, we are confident of seeing better results in Sasken.

While our attrition rates at 30% appear to be higher than most others, we at Sasken are fairly happy with our progress on the employee engagement and other employee-centric initiatives.

Engaging Employees to Strengthen Mutual Connect

Our employee engagement initiatives comprehensively address the needs of this generation and goes well beyond life in the cubicle. It provides vast choice for self-expression in various areas such as sport, literary activities, theatre and social responsibility. For instance, our year-long engagement program titled Jamboree provides opportunities for healthy competition amongst employees. It encourages them to demonstrate their talent, network with the rest of the organization, sharpening their social skills and building camaraderie in the process.

Fairness and Transparency in our Compensation and Benefits

Compensation and Benefits constitute an important element in employee motivation and retention. We continue to make innovative changes that will help strengthen the link between performance, loyalty and compensation. We have brought in a new component of compensation to reward employee loyalty and tenure in the organization. We take pride in our inclusive, transparent and fair means of performance reviews, linking the same objectively with our salary revision process. While Sasken managers are provided market data to help them make the compensation revision decisions, they are being provided increasing amounts of flexibility in determining individual disbursals. We continue to strengthen our compensation determination methods from year to year, in line with industry best practice and based on people manager feedback.

We have also made significant investments in enhancing our HR systems and software, to improve employee experiences in HR processes such as promotions, performance management and talent acquisition.

PeopleFIRST Policies

We continue to strengthen our benefits package, adding a number of components that are highly valued, including insurance, employee assistance programs and other people friendly policies. We take pride in listening to our employees through regular intervals, while incorporating their needs to remain an employee friendly organization. Through interactions in various industry forums, we know that our policies are world class and we will continue to ensure they remain so. In the coming year, we plan to significantly strengthen the communication around them so that they are better appreciated than they currently are.

All-encompassing Rewards & Recognition Programs

Our recognition programs are based upon the need for timely appreciation and acknowledgement of employee contributions, both performance and associated behaviours. Sasken has thoughtfully crafted interventions to enable employees to access and appreciate behaviors that are exemplary, in consonance with our value framework IRISE: Integrity, Respect for individual, Innovation, cuStomer centricity and Excellence. We continue to build upon recognition programs like Value Leadership awards, the Change Leader awards, the BIG BOSS awards, Team of the Quarter and Achiever of the Quarter awards, recognizing outstanding performance, exceptional commitment and superior managerial skills. Our recognition programs cover over 80% of employees across all levels of experience, domains and locations. The levels of involvement and participation in these recognition programs are improving over the years and are testimony to their success within the organization.

Innovative Talent Acquisition Practices

We have bolstered our talent acquisition efforts to support our business needs. One such pioneering initiative aimed at attracting talent while allowing them to make an informed choice is the Sasken Premiere event held periodically. The event provides a platform for prospective employees to interact with Sasken leaders and future colleagues, enabling them to effortlessly make that career transition. This program has been well received, considerably increasing the success rate of talent acquisition. Additionally, through our Internal Job Posting portal, employees continue to have the opportunity to choose and apply to various internal job options aligned to their career aspirations. The systems and processes around talent acquisition were strengthened during the year and have significantly simplified the entire process of talent acquisition.

Learning at Sasken

Complementing our superior people practices, compensation, benefits, rewards and recognition programs, we have a slew of initiatives targeted at holistically developing our talent base. We continue to build on this. In line with our value orientation, employees at Sasken are benefitted by our organization-wide training programs, both technical and behavioral. As an organization committed to upholding the highest values and ensuring the wellbeing of all Sasians, mandatory training modules have been instituted. They serve to better acquaint all employees with the prevalent code of conduct, need for compliance and consequences in the unfortunate instance of any violation.

Over the last year we have continued to make **investments in building people management capabilities** so that our leaders and managers are equipped with the right know-how to gauge aspirations, development needs and concerns of their team members in a timely fashion. Information obtained from the training programs and on-the-job learning experiences are systematically captured and archived, serving as a valuable database for organizational learning and sharing of best practices.

In keeping with our credo of building a high performance organization, we have identified and trained our top 100 leaders, better aligning their goals with that of the organization. We have also strengthened the leadership development activity in the Company. Towards this, we have run a simulation and assessed our top 100 leaders on certain competencies which are essential to their roles. Based upon the results, we have supported action plans of these leaders, to further develop their competencies.

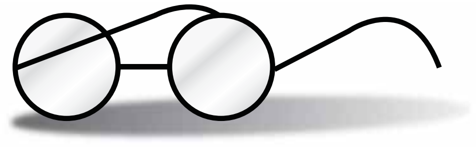
As we operate in a highly technical environment that is changing both rapidly and constantly, we are making significant investments in deepening the technical domain competence of our engineering teams.

We have developed and implemented the **KenMAP** system, based on the popular Bloom's levels of learning. KenMap ensures our engineering talent is adequately equipped with relevant knowledge. Various elements of learning are mapped to corresponding KenMAP levels. The KenMap levels 1 to 8 indicate progression of an individual's learning of theoretical concepts, all the way to being able to design and architect entire systems. With a view to increase the value delivered to our customers, we are targeting to ensure that a majority of Sasians achieve a minimum proficiency rating of KenMap 4.

The JhunJhunwala Excellence in Technology (JET) Awards were introduced during fiscal 2012 to further Sasken's Spirit of Technology & Exploration. The Award is inspired by one of our esteemed Board of Directors, Dr. Ashok Jhunjhunwala, who during the span of his career of over 30 years, has made immense contribution in the technology space. This award is felicitated to those individuals who demonstrate superior technological skills via vehicles such as projects, technology experiences and prototypes. Select employees will be honoured with the first JET Award in the next half of the year.

KenTechFest, Sasken's exclusive technology fest that takes place twice a year has always been a keenly awaited event. The recently held Summer edition of KenTechFest was a power-packed event, with over 30 customers who visited to experience first-hand, exciting solutions created by Sasken. Preparations have already begun for the Winter edition of KenTechFest. The event is slated to take place again in November this year.

While we take pride in our People practices, we recognize the need to keep improving. In line with this, we undertook an organization wide employee satisfaction survey dubbed SYM (Speak Your Mind). During FY 13, we will work on this feedback, as we continue to focus on building a successful organization and happy and motivated employees.



DISCOVERING SECRETS

When backed by resources, financial backing and talent, innovations are foreseeable . However, we believe it is something more innate that drives great innovation. The ***Wright Brothers*** had nothing but a garage. Although they did have curiosity, the hunger to explore and the resolve to do things differently. It is what set them apart. Made them leaders in their space. It is this that led to the world's most loved invention.

In our journey of over two decades, Sasken's spirit of innovation further spurred on by our curiosity, has led us to be innovative in more ways than one. At Sasken, we channel our passion in a way that it creates new technology and ideas. Our patents bear testimony to this. We are the only Indian company in the communications space today, to have over 45 granted patents.

TECHNOLOGY AND *MARKETS*

The communication industry continues to be a critical component of the global economy and constitutes about 2.7% of the world's GDP. The growth of wireless networks and adoption of mobile devices over the last decade is an unparalleled phenomenon. Wireless mobile subscriptions have crossed the five billion mark with perhaps an equal or larger number of connected devices. This growth is being fuelled by an array of innovative, user friendly phones, tablets and ultra portable computers, annual sales of which are crossing 1.5 billion units, which is about one-fifth of the world population.

The march towards a 100% wireless world seems to be a distinct possibility and is imminent in the near future. What is more, wireless is now permeating sectors ranging from retail, healthcare, consumer electronics and education. The result of this will be a fundamental transformation in the nature of these sectors. The insatiable appetite to consume information, entertainment and news has resulted in rapid evolution and adoption of broadband networks. Developing economies have been able to leap-frog into the future and build state-of-the-art networks. This change has been disruptive and has resulted in rearrangement of previous hierarchies and relationships amongst the various players in the ecosystem.

The macro economic challenges in the Euro Zone, sluggishness of mature markets and a slowing of growth in the emerging markets have also contributed to increased turbulence. Companies are now looking for innovative ways to stretch their R&D investments to gain mind share of their customers who are faced with abundant choice. Time to market has become critical, resulting in the need for shortened innovation life cycles. This in turn has increased the propensity of firms to outsource their R&D activities. Sasken with its niche expertise is well positioned to reap the advantages of this phenomenon.

We will now delve a little deeper into each of the segments that we operate in:

Semiconductors

According to data released by the semiconductor association, worldwide semiconductor sales for 2011 reached US $ 300 billion despite the adverse impact of disruption to the supply chain owing to the quake in Japan. The growth in the preceding twelve months has been driven primarily by the optical electronics and microprocessor markets. The top ten vendors continued their market domination, controlling more than 50% of the market. The growth in the semiconductor industry was powered by increased demand from computing, communications, and industrial segments. Growth in the consumer segment was buoyed by the surge in demand for e-readers and media tablets. The Automotive sector saw substantial growth due to the increase in in-vehicle electronics and semiconductor content in mainstream cars and hybrid vehicles.

We are seeing an increasing shift toward enhanced data processing and communication in the semiconductor industry. The focus now seems to be on bespoke chip development that targets a specific set of applications such as advanced graphics, video processing and gaming. There is an increased move to build Smart System on a Chip (SSoCs) fuelled by the need for a much tighter integration of applications. The advent of multiple high level operating systems, connectivity standards and application processing capabilities provides us significant market opportunities.

We continue to see the following trends drive growth in the industry:

- The explosive growth of Smartphones has increased the consumption of rich media services which in turn has been driving semiconductor growth
- The semiconductor industry is increasingly under pressure to deliver greater processing power using multi core processors and lower power consumption. There is increased demand for integrating near field connectivity (NFC) technologies
- The plethora of applications which have caught consumer attention are pushing up the demands for semiconductor companies to provide larger memory, higher storage and enhanced security solutions
- The rapid adoption of wireless technologies in retail, healthcare, automotive and consumer electronics has resulted in greater demand for silicon platforms addressing these needs
- Power management is one of the hottest growth areas and will drive major innovation in the Analog semiconductor industry
- Graphical Processing Units have become main stream as have Multicore processors

In the wireless semiconductor space, one of our key customers has achieved its highest annual semiconductor market share in more than a decade with an overall share of 16%. Another customer has become the world's largest fabless semiconductor supplier. Sasken is well positioned to play a strategic role as a key supplier in the future product development roadmap of these companies.

The phenomenal adoption of Smartphones in all regions of the world is a semiconductor manufacturer's dream come true. Smartphones are expected to make up 30% of shipments in 2012 and will grow to include more than 50% of all handsets shipped by 2015, according to analyst estimates.

We have successfully executed a strategy of partnering with semiconductor players to address needs from specific vertical markets. Some examples of this successful partnership include joint go-to-market strategies to target OEMs launching Smart Android devices, rear seat entertainment solutions and low cost radio. We have partnered with a leading semiconductor vendor to offer a wide spectrum of testing services ranging from quality verification all the way to field testing of Smart devices.

We have executed numerous projects in the area of power management for low voltage semiconductor platforms. This places us on a strong footing to serve the demands of the industry to develop and adopt energy efficient solutions. We are seeing an increase in the demand for low power design solutions from semiconductor manufacturers targeting consumer lifestyle products that are increasingly becoming power hungry as they sport large displays and have enhanced multimedia capability.

Our capabilities to service growth opportunities in the Semiconductor industry are broad based as we specialize in offering chip design and embedded software design services that are horizontal and cut across all verticals. In addition to verticals such as communication, where we have a leadership position, we are well positioned to address market demand from other arenas such as automotive, medical devices and M2M for industrial control where there is surge in demand.

Sasken will continue to benefit from the demands for offshoring and outsourcing of chip design and embedded design services. This is fuelled by multiple factors such as flexible capacity, local market access and paucity of talent and cost is no longer the only driver for outsourcing. Sasken has invested in creating strong engines for induction of talent and has a robust training platform. This enables us to continuously enhance the competency of our engineering team and thereby meet the growing demands for technical talent.

Smartphones and Tablets

It would not be an exaggeration to say that the Smartphone and tablet segment has undergone the maximum churn in the segments we operate. The world's largest manufacturer of phones announced a major shift in its choice of operating system for Smartphones. They jettisoned their homegrown legacy platform which failed to keep pace with rapid changes in touch based user interfaces and support for application development. During this transition, the erstwhile market leader witnessed drastic erosion in its market share. We were significantly impacted by these developments as this OEM is amongst the top 10 customers we serve.

Android has emerged as the operating system of choice for Smartphones and presently enjoys over 50% market share. The Android market has attracted several players including 5 tier one OEM's and several other smaller players.

Apple pioneered the Smartphone revolution and is now second to Android in the OS market share for Smartphones and enjoys about 30% market share. Microsoft, the third contender has seen early success with the winning launch of Windows based Smartphones from several OEMs, notably those from the former market leader. The market acceptance of these products seems to indicate that Microsoft will emerge as a serious contender in the Smartphone OS market.

The growth of the Smartphones segment and its positioning as a mobile computing device has attracted new entrants in this space. The entry of newer players augurs well for us as our wireless expertise is valued by these new entrants who are largely new to the mobility space. In developing and price sensitive markets, feature phones continue to be an important part of the product portfolio of most OEMs. We see stability in demand for providing design services for feature phones in this calendar year.

Globally, an increasing number of consumers are beginning to view Smartphones, tablets and laptops as an absolute necessity for both their personal and professional needs. This signals a major shift in consumer preference for consumption of information, entertainment and communication services. Consumers seem to be driven by the need to stay connected on demand. This is now transforming the way consumers perform their daily chores such as shopping, reading, social interaction and the like. The explosion of applications available to suit any imaginable context, be it for personal or business needs, has contributed to Smartphones becoming the nerve center for all the personal communication needs.

Increasingly, handset sales are driven not just by hardware features but by the user experience and the application ecosystem. Successful players like Apple and Google are moving beyond a narrow focus on standalone device sales and creating platforms that provide an opportunity for application developers to access early adopters of these devices. The network effects that ensue create exit barriers and drive cross platform sales as adoption follows the standard diffusion curve. Essentially the platform strategy helps create sufficient economic incentives for all players in the ecosystem leading to a virtuous cycle of higher sales and margins for the innovator OEMs.

Tablets appear to have struck the right niche between Smartphone and notebook computers offering the best of both worlds. The tablet market is seeing exponential growth driven by packaging and price performance while offering unrivalled user experience. Market analysts are expecting an explosive growth in tablet ownership. Corporate policies like BYOD (Bring your own device) are also aiding this trend.

The cost of developing these platforms is high and while the engineering teams in the platform providers themselves are relatively small, the efforts of the platform developers are supplemented by large teams of engineers at device OEMs and R&D service providers like Sasken.

We have been able to establish our leadership in offering design services for OEMs building Smartphones and other devices based on the Android operating system. The pace at which newer releases of the Android operating system are being announced has resulted in significant business for our design services. Our internal estimates indicate that over 80% of the Smartphone models launched in the year have in some way or shape, been touched by the contribution of a Sasken engineer.

Sasken has worked along with semiconductor manufacturers and OEMs providing much of the heavy-lifting needed to develop drivers, device support, board support packages, middleware and software upgrade management. As open source platforms such as Google's Android evolve, the OEMs need support of firms such as Sasken, in porting and testing the varied software components on to newer versions of the platform with relatively quicker turn around.

MARCHING AHEAD WITH CONVICTION

Leaders are often seen leading from the safe haven of their forts. ***Nelson Mandela*** led South Africa to freedom from Aparthied; the system that discriminated citizens based on their color, while he was behind bars himself. He stood up against powerful adversaries, armed with nothing but his conviction to make a difference for his fellow citizens.

We pride ourselves of having great amounts of *Conviction* in our ability to make a change. We are maneuvering our business based on this conviction. We believe our technology coupled with our people competence has the potential to steer the entire industry to places in technology that the world has never seen before.

Networks, Satellite and Enterprise communication

Network equipment manufacturers are increasingly focusing on building Self Organizing Networks (SONs). This approach is expected to provide operators the flexibility and convenience to optimally deploy resources to where they are needed most. Deployment of advanced antenna technologies notably MIMO (Multiple Input Multiple output) antennas and small cells will help operators optimize radio resources in real time. Network equipment vendors are responding to operator's needs to enhance spectral efficiency. The paucity of spectrum combined with increasing data traffic has made spectral efficiency and reuse of critical importance.

The deployment of Long Term Evolution (LTE) networks is on, albeit at a slower pace than originally anticipated. Most carriers are engaged in preparing to roll out LTE across key geographies and achieve nationwide coverage. LTE is an important upgrade for a number of reasons. LTE upgrade provides equipment vendors the opportunity to build networks that could help them consolidate their position and an opportunity to lock in their carrier relationships. LTE is expected to be the bedrock for advanced wireless networks for a considerable length of time, as advancements beyond 4G are currently on the drawing boards and are a long way off in terms of being ready to deploy.

Consumers adoption of LTE services is somewhat muted as current price plans seem to be moving away from uncapped 'all you can eat' plans. This movement to cap data plans is an attempt by operators to prevent networks from being choked by the surge in data usage. Consumers continue to use Wi-Fi networks when available pushing operators to build new Wi-Fi networks and integrate with existing networks. Small cell deployments are growing at a rapid pace with geographies like Korea, Japan and the United States leading the market. Our ability to offer comprehensive product design and engineering services to manufacturers of small cells has been well accepted.

In radio access networks, the game is shifting towards enhancing user experience. There is an increased effort to ensuring uniform throughput all across the cell and right up to the edge. LTE has heralded the advent of all Internet Protocol (IP) networks spanning the entire chain of device to device communication links. The process of packetizing the entire communication from the device to the network core routers is an interesting development and will provide opportunities for software vendors to engage with network OEM's. These developments will provide carriers the ability and flexibility to introduce new services that were previously beyond their reach.

In line with our efforts to develop a solution that caters to industry needs, Sasken has demonstrated a Voice over internet protocol solution on LTE (Long Term Evolution) networks integrated with DPI (Deep Packet Inspection) in the 2012 Mobile World Congress. This solution enables operators to specify bandwidth priority situations to offer tiered service classes for LTE users. This will allow operators to tie users to one of several possible Class of Service categories. The Sasken DPI solution will provide operators the ability to throttle network usage based on the QoE associated and guaranteed for a particular Class of Service. With Federal Communications Commission not mandating strict Net Neutrality compliance for the mobile operators in the US, DPI solutions such as Sasken's will play a critical role in enabling operators to monitor and adapt their network appropriately.

Auto and Consumer Electronics

Several advancements in wireless technologies is making it simpler to connect all types of electronics system ranging from automobiles, consumer appliances and domestic and industrial equipment. At the same time, consumer products are becoming even more portable and multifunctional. Together, these trends are blurring the lines between consumer and industrial hardware.

As these lines blur, it's becoming ever more important for people throughout the vast electronics industry supply chain to understand the trends of the consumer electronics industry. One of the consumer electronics industry's leading trends is the enormous growth of very portable products, primarily tablets and Smartphones. By integrating functions like internet access, gaming, running third party apps that personalize devices, they have captured the public's fancy in just a short span of time.

The Automotive sector saw a sharp growth in in-vehicle electronics and semiconductor content in mainstream cars and hybrid vehicles. Automotive players are striving to integrate new technologies in their vehicles. It lends further scope for vehicle based mobile communication technology. Vehicular ad-hoc networks and associated applications are increasingly being deployed. Passenger entertainment, driver assistance and safety are progressively becoming features that are expected to part of the baseline offering. In addition to providing vehicle infotainment services automobile manufacturers are expanding the scope of under–the-hood diagnostics they currently provide in the auto segment that is driven by platform led innovation.

Our capabilities in platform software will help enter and service prognosis and diagnosis related opportunities. Sasken has capitalized on its early inroads and is poised to take a leadership position as it has the ability to add tremendous value to auto manufacturers. On a similar vein, we are well suited to service opportunities driven by the increasing trend of convergence of web and wireless technologies in the consumer electronics segment.

Enterprise Mobility

Enterprise Mobility as an opportunity is exciting as we move to equip businesses with tools that cut out the constraints of time and portability. Market interactions indicate that enterprises present several service opportunities, not just restricted to one segment but wherever businesses attempt to leverage mobile communications to stay connected and aid performance.

Proliferation of mobile operating systems presents challenges for the integration of enterprise software applications across multiple mobile platforms. With a new class of mobile middleware infrastructure, this challenge is simplified. In the past, enterprises would develop separate version for each platform. But today mobile middleware infrastructure has facilitated cross platform mobile application development. Enterprises are seeking a single source development approach that will make possible deployment of applications across Android and iPhone OS devices.

Our wireless communication and enterprise mobility solutions for healthcare providers will enable continuous communication and immediate access to healthcare management systems. We also have plans for solutions that enable faster response time and greater collaboration. This will help improve patient safety and integration of security-rich wireless and voice networks across hospital environments to help improve patient monitoring and management. Sasken has plans of breaking through in the retail vertical by leveraging video analytics that will help in optimizing workforce management and customer engagement initiatives. These solutions will help our customers improve efficiencies and boost sales and return on investment.

Operators and ISVs

Carriers are caught in the pincer grip of stagnant ARPU, exploding data consumption especially among fixed rate plan users. As there is no further head room for revenue growth in voice and SMS, operators are looking at innovative price bundles for data services to bolster their profitability. These efforts imply that operators need to make longer term commitments, make investments in network infrastructure to increase spectral efficiencies and bandwidth of their networks.

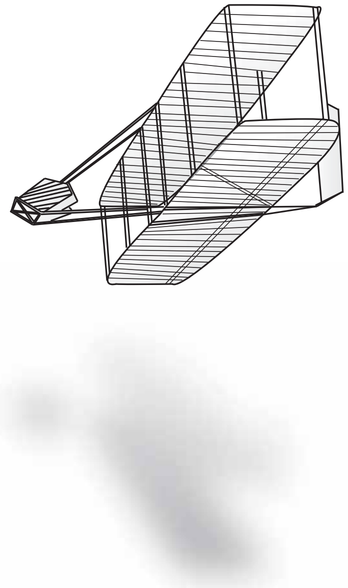
The challenge for carriers is clear and they must seize the insatiable demand for bandwidth by moving away from 'all you can eat plans' and offer tiered billing plans. Operators are increasingly focusing on the Quality of Experience (QoE) and making selective investments in the network to enable this. Users are increasingly demanding communication services that support high end video and graphics, chat, image and video sharing within their network of contacts.

The increased adoption of Smart devices by both consumers and enterprise customers poses newer challenges for operators. Device testing assumes great importance as customers download and use a wide range of applications. Thorough testing of all new devices is essential to ensure device integrity and minimize any unreasonable load on the carrier's network. In addition, device and application management services are required by the operators. These developments will result in greater demand for our comprehensive range of testing and integration services.

Operator revenue streams are threatened by consumers being directly served by the likes of Apple and Google through their application stores. They are responding by seeking to enter new verticals such as mobile payments and banking while they endeavor to leverage their assets to provide more value to their customers. With our deep understanding of both handsets and wireless networks, we are uniquely positioned to help operators integrate appropriate technologies, comprehensively test the same and successfully enter newer markets.

Disruptive forces have resulted in delayering silo based network architectures and paved the way to put in place, modular networks. The increasing consumer trend in adopting readily available applications from several app stores has resulted in operators reconfiguring their networks incorporating service delivery and management platforms. These IP networks are expected to be access agnostic and offer sophisticated control and management functionality. Testing these delivery platforms and optimizing them for enhanced Quality of Experience (QoE) is critical for network operators in which Sasken has an important role to play.

To conclude, Sasken is well positioned to expand into many emerging and adjacent market segments by leveraging its customer relationships and technology knowhow in the communications arena. Our core strengths and timely investments in asset creation programs in several of these opportunities will help fuel our growth plans and broad base our customer set.

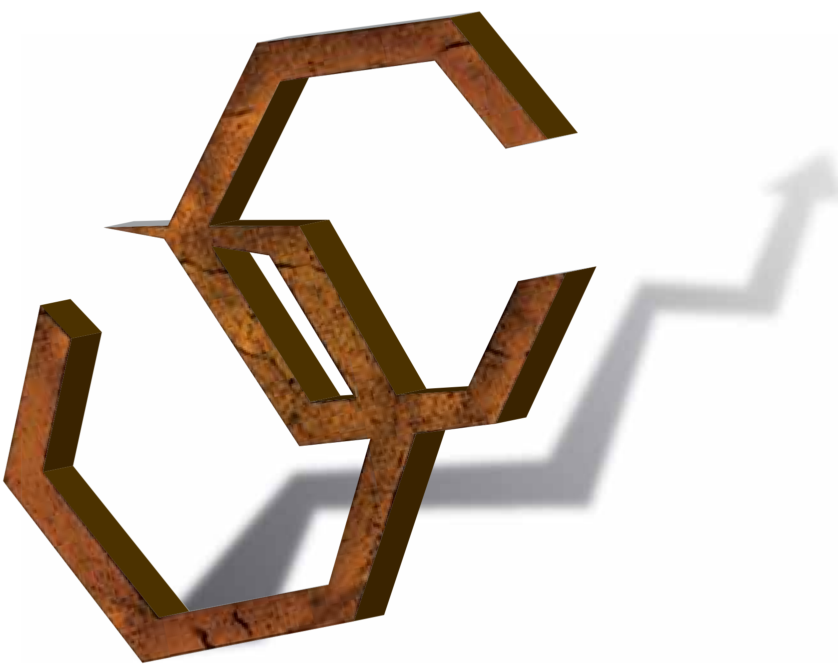


TAKING THE FIRST STEP

Mother Teresa's call to serve humanity took her to territories that others didn't dare tread. What she went on to do is often expected of no one lesser than an Empress : serving her people, giving to the poor, treating the sick.

Her love for people and empathetic nature counted for more than all of the Queen's wealth. It brought people off the streets, made them healthy again. Because she was driven by an inherent virtue; that of *taking initiative.*

Driven to make a difference, Sasken focuses on environment and educational initiatives. We have multiple groups of active employees who drive various initiatives to give back to society. Within our facilities, we only use recycled water and we even have our own waste management systems. We are investing in the latest technology to make Sasken a greener company.



FINANCIAL *PERFORMANCE*

The Year at a Glance - Consolidated (Non GAAP)

For the Year	March 31, 2012		March 31, 2011	
	₹ lakhs	K US$	₹ lakhs	K US$
Exports	35,149.69	74,191.44	37,176.15	81,610.52
Domestic Sales	16,846.14	35,557.62	17,461.82	38,332.86
Other Income and Exchange Gain / (Loss)	2,640.99	5,574.41	1,800.22	3,951.91
Profit Before Interest, Taxes, Depreciation and Amortization (PBIDTA)	7,649.59	16,146.20	9,605.19	21,085.68
PBIDTA as a Percentage of Revenue	15%	15%	18%	18%
Profit / (Loss) Before Taxes (PBT)	7,994.79	16,874.83	8,120.78	17,827.05
Profit / (Loss) After Tax (PAT)	6,400.80	13,510.35	7,328.19	16,087.12
Earnings Per Share … Basic (in ₹ / US$)[1]	24.82	0.52	26.89	0.59
Earnings Per Share … Diluted (in ₹ / US$)[1]	24.44	0.52	25.94	0.57
Equity Dividend Percentage (including Interim Dividend)	70%	70%	70%	70%
Equity Dividend Amount (including Interim Dividend)	1,814.90	3,830.76	1,845.42	4,051.14
Investment in Fixed Assets (Gross)	2,184.73	4,294.73	1,115.57	2,501.84
PBT as a Percentage of Average Net Worth	18%	18%	17%	17%
PAT as a Percentage of Average Net Worth	14%	14%	15%	15%
Revenue Per Person Year[2]	16.39	34.59	15.91	34.92
At the end of the year				
Total Assets	46,321.91	91,059.39	43,903.32	98,460.02
Fixed Assets (net)	13,578.54	26,692.63	13,401.63	30,055.24
Working Capital	15,066.58	29,617.81	14,801.21	33,194.01
Investment	16,669.59	32,769.00	14,872.48	33,353.85
Other Assets	1,007.20	1,979.95	828.00	1,856.92
Total Debt	374.83	736.84	1,249.23	2,801.59
Net Worth	45,947.08	90,322.55	42,654.09	95,658.43

[1] Face value of ₹10 per share

[2] Person year calculated based on quarterly average of all employees including the support staff.

Notes : a) To facilitate comparison, figures in US$ have been arrived at by converting Rupee figures as follows:

- at the average conversion rate for all revenue items
- at the closing rate for all Balance Sheet items

b) Previous year figures have been re-grouped /re-arranged, wherever necessary to conform to the current year's presentation.

Financial Performance - A Seven Year Snapshot

In Retrospect - Consolidated (Non GAAP)

Amount in ₹ lakhs

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
(1) Revenue Account							
Sales / Revenue	30,812.79	47,712.90	57,017.71	69,781.33	57,419.31	54,637.97	51,995.83
PBIDTA	4,818.11	7,575.97	7,919.37	16,380.39	10,187.66	9,605.19	7,649.59
Provision for Diminution in Value of Investments	-	-	-	117.71	(85.35)	(45.30)	-
Depreciation & Amortization	1,790.85	2,669.96	4,178.50	3,739.02	3,166.01	3,216.58	2,235.43
PBIT & Exceptional Item	3,027.26	4,906.01	3,740.87	12,523.66	7,107.00	6,433.91	5,414.16
Other Income	640.72	974.68	2,342.66	(3,539.51)	2,446.58	1,800.22	2,640.99
Interest	14.30	447.22	402.58	381.77	261.35	113.35	60.36
Exceptional Item	676.08	-	-	1,519.70	-	-	-
Profit/(Loss) Before Tax (PBT)	2,977.60	5,433.47	5,680.95	7,082.68	9,292.23	8,120.78	7,994.79
Income Tax (incl. withholding taxes and FBT)	685.98	1,006.53	1,742.52	2,852.27	1,740.50	792.59	1,593.99
Profit/(Loss) After Tax (PAT)	2,291.62	4,426.94	3,938.43	4,230.41	7,551.73	7,328.19	6,400.80
Dividend	838.09	1,140.01	1,142.43	1,084.44	1,636.36	1,845.42	1,814.90
(2) Capital Account							
Share Capital	2,793.64	2,850.01	2,856.08	2,711.11	2,711.11	2,618.58	2,601.13
Share Application Money	-	-	-	-	132.00	150.54	13.26
Reserves and Surplus	35,708.37	39,325.14	43,027.73	45,579.20	49,515.01	39,884.97	43,332.69
Loan Funds	115.04	9,184.98	8,764.22	6,372.01	3,405.52	1,249.23	374.83
Deferred Tax Liability	-	7.10	-	-	-	-	-
Gross Block (incl. Capital Work-in-Progress & Capital Advances)	19,289.87	42,258.91	45,980.74	49,910.27	48,353.55	48,634.42	49,073.88
Net Block (incl. Capital Work-in-Progress & Capital Advances)	10,111.79	29,955.38	30,723.30	31,978.03	28,930.27	13,401.63	13,578.54
Capitalized Software Product Costs (net of amortization)	1,413.45	3,327.36	2,123.62	-	-	-	-
Investment	18,651.01	3,680.58	2,664.05	2,019.98	15,906.60	14,872.48	16,669.59
Deferred Tax Asset (Net)	-	62.98	125.30	216.66	404.51	828.00	1,007.20
Net Current Assets	8,440.80	14,340.93	19,011.76	20,447.65	10,522.26	14,801.21	15,066.58
(3) Other Information							
Total number of Shareholders	28,498	21,305	39,150	45,808	39,034	36,026	35,818

Financial Performance - A Seven Year Snapshot *(Contd.)`*

In Retrospect - Consolidated (Non GAAP)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
(4) Ratios							
(a) Profitability / Efficiency							
Operating Turnover / Total Income (%)	98%	98%	96%	105%	96%	97%	95%
PBIDTA / Total Turnover (%)	16%	16%	13%	25%	17%	17%	14%
PBIDTA / Operating Turnover (%)	16%	16%	14%	23%	18%	18%	15%
PBIT & Exceptional Items / Total Turnover (%)	10%	10%	6%	19%	12%	11%	10%
PBT / Total Turnover (%)	10%	11%	10%	11%	16%	14%	15%
PAT / Total Turnover (%)	7%	9%	7%	6%	13%	13%	12%
Return on Average Net Worth (%) (PAT / Average Net Worth)	9%	11%	9%	9%	15%	15%	14%
Return on Average Capital Employed (pre-tax) (%) (PBT+ Interest) / (Average Capital Employed)	11%	13%	14%	16%	19%	17%	18%
Return on Average Capital Employed (post-tax) (%) (PAT+ Interest) / (Average Capital Employed)	9%	11%	10%	10%	16%	16%	15%
Sales to Average Net Working Capital	4.4	4.2	3.4	3.5	3.7	4.3	3.5
Total Revenues to Average Total Assets	1.2	1.1	1.1	1.3	1.0	1.1	1.2
Fixed Assets Turnover	1.6	2.4	1.9	2.2	2.0	4.1	3.8
(b) Liquidity							
Net Working Capital to Total Assets	0.2	0.3	0.3	0.4	0.2	0.3	0.3
Average Collection Period (Days)	77	67	78	73	62	65	71
Current Ratio	3.2	2.8	2.8	2.5	1.9	2.4	2.6
(c) Leverage							
Debt - Equity Ratio	0.0	0.2	0.2	0.1	0.1	0.0	0.0
Interest Cover	161.3	11.0	9.3	32.8	27.2	56.8	89.7
Total Assets / Net Worth	1.0	1.2	1.2	1.1	1.1	1.0	1.0
(d) Growth							
Growth in Operational Turnover (%)	27%	55%	20%	22%	-18%	-5%	-5%
Growth in PBITDA (%)	36%	57%	5%	107%	-38%	-6%	-20%
Net Profit Growth (%)	1%	93%	-11%	7%	79%	-3%	-13%

Notice

Sasken Communication Technologies Limited

Registered Office: 139/25, Ring Road, Domlur, Bangalore 560 071.

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held on Monday, July 23, 2012 at 4.00 p.m. at the Registered Office of the Company at No.139/25, Ring Road, Domlur, Bangalore 560 071, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, Profit and Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Dr. Ashok Jhunjhunwala who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jyotindra B. Mody who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Sanjay M. Shah who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

   RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the payment of remuneration to Mr. Rajiv C. Mody as Chairman & Managing Director of the Company for the financial year 2012-13 on the following terms:

   (a) Fixed Salary of a sum not exceeding ₹1.00 crore (Rupees One crore only) for the year, as may be determined by the Compensation Committee of the Board of Directors.

   (b) Variable Performance Pay of such amount as may be determined by the Compensation Committee for the year.

   (c) Other terms such as gratuity, leave, etc. shall be as applicable to other employees of the Company or as may be decided by the Compensation Committee.

   (d) The Board of Directors of the Company has the authority to determine the term of office at any time.

   RESOLVED FURTHER that in case of absence or inadequacy of profits for the financial year 2012-13, Mr. Rajiv C. Mody be paid such remuneration as may be determined by the Compensation Committee subject to the provisions of Schedule XIII of the Companies Act, 1956.

   RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable and to settle any question or difficulty that may arise, in such manner as it may deem fit.

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

   RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the payment of remuneration to Mr. Krishna J. Jhaveri as Whole Time Director of the Company for the financial year 2012-13 on the following terms:

   (a) Fixed Salary of a sum not exceeding US $ 100,000 (US $ One hundred thousand only) for the year and other statutory contributions to be made by the Company as applicable, as may be determined by the Compensation Committee of the Board of Directors.

   (b) Variable Performance Pay of such amount as may be determined by the Compensation Committee for the year.

   (c) Other terms such as gratuity, leave, etc. shall be as applicable to other employees of the Company or as may be decided by the Compensation Committee.

   (d) The Board of Directors of the Company has the authority to determine the term of office at any time.

   RESOLVED FURTHER that in case of absence or inadequacy of profits for the financial year 2012-13, Mr. Krishna J. Jhaveri be paid such remuneration as may be determined by the Compensation Committee subject to the provisions of Schedule XIII of the Companies Act, 1956.

   RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable and to settle any question or difficulty that may arise, in such manner as it may deem fit.

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

   RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the payment of remuneration to Dr. G. Venkatesh as Whole Time Director of the Company for the financial year 2012-13 on the following terms:

   (a) Fixed Salary of a sum not exceeding ₹1.00 crore (Rupees One crore only) for the year, as may be determined by the Compensation Committee of the Board of Directors.

   (b) Variable Performance Pay of such amount as may be determined by the Compensation Committee for the year.

   (c) Other terms such as gratuity, leave, etc. shall be as applicable to other employees of the Company or as may be decided by the Compensation Committee.

   (d) The Board of Directors of the Company has the authority to determine the term of office at any time.

   RESOLVED FURTHER that in case of absence or inadequacy of profits for the financial year 2012-13, Dr. G. Venkatesh be paid such remuneration as may be determined by the Compensation Committee subject to the provisions of Schedule XIII of the Companies Act, 1956.

   RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable and to settle any question or difficulty that may arise, in such manner as it may deem fit.

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

    RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the payment of remuneration to Ms. Neeta S. Revankar as Whole Time Director of the Company for the financial year 2012-13 on the following terms:

    (a) Fixed Salary of a sum not exceeding ₹1.00 crore (Rupees One crore only) for the year, as may be determined by the Compensation Committee of the Board of Directors.

    (b) Variable Performance Pay of such amount as may be determined by the Compensation Committee for the year.

    (c) Other terms such as gratuity, leave, etc. shall be as applicable to other employees of the Company or as may be decided by the Compensation Committee.

    (d) The Board of Directors of the Company has the authority to determine the term of office at any time.

    RESOLVED FURTHER that in case of absence or inadequacy of profits for the financial year 2012-13, Ms. Neeta S. Revankar be paid such remuneration as may be determined by the Compensation Committee subject to the provisions of Schedule XIII of the Companies Act, 1956.

    RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable and to settle any question or difficulty that may arise, in such manner as it may deem fit.

By order of the Board

R. Vittal
Company Secretary

April 26, 2012

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE VALID, PROXY FORM MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
3. Corporate members are requested to send certified copy of the board resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Books will remain closed from July 14, 2012 to July 20, 2012 (both days inclusive).
5. Dividend as may be declared at the Annual General Meeting will be disbursed on or before August 21, 2012 to the shareholders whose names are recorded in the Register of Members on July 13, 2012.
6. National Electronic Clearing Service (NECS) / Mandate / Bank Details:

   Per Reserve Bank of India Circular 376-DPSS.(CO).EPPD.No.191-04.01.01-200-10, dated July 29, 2009, the Company will organize payment of dividend through the NECS. In case of shareholders who have not provided to the Company or to their Depository Participant (DP) their Account Number under Core Banking System (CBS), NECS credit of dividends may not happen. Shareholders are requested to forthwith inform the Company or the Share Transfer Agent, Karvy Computershare Pvt. Ltd., their bank account number allotted under CBS along with the name of the Bank, Branch, its 9 digit MICR Code and Account type by quoting their folio number and a photocopy of a cancelled cheque pertaining to the Bank Account. Shareholders holding shares in demat form, are requested to provide the above details to their DP.

Notice *(Contd.)*

7. Copies of the Annual Report will not be distributed at the Annual General Meeting. Members / Proxy Holders are therefore requested to bring to the Annual General Meeting their copy of the Annual Report and the Attendance Slip attached to it duly filled in.
8. Members intending to seek explanation / clarification at the meeting about the information contained in Annual Report are requested to inform the Company Secretary at least a week in advance of their intention to do so, so that relevant information may be made available, if the Chairman permits such information to be furnished.
9. In case of joint holders attending the meeting, only the first named joint holder will be entitled to vote.
10. Members are requested to write to the Company Secretary or to the Share Transfer Agent at the address given below, regarding transfer of shares and for resolving grievances:

    The Company Secretary
    Sasken Communication Technologies Limited
    139/25, Ring Road, Domlur,
    Bangalore 560 071.
    Tel: 080 3981 1122 Extn. 4914
    Fax: 080 3981 3329 / 2535 1309
    Email: investor@sasken.com

    Karvy Computershare Pvt. Ltd.
    Plot No.17-24, Vittalrao Nagar, Madhapur,
    Hyderabad 500 081.
    Tel: 040 2342 0818 / 4465 5000
    Fax: 040 2342 0814
    Contact Person: Mr. K.S. Reddy, Asst. Gen Manager
    Email: einward.ris@karvy.com

11. (a) Route Map to the venue of the Annual General Meeting (b) Attendance Slip and (c) Proxy Form are given at the end of Annual Report.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

The following Explanatory Statement sets out material facts relating to some of the Ordinary Business and all of the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

Ordinary Business

For Item Nos.3 to 5

Profile of Directors proposed to be re-appointed is given in the attachment to this annexure.

Special Business

For Item Nos.7 to 10

There have been rapid changes in market due to new platforms – IOS (Iphone), Windows Mobile (Microsoft) - taking pivotal positions for next generation. The Compensation Committee noted the challenges faced by the Company due to fall in revenue from some of its large customers. Consequently, Sasken's business growth has been adversely affected, resulting in de-growth in overall business in FY 11-12.

In order to align the business to the new business scenario, Sasken has focused on Android platform (Google) and is emerging as a clear lead service provider in the segment. Sasken is also investing in areas such as Automotive and Enterprise Mobility to counter the changes in market conditions. Returns on these investments are taking time to fructify.

Sasken has managed to retain its profit margin in services business, while making investments for future, by continuous focus on costs. However, overall profits dropped by nearly 12% due to reduction in business volumes. The Management team has also taken steps to protect shareholders returns via dividends and share buy-back, in this difficult scenario.

While arriving at the remuneration, the Compensation Committee has considered all the above factors relating to performance of the Company and that of the Whole Time Directors and has recommended the same limits of remuneration as that of the last year.

Variable Performance Pay to be paid to the Whole Time Directors will be as per the same policy applicable to other employees and / or as determined by the Compensation Committee subject to the limits approved by the Shareholders and Schedule XIII of the Companies Act, 1956. The aggregate remuneration of the Managing / Whole Time Directors as a whole shall not exceed 10% of the net profits of the Company as computed under Sec. 349 of the Companies Act, 1956, for the year ending March 31, 2013.

Mr. Rajiv C. Mody, Mr. Krishna J. Jhaveri, Dr. G. Venkatesh and Ms. Neeta S. Revankar, are concerned or interested in these resolutions to the extent of proposed remuneration to each of them. None of the other Directors of the Company is in any way concerned or interested in these resolutions.

The Board recommends the said resolution for approval of shareholders.

By order of the Board

R. Vittal
Company Secretary

April 26, 2012

Attachment to the Annexure to Notice (Item Nos. 3, 4 & 5 of the Notice)

Details of Directors to be re-appointed at the Annual General Meeting to be held on July 23, 2012

Name of Director	Dr. Ashok Jhunjhunwala	Mr. Jyotindra B. Mody	Mr. Sanjay M. Shah
Date of Birth	June 22, 1953	April 3, 1929	August 30, 1963
Date of Appointment / Last re-appointment	November 20, 2000 / September 19, 2009	October 12, 1999 / September 19, 2009	June 10, 2005 / July 9, 2010
Brief Resume and nature of expertise in specific functional areas	Independent Director of the Company. He received his B.Tech degree from IIT, Kanpur, and his MS and Ph.D degrees from the University of Maine. From 1979 to 1981, he was with Washington State University as Assistant Professor. Since 1981, he has been teaching at IIT, Madras, where he leads the Telecommunications and Computer Networks group (TeNeT). This group works with industry in the development of technologies relevant to India. It has incubated over 35 companies in the last twenty years. He chairs Rural Technology and Business Incubator (RTBI) at IIT Madras and Mobile Payment Forum of India (MPFI). He has been awarded Padma Shri in the year 2002, Shanti Swarup Bhatnagar Award in 1998, Dr. Vikram Sarabhai Research Award for the year 1997, Millennium Medal at Indian Science Congress in the year 2000 and H.K. Firodia for "Excellence in Science & Technology" for the year 2002, Shri Om Prakash Bhasin Foundation Award for Science & Technology for the year 2004, Jawaharlal Nehru Birth Centenary Lecture Award by INSA for the year 2006, IBM Innovation and Leadership Forum Award by IBM for the year 2006, Bernard Low Humanitarian Award in 2009, "Bharat Asmita Vigyaan - Tantragyaan Shreshtha Award" for the best use of Science & Technology through Innovation in 2010, Hon. Doctorates by the Institute of Blekinge Institute of Technology, Sweden in 2008 and University of Maine, USA in 2010. In 2010 he was also awarded JC Bose Fellowship by DST, Govt. India, awarded Dronacharya (2011) by TiE and awarded Top Innovator of Top 11 in 2011 Innovators Challenge. He is a Fellow of World Wireless Research Forum, IEEE and Indian Academies including INAE, INSA and NAS.	He is one of the Promoters of the Company. He is the Chairman and Managing Director of J.B. Chemicals & Pharmaceuticals Ltd. since incorporation in 1976. His experience in Management is for more than five decades. He was Vice Chairman of CHEMEXCIL (Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council) from 1988 to 1993 and Chairman for two years from September 1994 to September 1996. He is one of the Founder Members of Indian Drug Manufacturers' Association (IDMA) and was its President for 2 years from 1983 to 1985. He has been associated with the pharmaceutical industry when it was in its infancy stage. His knowledge on the development of the drug industry and the turmoil it has gone through due to various price controls, development of the industry with the introduction of the process patent from 1970's and its functioning and growth prospects is immense. He is today looked upon as a Doyen of the pharmaceutical industry and is consulted on the various important matters affecting the industry, not only by the fellow members, but also by the Government of India. He was associated as a member of the National Development Council for Drugs & Pharmaceuticals, Ministry of Industrial Approvals and Ministry of Chemicals & Fertilizers. He was one of the members of the working group for Industrial Approvals, Ministry of Chemicals & Fertilizers. He was also associated with Import Export Committee - 7th Five Year Plan.	Independent Director of the Company. He provides the vision, strategic direction and execution for Invensys Skelta. Skelta Software was acquired by Invensys, plc, in April 2010. He brings to Invensys Skelta over 23 years of management and product development experience under multiple platforms and computing environments. He played pivotal roles in steering startups from early growth to expansion. Prior to Skelta, he served as Managing Director of Everest Software. He co-founded Everest in 1994 with a vision of developing an integrated ERP software solution for small businesses and medium enterprises (SMEs) in the global market. He helped raise multiple rounds of venture financing to help fund strategic initiatives and fuel the company's growth between 1999 and 2004. Before Everest, he was a founding partner of Accel Inc. a $35 million "white box" PC retailer in the Washington DC metropolitan area. He has also held positions with Mentor Graphics and Tektronix during his 12 year stint in the US.
List of other Indian Companies in which Directorship is held	3i Infotech Ltd., Exicom Tele-Systems Ltd., Polaris Financial Technology Ltd., Tata Communications Ltd., Tata Teleservices (Mah) Ltd., Tejas Networks Ltd.	Ifiunik Pharmaceuticals Ltd., J.B. Life Science Overseas Ltd., Unique Pharmaceuticals Laboratories Ltd., Ansuya Mody Securities Pvt. Ltd., Jyotindra Mody Holdings Pvt. Ltd. and Synit Drugs Pvt. Ltd.	Rapsri Engineering Industries Ltd.
Membership in Committee(s)* of Board of Directors of Sasken	Member: Audit Committee, Compensation Committee	Nil	Nil
Membership in Committee(s) of Board of Directors of other companies in which he is a Director			
a) Audit Committee	Chairman: Tata Teleservices (Mah) Ltd. Member: Tejas Networks Ltd., Polaris Financial Technology Ltd.	Nil	Nil
b) Share Transfer and Investor Grievance Committee	Member: Polaris Financial Technology Ltd.	Member: J.B. Chemicals & Pharmaceuticals Ltd.	Nil
Shareholding in the Company (Equity Shares of ₹10 each)	8,470	3,68,106	8,482

* Only membership in Audit Committee, Compensation Committee and Share Transfer & Investor Grievance Committee is considered.

Directors' Report

Your Directors have pleasure in presenting the Report on the business and operations of the Company along with the Abridged Standalone and Unabridged Consolidated Audited Accounts for the financial year ended March 31, 2012.

Result of Operations (Consolidated) - Extract

Amount in ₹ lakhs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Revenues	**51,995.83**	**54,637.97**
Expenses	46,581.67	48,249.36
Net Operating profit	**5,414.16**	**6,388.61**
Interest Expenses	60.36	113.35
Provision for diminution in the value of investment, net	-	(45.30)
Non-operating Income, net	2,640.99	1,800.22
Profit before Income Taxes	7,994.79	8,120.78
Income Tax Expense, net	1,593.99	792.59
Profit After Tax	**6,400.80**	**7,328.19**
Appropriation:		
Proposed Equity Dividend	1,170.51	1,154.96
Interim Dividend	644.39	690.46
Dividend Tax	294.43	303.69

(Previous year's figures have been regrouped wherever necessary to conform to the current year's presentation)

Your Company's revenues from operations for the financial year 2011-12 have decreased by 4.84% in rupee terms, from ₹54,637.97 lakhs in 2010-11 to ₹51,995.83 lakhs in 2011-12. In the current year, Software Services, including Network Engineering Services contributed 91.4% to the revenues, while the Software Products revenues contributed 7.6%. The net profits decreased from ₹7,328.19 lakhs in FY11 to ₹6,400.80 lakhs during the year, a decline of 12.66%. This has translated to a Basic Earnings Per Share of ₹24.82 in 2011-12 vs. ₹26.89 in 2010-11.

Industry Structure and Developments

We operate in the R&D services industry that caters to a wide range of industry verticals including semiconductor, mobile handsets (Smartphones and devices), network equipment, data communication equipment, satellite, automotive and consumer electronics. In addition to the traditional verticals listed above, the proliferation of mobile wireless technologies makes it possible for us to address R&D service opportunities in segments such as retail, healthcare and Machine to Machine communication markets.

Hyper competition in today's markets places enormous pressure on global players to maximize returns on their R&D investments that are essential to keep them competitive. The maturity of the outsourcing industry, access to highly qualified engineering resources, attractive cost structures have led to greater decentralization of product life cycle management activities. NASSCOM, the industry body in collaboration with Booz & Co opines that R&D services is one of the fastest growing areas in IT outsourcing and is estimated to top US $90 Billion by 2020 globally. The report projects that India is likely to service about one half of this outsourced spend.

The rapid pace of change of technology has shortened development times and places immense challenges on device and equipment manufacturers to seek ways to hasten time to market by using a decentralized development approach. This has necessitated the building of a robust ecosystem of distributed self and partner owned development centers across the globe taking advantage of regional clusters. Manufacturers increasingly focus their energies on core technology development while depending on the partner ecosystem for peripheral technology enhancement and sustenance activities. As partner ecosystems are mostly located in emerging markets, they also double as localization centers for custom development of products that can target price sensitive and potentially large markets. In addition, the partner ecosystem provides access to highly qualified and skilled engineering talent which is in short supply in most developed markets.

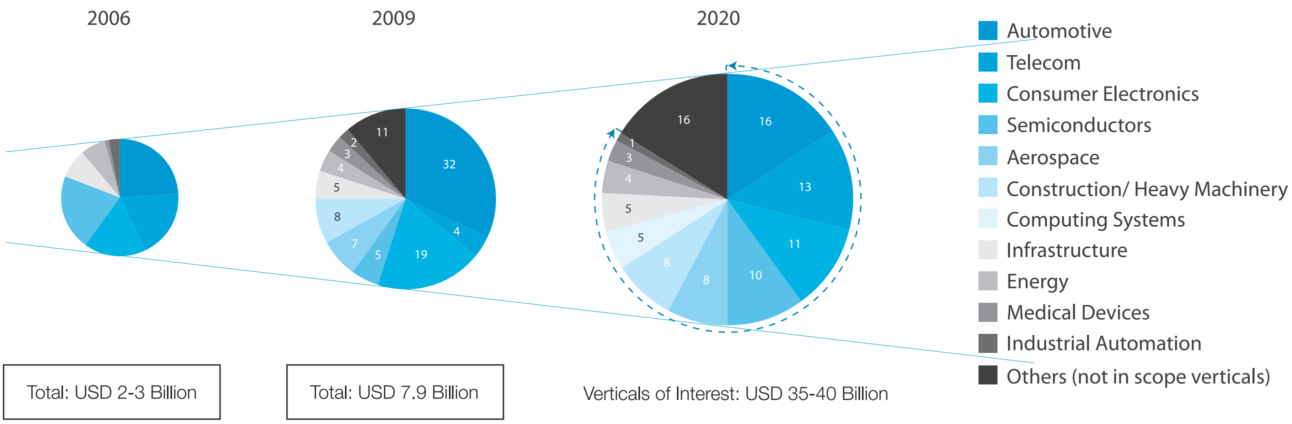
We have with single minded focus worked to provide product design and engineering services to global leaders across the development value chain starting from semiconductors, to customer owned and managed equipment and network gear. This has enabled us to be one of the leaders whose domain competency and breadth of development experience is much sought after by manufacturers who are market leaders in their respective areas.

Opportunities

The telecommunication service provider revenue is upwards of US $1.5 Trillion and constitutes about 2.5% of world GDP. The annual sales of semiconductors, smart devices and network gear that go to build / attach telecom networks is about US $400 Billion with an estimated R&D expenditure of US $40 Billion. In addition to the telecommunications vertical, segments such as automotive, consumer electronics, retail, healthcare etc., increasingly rely on wireless connectivity and make considerable investments in company owned and outsourced development activities.

As shown in the chart extracted from the NASSCOM Booz & Co report, the projected market for R&D services that will be serviced out of India will be in the excess of US $40 Billion by 2020. Smartphones are projected to constitute 50% of all shipments by 2017 making it an attractive market for providing design and engineering services. The battle for supremacy in mobile operating systems for Smartphones will intensify over the next few years thereby presenting us an opportunity to consolidate on our leadership position in Android and make further inroads building on the early success in the Windows mobile ecosystem. We have already executed our strategy of broad basing our market coverage by successfully winning and delivering business obtained from automotive and consumer electronics segments. We also continue to build on our white space strategy by embarking on opportunities to provide enterprise mobility solutions in particular to segments such as healthcare and retail who are early adopters of wireless technologies.

Indian ER&D Offshoring Market



(Source: NASSCOM and Booz & Co data)

From the above data it is evident that the market opportunities for R&D services remain buoyant and attractive in the foreseeable future and we are well positioned to take advantage of the same and achieve continued growth in both our revenues and profitability.

For a more detailed discussion of our business environment, growth opportunities, outlook and plans for the business lines we operate, kindly refer to the MD&A section of this report.

Dividend

Your Company paid an interim dividend of 25% (₹2.50 per equity share) in November 2011 and the Board recommends a final dividend of 45% (₹4.50 per equity share) thus making the total dividend of 70% (₹7.00 per equity share) for the year.

Buy-back of Shares

In terms of decision of the Board of Directors dated October 21, 2010 and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, the Company offered to buy-back its equity shares of face value of ₹10 each, upto a maximum amount of ₹3,454 lakhs at a maximum price of ₹260 per share from open market through Stock Exchanges. The Company commenced the buy-back on December 02, 2010 and closed the same on May 26, 2011 buying back 21,62,000 equity shares at an average price of ₹159.26 per share (excluding brokerage and other taxes), utilizing a sum of ₹3,443.25 lakhs. On account of buy-back of shares, the Company has created Capital Redemption Reserve towards the face value by way of appropriation against General Reserve. The amount paid towards buy-back of shares, in excess of the face value, has been appropriated out of Securities Premium Account. In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy Back of Securities) Regulations, 1998, all the shares bought back have been extinguished.

In terms of decision of the Board of Directors dated February 16, 2012 and in accordance with the approval of shareholders by Postal Ballot on April 23, 2012, the Company has offered to buy-back its equity shares of face value of ₹10 each, upto a maximum amount of ₹8,648 lakhs at a price not exceeding ₹180 per share from the open market through Stock Exchanges. The offer size represents 22% of the aggregate of the Company's paid-up equity capital and free reserves as on March 31, 2011. As stated in the Public Announcement dated April 25, 2012, the buy-back is proposed to commence on May 21, 2012, subject to the approval of Securities and Exchange Board of India and the Stock Exchanges.

Employees Stock Option Plan (ESOP)

The Company's ESOP continues with the philosophy of encouraging the employees to be partners in the growth of the organization.

ESOP 2006 Scheme

As on March 31, 2012, there were 12,87,700 options outstanding with the employees including Directors. There are 10,10,900 unissued options as on March 31, 2012.

ESOP 2000 Scheme

No new grants were made under this Scheme during the year ended March 31, 2012. There were 10,242 options outstanding with employees as on March 31, 2012.

The details required to be disclosed under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme), Guidelines, 1999, as on March 31, 2012 are given in Annexure 1 forming part of this Report. The said Annexure 1 also includes new grants made under the Scheme during the year ended March 31, 2012.

Corporate Social Responsibility (CSR)

As a responsible Corporate Citizen, your Company is committed to contributing to the society, environment and community. The focus areas in which we strive to 'Make a Difference to Everyone' and our endeavours are to serve the community, environment, differently abled citizens, children, underprivileged and academia. Sasken translates this into action by providing financial and non-financial support, as well as extending and encouraging volunteer participation in CSR initiatives.

For over several years, your Company has supported Vathsalya Charitable Trust, an NGO, working for the welfare of orphan children. Sasken bears all their medical expenses, on monthly basis subject to a pre-fixed limit. Besides, we also extend our support to other non-governmental voluntary organizations on a case-by-case basis.

Recently, the CSR team organized an initiative where Sasians were given the opportunity to contribute anything between ₹100 and ₹1,000 from their salary which would later be used for contributions to NGOs and so on. Over ₹3 lakh was collected at the end of the program. Contributions were made to FAME India as well as APSA (Association for Promoting Social Action).

On the non-financial front, your Company in partnership with a popular Bangalore based NGO called 'The Ugly Indians' have commenced a series of cleaning up activities in different parts of the city. As a pilot, over 30 Sasians came together to tidy up the area around Sasken's Corporate Headquarters situated in Domlur, Bangalore. The second round took place during the month of March and we are looking forward to more participation and making a bigger difference in the coming months.

During the last year, many Sasians have become involved in fitness and marathons and now this interest is manifesting itself into CSR efforts on their part. So far, a considerable number of employees have been involved in city and country-wide organized marathon events and helped raise money and other resources for NGOs and independent initiatives.

At Sasken, we attempt and often succeed in our concentrated efforts of Making a Difference in all of our activities and initiatives. Most recently, we launched an Employee - Satisfaction Survey Program called 'Speak Your Mind', open to the entire organization aimed at gauging satisfaction levels of employees as well as working on areas that require change and / or development. As part of this program, Sasken will contribute ₹100 for every survey completed, towards Project NanhiKali, a foundation endeavoring to work towards the education of the girl child.

On a regular basis, we host Blood Donation Camps and awareness programs on AIDS and Cancer.

'Prakruti Community' is another unique program that your Company has been committed to. The community is a group of 20 people, constituted by key stakeholders from the IT, Facilities and Marketing (from a communications perspective) who focus on specific environment centric activities and how we can become more sustainable. Once a quarter, Prakruti holds a review and designs activities, initiatives and other effective campaigns. The team is constantly involved in conceiving innovative ways in which the organization can move towards becoming socially more responsible. We also host the 'Prakruti Mela', during which we invite environment friendly product vendors to our corporate facility in Bangalore and organize a fair.

Awards Received

Your Company is always striving to be the best in its category! We at Sasken cherish all our triumphs, be it internal or external, individual victories or those as an entire organization. A few of the significant wins in the year that passed are listed below:

- ISA (Indian Semiconductor Association) Technovation Awards, 2011: Sasken won the ISA Technovation Award 2011 in the Embedded System House Indian Enterprise category. The award identifies Intellectual Property created in India and the companies behind them. It honors semiconductor driven research which recognizes and motivates role models in India.

  "The standard of competition at the ISA Technovation Awards was very high. Sasken's win truly reflects its competence and reiterates that innovation is in its DNA", said PVG Menon, President, ISA.

- Gold Award, LACP Spotlight Awards, 2011: Sasken's Annual Report 2011 won the Gold Award at the League of American Communications Professionals in the Global Communications Category.

- Sony Ericsson Communications (SEMC) Supplier Award: Sasken won the SEMC Supplier Award for the second time in the last four years. The award recognizes consistent quality of delivery of Sasken's engagement with SEMC and their view of Sasken as a trusted partner.

  "An easy-to-work-with supplier that acts in a professional way while showing great flexibility and diversity in adapting to SEMC needs. Sasken has provided world class in-time-delivery, ramp-up speed and a good ability to build trust" was the prime motivation behind SEMC's decision to award Sasken during the supplier conference once again.

- Mr. Swami Krishnan, Head – Marketing was chosen to be part of the Top-50 Marketing Gurus in the MITR 50 List – By IBM Connect 2012. IBM and Paul Writer recognize CMOs who have adopted technology to enhance customer experience and engage with the market in order to drive business results.
- Ms. Ramya Venkateswaran was the First Runner-up in the Young Woman Achiever Award at the Women Leaders in India 2011 Conference, organized by iiGlobal.

Patents

The following table gives details of various patent applications made by your Company, till date:

	US	India	Other Countries	Acquired
Applied#	53	27	9	-
Granted	33	11	1	1
Abandoned	6	4	3	-
Pending	14	12	5	-
Sold	4	-	-	-
Owned	29	11	1	1
Granted since last report	3	-	-	-

Includes divisional patents

Corporate Governance

Your Company is committed to maintaining the highest standards of Corporate Governance. Your Directors adhere to the standards set out by the Securities and Exchange Board of India's (SEBI) Corporate Governance practices and accordingly have implemented all the major stipulations prescribed. Your Company's Corporate Governance Compliance Certificate dated April 26, 2012 in line with Clause 49 of the Stock Exchange Listing Agreement is given in Annexure 2 forming part of this Report.

Directors' Responsibility Statement

As stipulated in Section 217(2AA) of the Companies Act, 1956, (the Act) your directors subscribe to the Directors' Responsibility Statement and confirm that:

- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- The Directors have taken proper and sufficient care of the 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 fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

Subsidiary Companies

As required under Accounting Standard 21, Consolidated Financial Statements incorporate the results of the following subsidiary companies and a joint venture company viz. (a) Sasken Network Engineering Limited (b) Sasken Network Solutions Inc. (c) Sasken Communication Technologies Mexico S.A. de C.V. (d) Sasken Communication Technologies (Shanghai) Co. Ltd., (e) Sasken Communication Technologies Oy (f) Sasken Finland Oy (g) Sasken Inc. (h) Sasken Japan KK and (i) ConnectM Technology Solutions Pvt. Ltd.

In terms of the general permission granted by the Central Government to all companies vide General Circular No. 3/2011 dated February 21, 2011, the audited Financial Statements along with the reports of the Board of Directors and the Auditors pertaining to the above subsidiaries have not been attached to this Report. The Financial Statements of the said subsidiaries will be kept for inspection by any investor at the Registered Office of your Company and that of the subsidiary companies. Investors who want to have a copy of the above may write to the Company Secretary at the Registered Office.

Directors

Dr. Ashok Jhunjhunwala, Mr. Jyotindra B. Mody and Mr. Sanjay M. Shah retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Governance & Nomination Committee of the Board of your Company has recommended their re-appointment for consideration of the Shareholders.

Remuneration payable to Executive Directors is detailed in the notice convening the Annual General Meeting for shareholders' approval.

Conservation of Energy, Technology Absorption and Foreign Exchange Outgo

Annexure 3 forming part of this Report gives information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo.

Directors' Report *(Contd.)*

ISO 14001:2004

Sasken is compliant with the Environmental Management System Standard - ISO 14001:2004. Sasken is committed to contribute towards environment management, being a responsible corporate member of the communities in which it operates. This reaffirms your Company as a responsible corporate citizen.

ISO / IEC 27001:2005

Sasken adheres to the Information Security Management System - ISO / IEC 27001:2005. This is important for assuring our stakeholders (like Customers, Partners, Vendors, Investors and Employees) of our commitment in protecting their information assets and Intellectual Properties (IPs), as well as sensitizing all employees about importance of confidentiality, integrity and availability of information assets of our stakeholders.

TL 9000 R5.0 / R4.5 (including ISO 9001:2008)

Sasken is compliant with the telecom industry specific Quality Management System Standard - TL 9000 R5.0 / R4.5 which by definition includes the ISO 9001:2008 (QMS - Quality Management System) requirements and in addition telecom domain specific measurement and documentation requirements which helps to maintain consistent quality of deliverables within agreed timelines and budget to its valued customers.

Particulars of Employees

We present abridged accounts under Section 219 of the Companies Act, 1956. Pursuant to the Rules and Forms read with Section 219 of the Companies Act, 1956, the particulars of employees, as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 have not been provided. However, these particulars are available for inspection at the Registered Office of the Company and upon written request from a shareholder, we will arrange to mail these details. It may be noted that such particulars will not include details of employees of the Company posted and working outside India as per the relevant rules.

Deposits

Your Company has neither accepted nor renewed any deposits during the year. As such, no amount of principal and / or interest is outstanding as on the Balance Sheet date.

Auditors

M/s. S.R. Batliboi & Co. (Firm Registration Number: 301003E), Auditors of the Company retire at the forthcoming Annual General Meeting and have confirmed their eligibility for re-appointment.

Acknowledgement

Your Directors place on record their appreciation of co-operation and support extended by customers, shareholders, vendors, bankers and all governmental and statutory agencies. Your Directors thank the employees for their valuable contribution during the year and look forward to their continued support.

For and on behalf of the Board of Directors

Place : Bangalore
Date : April 26, 2012

Rajiv C. Mody
Chairman & Managing Director

Annexure to the Directors' Report

Annexure 1

Disclosures under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999

	Description	ESOP 2000	ESOP 2006
1.	Number of Options outstanding as on April 1, 2011	22,614	20,24,175
2.	Number of Options granted during the year	-	50,000
3.	Number of Options vested (but not exercised) cumulative till March 31, 2012	22,614	10,01,900
4.	Number of Options exercised during the year	-	5,44,775
5.	Number of shares arising as a result of exercise of Options	-	5,44,775
6.	Number of Options lapsed (due to resignation, etc.) during the year ended March 31, 2012	12,372	241,700
7.	Number of Options outstanding as on March 31, 2012	10,242	12,87,700
8.	Money realized by the exercise of Options (in ₹)	-	2,83,28,300
9.	Number of Options in force	10,242	12,87,700

10. Variation of terms of Options - Nil

11. Pricing formula for the grant:

    Pricing of the Option will be at market price, as may be determined by the Compensation Committee of the Company. The first lot of Options will vest after one year from the date of grant of Option and the subsequent lots will vest thereafter. The Option-holder will have two years from the date of vesting to exercise the Options. On the expiry of the exercise period, Options that have not been exercised will lapse and cease to be valid. However, the exercise period can be extended for exceptional cases based on approval by the Compensation Committee.

    Following is a snapshot of Vesting Schedule applied at different grants:

Options granted during	Vesting Schedule	Price Range (₹)
2004 - 05	July 2005 - July 2008	160 - 256
2005 - 06	July 2006 - July 2009	225 - 321
2006 - 07	July 2007 - July 2009 Oct 2007 - Oct 2010 Jan 2008 - Jan 2011	234 - 321 298 - 394 367 - 559
2007 - 08	Apr 2008 - Apr 2011 July 2008 - July 2011 Oct 2008 - Oct 2011	475 - 667 554 - 746 410 - 602
2008 - 09	Apr 2009 - July 2009	120
2009 - 10	April 2010 - Oct 2012	52 - 155
2010 - 11	May 2011 - Oct 2013	190 - 207
2011 - 12	Oct 2012 - July 2014	138

12. Details of Options granted to some of the senior managerial personnel during the year under review:

Name	No. of Options	Vesting Schedule	Price (₹)
Nagamani Murthy	50,000	Oct 2012 – July 2014	138

13. Employee-wise details of Options granted to:

Other Employees who were in receipt of grants amounting to 5% or more of total Options granted during the year	:	Nil
Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	:	Nil

14. Consolidated Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with the Indian Accounting Standard 20 : ₹24.44 per share

15. Description of method and significant assumptions used during the year to estimate fair value of Options

    The method applied was the Black – Scholes – Merton formula with the following assumptions :

Particulars	2011-12
Average risk free interest rate (%)	8.09
Weighted average expected life of Options granted (in years)	2.63
Expected dividend yield (%)	6.24
Volatility (annualized)* (%)	64.38
Weighted average market price (₹)	112.20
Exercise Price (₹)	138.00
Weighted average fair value of the Options (₹)	32.96

* Based on historical market price of the Company's shares for the period since listing.

Annexure 2

Corporate Governance Compliance Certificate

To
The Members,
Sasken Communication Technologies Limited,

We have examined all the relevant records of Sasken Communication Technologies Limited, for the purpose of certifying compliance of the conditions of Corporate Governance, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges. We have obtained all information and explanation which to the best of our knowledge and belief were necessary for the purposes of the certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For J. Sundharesan & Associates
Company Secretaries

J SUNDHARESAN
Practising Company Secretary
FCS 5229, CP No.5164

Place : Bangalore
Date : April 26, 2012

A) Conservation of Energy – Environmental Management System (EMS)

We strive to continue saving energy for the next generations!!

Sasken, with its focus on concentrating highly towards managing the environmental system, has made this its DNA by being environmentally responsible in its workplace. Our employees being important stakeholders have been acting as major 'Change Agents' in supporting initiatives such as:

- 100% compliance to all applicable legislation
- Creating awareness on the consumption of environment's resources through various campaigns
- Recycling and re-using resources in our Business operations
- Promoting environment friendly products

Sasken has been committed to achieving high standards of environmental quality and product safety, as well as providing a safe and healthy environment for its employees, contractors and the society.

To create awareness and contribute to conserving the environment, extensive environmental drives were initiated in FY11-12, which have attracted huge participation from employees. Under the 'Prakruti Mela' initiative, we encourage our employees to procure environment friendly products that have helped one to understand the importance of natural resource conservation. With an objective to create 'Safety awareness', personnel, fire and workplace safety workshops were organized. The sessions included tips on how to handle emergency situations and some life saving techniques too.

Few initiatives like Vehicle Emission Test, CPR training on Basic Life Safety by Manipal Hospital Team were organized for the benefit of the employees.

Sasken provides its employees with the option of using transportation provided by the organization at a subsidized price. Bigger vehicles have been replaced by smaller ones keeping in mind the environmental aspect and reducing carbon footprint. Employees have also chosen to 'Cycle to work' for further contribution to the environment.

We have also successfully carried out various waste recycling programs. A set of guidelines have been put in place by the EMS team to ensure that EMS awareness is driven at the design stage of all hardware and software related projects.

During the year, we had taken twelve initiatives that resulted in some savings in the average monthly consumption of electricity.

Another highlight has been Sasken's effort to 'Save Paper'. We have implemented multi-functioning devices in all our facilities that enable employees to scan and save the copies instead of only printing.

This has significantly brought down the usage of paper in the Company.

At Sasken, our commitment to continuous improvement on environmental performance is integrated into our programs. This is driven by individual commitment of various team members and strong support from the Management.

Our philosophy is ***'Every drop counts, every tree is precious and every watt is valuable. We continue to pledge to take the initiative and make a difference.'***

B) Research & Development and Technology Absorption

The Company continues its focus in Multimedia, Wireless Broadband and Mobile Value Added Services. Further, R&D in product development has been invested. Additionally, the Company has been consolidating its leadership position in Android and Windows Phone-7/8 porting and upgrading, by investing in re-usable assets to accelerate the process. The Company is also taking initiative for development of solutions based on video analytics algorithms.

Your Company has made further inroads into the automotive segment by acquiring another Japanese automotive customer for its rear seat entertainment solution. Apart from making solution compliant to industry standards, Company has focused on compliance to popular proprietary technologies. Your Company has achieved Dolby certification for this solution and DivX certification is in process.

Android has made the switch from being a promising emerging technology to being a mainstream Operating System (OS) for handheld devices. With Microsoft's focus, Windows Phone-7/8 is also emerging as a credible alternative to Android. Your Company has the reputation of being a leader in the porting of Android and Windows Phone-7/8 OS and middleware onto new hardware platforms. The business opportunity also includes upgrading from one version of Android to a newer version, on existing hardware platforms. Your Company has continued to keep pace with the time-to-market demands of the customers, by investing in developing assets and processes to accelerate this task. We are the preferred partners for this domain for all the top 5 application processor companies and 4 of the top 5 handset OEMs.

Long Term Evolution (LTE) is gaining traction as the choice for wireless 4G technology. Your Company's investments in the development of an eNodeB (a base station) for this technology are yielding results in terms of us being the preferred partner for design services for a reputed protocol stack licensing company. A prototype eNodeB was demonstrated at COMSNET 2012 and Mobile World Congress 2012. An end-to-end solution including multiple UEs (User Equipment), an eNodeB and ePC (evolved Packet Core) implementing a QoS (Quality of Service) policy scheduler was demonstrated. This demonstration also uses another competency that your Company is developing – Deep Packet Inspection (DPI). DPI technology allows the implementation of many innovative applications by analyzing the network protocols that are being used by applications.

The R&D unit of your Company at Chennai has been registered with DSIR as its approved in-house R&D unit.

Your Company continued to make progress on VyapaarSEWA™ which was selected as part of Department of Telecommunication Universal Service Obligation Fund's (DoT-USOF) 'Sanchar Shakti' Scheme – a pilot initiative in ICT Mobile Value Added Services for Women's Self Help Groups in rural India. The Proof of Concept (PoC) was successfully demonstrated. Based on the PoC evaluations the DoT-USOF has accorded administrative approvals for the pilot project.

C) Foreign Exchange Earnings and outgo (on accrual basis)

Amount in ₹ lakhs

Foreign exchange earnings	33,509.27
Foreign exchange outgo (including capital goods purchased, travel expenses and dividend paid in foreign currency)	9,769.16

Corporate Governance

At Sasken, the governance standards are upheld through its core values and principles. Your Company continuously strives to maintain the work environment based on its core values - **"IRISE"** which stands for **I**ntegrity, **R**espect for individual, **I**nnovation, cu**S**tomer centricity and **E**xcellence. Such values are an integral part of the Management system and ensure accountability, fairness, integrity and transparency in the dealings, while keeping the whole structure of the Company more responsible towards enhancing the trust of all stakeholders, both internal and external.

Your Company has a Code of Conduct for its employees and Directors and it is available on its website. Your Company has also in place a Policy on Code of Conduct for Prevention of Insider Trading and an Information Security Policy that ensures proper utilization of IT resources.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement existing as of March 31, 2012 and presents the following Corporate Governance Report for the year 2011-12 based on the said disclosure requirements.

Board of Directors

As on March 31, 2012, the Board of Directors of your Company comprises twelve directors out of which eight are Non-Executive Directors (including six Independent Directors) and four are Executive Directors. An Alternate Director is also on the Board. The Board has an optimum combination of Executive, Non-Executive and Independent Directors with considerable experience in their respective fields. The Chairman of the Board is an Executive Director and manages the day to day affairs of the Company, supported by other Executive Directors. Of the entire Board, 50% of the Directors are "Independent", as defined in Clause 49 of the Listing Agreement.

No Director of the Company is a member in more than 10 committees or acts as Chairman of more than 5 committees across all companies, in which he / she is a director. The names and categories of the Directors on the Board, number of their other directorships and shareholding in the Company are given below:

Director	Category	Shareholding as of March 31, 2012	No. of Directorship held*		Committees†	
			Public	Private	Chairman	Member
Mr. Rajiv C. Mody**	Executive	11,113	3	1	-	-
Dr. Ashok Jhunjhunwala	Independent	8,470	6	-	1	3
Mr. Bansi S. Mehta	Independent	5,929	14	1	4	5
Mr. Bharat V. Patel	Independent	18,200	4	-	1	2
Mr. J.B. Mody**	Non-Executive	3,68,106	4	3	-	1
Prof. J. Ramachandran	Independent	33,950	7	2	1	5
Mr. Kiran S. Karnik	Independent	-	2	3	-	1
Mr. Pranabh D. Mody**	Non-Executive	3,18,506	3	3	-	-
Mr. Sanjay M. Shah	Independent	8,482	1	-	-	-
Dr. G. Venkatesh	Executive	3,01,092	1	2	-	-
Mr. Krishna J. Jhaveri**	Executive	51,056	-	-	-	-
Ms. Neeta S. Revankar	Executive	53,242	1	-	-	-
Mr. Bharat P. Mehta#	Alt. Director	1,250	3	3	-	-

* Does not include directorships in Sasken, foreign bodies corporate and companies incorporated under Section 25 of the Companies Act, 1956.
** Promoter
† Denotes membership in Audit and Investor Grievance Committees of public limited companies other than Sasken.
# Mr. Bharat P. Mehta is the son-in-law of Mr. J. B. Mody.

The Board normally meets once in a quarter and additionally as and when required. During the year 2011-12, the Board of Sasken met on 6 occasions, i.e. on April 27, 2011, June 10, 2011, July 22, 2011, October 24, 2011, January 28, 2012 and February 16, 2012. The maximum gap between the two meetings was not more than 4 months. Quorum was present at all the meetings.

The attendance of the Directors and the sitting fees paid to them for Board / Committee meetings:

Directors	No. of Board meetings during 2011-12		Whether attended last AGM held on July 22, 2011	Sitting fee (In ₹ lakhs)
	Held	Attended		
Mr. Rajiv C. Mody	6	6	Yes	-
Dr. Ashok Jhunjhunwala	6	5	No	1.60
Mr. Bansi S. Mehta	6	5	Yes	1.00
Mr. Bharat V. Patel	6	2	No	0.70
Mr. J.B. Mody	6	-	No	-
Prof. J. Ramachandran	6	5	No	1.40
Mr. Kiran S. Karnik	6	3	No	0.50
Mr. Pranabh D. Mody	6	1	No	0.20
Mr. Sanjay M. Shah	6	4	Yes	0.40
Dr. G. Venkatesh	6	5	Yes	-
Mr. Krishna J. Jhaveri	6	3	Yes	-
Ms. Neeta S. Revankar	6	5	Yes	-
Mr. Bharat P. Mehta	6	2	No	0.20

Tenure

Except three of the Promoter Directors, all other Directors of your Company are liable to retire by rotation. One-third of the said Directors are liable to retire every year and if eligible, offer themselves for re-appointment. The Board has the power to determine tenure of all the Executive Directors.

Profile

The profile of Directors who are being re-appointed at the Annual General Meeting is given in annexure forming part of the Notice convening the meeting. The profile of all the Directors is available the Company's website, viz. www.sasken.com.

Remuneration

The Compensation Committee determines the compensation payable to the Executive Directors, within the overall limits approved by the Members and in accordance with the provisions of the Companies Act, 1956.

(i) Elements of remuneration package of Executive Directors:

The remuneration of the Executive Directors is broken into two parts viz., Fixed Pay and Variable Performance Pay (VPP). Fixed Pay is determined by the Compensation Committee within the limits set by the Members. VPP is paid on the basis of performance parameters set for each of the Executive Directors at the beginning of the year, in consultation with the CEO. The Compensation Committee reviews the performance of the Executive Directors. VPP payable to the Executive Directors for the year is determined by the Compensation Committee on the performance of the Directors and also of the Company.

Apart from the remuneration mentioned above, the Executive Directors are not eligible for any other benefits such as commission on net profits, etc. Contribution towards provident and superannuation funds is as per the Company's policy and forms part of the Fixed Pay. Among the Executive Directors, Dr. G. Venkatesh and Ms. Neeta S. Revankar are eligible for stock options, Mr. Rajiv C. Mody and Mr. Krishna J. Jhaveri being Promoter Directors are not eligible for stock options.

(ii) Elements of remuneration package to Independent / Non-Executive Directors:

The Members have at the Annual General Meeting held on September 19, 2009 approved payment of commission on net profits to the Independent Directors for a period of five years commencing from April 1, 2009 to March 31, 2014 at the rate not exceeding in the aggregate 1% of the net profits of the Company for each financial year as computed under the applicable provisions of the Companies Act, 1956 and such commission be allocated amongst them in such manner as may be decided by the Board of Directors within the limits specified therein.

Towards this end, the Board took into consideration the attendance and contribution made by Independent Directors at Board and certain Committee meetings as well as the time spent by them on operational matters other than at meetings while arriving at the commission payable to them for the year ended March 31, 2012. No stock options were granted to Directors during the year. The following table shows the remuneration paid / payable to the Directors for the year 2011-12:

Amount in ₹ lakhs

Directors	Fixed Remuneration	Variable Performance Pay	Commission
Mr. Rajiv C. Mody	78.75	-	-
Dr. Ashok Jhunjhunwala	-	-	12.50
Mr. Bansi S. Mehta	-	-	10.00
Mr. Bharat V. Patel	-	-	8.00
Prof. J. Ramachandran	-	-	12.50
Mr. Kiran S. Karnik	-	-	6.00
Mr. Sanjay M. Shah	-	-	2.00
Dr. G. Venkatesh	63.79	-	-
Mr. Krishna J. Jhaveri	34.83	-	-
Ms. Neeta S. Revankar	63.75	-	-

The proposed remuneration to the Executive Directors for the financial year 2012-13 is given in the Notice convening the next Annual General Meeting, forming part of this Annual Report.

Board Committees

In order to have a more focused attention on the affairs of the Company, the Board has formed various Committees. These Committees prepare the groundwork for decision making and report at the subsequent Board Meeting. As of March 31, 2012, your Company has the following Committees of the Board of Directors:

(a) Audit Committee
(b) Compensation Committee
(c) Share Transfer and Investor Grievance Committee
(d) Governance and Nomination Committee
(e) Strategy, Business and Marketing Review Committee
(f) Technology, Capabilities and HR Committee

Audit Committee

The purpose of this Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure process, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The Audit Committee comprises four Directors, three of whom are Independent Directors.

Mr. Bansi S. Mehta is the Chairman of the Audit Committee. The other members of the Committee are Prof J. Ramachandran, Dr. Ashok Jhunjhunwala and Mr. Pranabh D. Mody.

The terms of reference are as follows:

1. Regular review of accounts, accounting policies, disclosures, etc.
2. Review of the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.
3. Qualifications in the draft audit report.
4. Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
5. Conducting post audit discussions with the independent auditors to ascertain any area of concern.
6. Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.
7. To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders and creditors.
8. To look into the matters pertaining to the Directors' Responsibility Statement with respect to compliance with Accounting Standards and accounting policies.
9. Compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
10. The Committee shall look into any related party transactions i.e., transactions of the Company of material nature, with promoters or management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.
11. To recommend appointment and remuneration of statutory and internal auditors.
12. To review the functioning of Whistle Blower mechanism.
13. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

The Audit Committee met four times during the year, i.e. on April 27, 2011, July 22, 2011, October 24, 2011 and January 28, 2012. The minutes of the meetings are placed before the Board at the succeeding Board Meeting for information. Quorum was present at all the meetings.

Details of attendance at the Committee meetings are given below:

Director	No. of Meetings	
	Held	Attended
Mr. Bansi S. Mehta	4	4
Prof J. Ramachandran	4	3
Dr. Ashok Jhunjhunwala	4	4
Mr. Pranabh D. Mody	4	1

Mr. Rajiv C. Mody, Chairman & Managing Director, Dr. G. Venkatesh, Whole Time Director & CTO, Ms. Neeta S. Revankar, Whole Time Director & CFO and both the Internal as well as Statutory Auditors of the Company are permanent invitees to the Audit Committee meetings.

Mr. R. Vittal, Company Secretary acts as Secretary to the Committee.

Compensation Committee

This Committee's goal is to ensure that the Company attracts and retains highly qualified employees in accordance with its business plans, that the Company fulfills its ethical and legal responsibilities to its employees and that management compensation is appropriate.

Prof. J. Ramachandran chairs the Compensation Committee. Dr. Ashok Jhunjhunwala and Mr. Pranabh D. Mody are the members of the Committee.

The terms of reference are as follows:

1. To review performance and determine the remuneration payable to Executive Directors.
2. To determine the number of stock options to be granted under the Company's Employees Stock Option Scheme and administration of the Stock Option Plan.
3. Establishment and administration of employee compensation and benefit plans.
4. Such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by the Compensation Committee.

The Compensation Committee met once during the year, i.e. on April 27, 2011 with the attendance of Prof. J. Ramachandran and Dr. Ashok Jhunjhunwala. As such the quorum was present at the meeting. The minutes of the meeting are placed before the Board at the succeeding Board Meeting for information. Whenever needed, decisions were also taken by the Committee by circulation process.

Share Transfer and Investor Grievance Committee

The Company has a Share Transfer and Investor Grievance Committee at the Board level inter-alia to look into various issues relating to Investor Grievances including transfer and transmission of shares, issue of duplicate share certificates, non-receipt of dividend, Annual Report, etc. The Committee meets to approve share transfers, transmissions and issue of duplicate share certificates from time to time. Members of the Committee are Prof. J. Ramachandran (Chairman), Mr. Rajiv C. Mody and Dr. G. Venkatesh.

The Committee met four times during the year i.e. on April 27, 2011, July 22, 2011, October 24, 2011 and January 28, 2012 to deliberate on the aforesaid matters. The minutes of the meetings are placed before the Board at its succeeding meeting for information. Quorum was present at all the meetings.

Details of the attendance at the Committee meetings are given below:

Director	No. of Meetings	
	Held	Attended
Prof. J. Ramachandran	4	3
Mr. Rajiv C. Mody	4	4
Dr. G. Venkatesh	4	4

The shares of the Company are traded on the Stock Exchanges only in dematerialized form and are automatically transferred on delivery in dematerialized form. To expedite transfer of shares in physical segment, authority has been delegated to the Company Secretary and the Deputy Company Secretary to approve such share transfers.

As on March 31, 2012, there were no share transfers pending. Details of number of shares transferred during the year, time taken for effecting transfers and number of complaints received are given in the "Shareholder Information" section of the Annual Report.

Mr. R. Vittal, Company Secretary acts as the Compliance Officer.

Governance and Nomination Committee

This Committee was constituted on October 21, 2010. The objectives of this Committee are, among other things, to develop the criteria for, and review annually with the Board, the requisite experience, qualifications, skills and characteristics of existing and new directors, as well as the composition of the Board overall, in accordance with the Corporate Governance Practices. The Committee will determine from time to time, whether those are adequate for the Company's needs. The Committee shall also evaluate candidates for nomination to the Board, including those recommended by Members.

The Committee comprises three Independent Directors with Mr. Kiran S. Karnik as Chairman and other members being Mr. Bansi S. Mehta and Mr. Bharat V. Patel.

The terms of reference are as follows:

1. Assist the Board by identifying individuals qualified to become Board members and to recommend to the Board, the Director nominees for the next Annual General Meeting of the Company or otherwise for filling casual vacancies arising from time to time, having regard inter-alia to attendance at Board meetings, participation in Board deliberations etc.
2. Recommend to the Board the Corporate Governance Guidelines as applicable to the Company.
3. Lead the Board in its annual review of the Board's performance.
4. Recommend to the Board members and chairpersons for each committee.
5. Support the Board's endeavour in evaluating the suitability of a director prior to recommending his / her re-appointment by the Shareholders.
6. Guide the Board on Corporate Governance issues and trends as and when necessary.
7. Serve in an advisory capacity on matters of organizational and governance structure and the conduct of the Board.

The Committee met once during the year i.e. on April 27, 2011 with all members present at the meeting to deliberate on the aforesaid matters. The minutes of the meeting were placed before the Board at its succeeding meeting for information.

Strategy, Business and Marketing Review Committee

This Committee was constituted on October 21, 2010. The main objectives of this Committee are, among other things, to review the Strategic Business Plans, Annual Business Plans of the Company. The Committee comprises three Independent Directors with Prof. J. Ramachandran as Chairman and other members being Dr. Ashok Jhunjhunwala and Mr. Bharat V. Patel.

The terms of reference are as follows:

1. Assist the Board by analyzing and reviewing with the Senior Leadership Team the Strategic Business Plans, Annual Business Plans.
2. Recommend to the Board the adoption of such plans as the Senior Leadership would prepare in consultation with the Committee from time to time.
3. Bring to bear on such plans the best business practices followed by leading companies across the globe relevant to the Company's businesses.
4. Validate on behalf of the Board proposals for (i) new business venture, (ii) any investment in capital of any entity beyond ₹5.00 crores, (iii) any mergers, acquisitions, demergers, (iv) forming new Joint Ventures or Wholly Owned Subsidiary companies and (v) investing in any existing Joint Venture any sum beyond the Board approved limit.

Corporate Governance *(Contd.)*

5. Review on an ongoing basis the Capital Budgets and Annual Operating Plans at the end of each half year.
6. Be an aid to the Board in reviewing the performance of the Company, its subsidiaries and joint venture companies for the purposes of quarterly Business results.
7. Review with the Senior Management Team on a half yearly basis marketing channels engaged by the Company and advise improvements thereon.
8. Serve in an advisory capacity on matters of importance on Strategy, Business and Marketing aspects.

The Committee met four times during the year i.e. on April 27, 2011, July 21, 2011, October 23, 2011 and March 9, 2012 to deliberate on the aforesaid matters. The minutes of the meetings are placed before the Board at its succeeding meeting for information. Quorum was present at all the meetings.

Details of the attendance at the Committee meetings are given below:

Director	No. of Meetings	
	Held	Attended
Prof. J. Ramachandran	4	3
Dr. Ashok Jhunjhunwala	4	4
Mr. Bharat V. Patel	4	4*

* Participated in one meeting via video conferencing.

Technology, Capabilities and HR Committee

This Committee was constituted on October 21, 2010. The Committee shall among other things review new technology and strategy initiatives to spur the growth of the Company. The Committee comprises three Independent Directors with Dr. Ashok Jhunjhunwala as Chairman and other members being Mr. Kiran S. Karnik and Prof J. Ramachandran.

The terms of reference are as follows:

1. Review of new technology being introduced for improving the productivity of employees.
2. Strategic initiatives in development of assets and human resources in new technologies.
3. Review of the competency map of the organization. This could be with reference to verticals like Android, Symbian, etc.
4. Review of the proficiency profile of the organization in the verticals. Discussions on roadmap.
5. Training efficiency - Number of people delivered per unit time, cost of delivering a trained resource, capacity of training engine.
6. Employee satisfaction indexing and tracking on a periodic basis, say quarterly.
7. Review of attrition data and steps being taken to contain the same. Review of effectiveness of the steps being taken.
8. Recruitment performance - Number of people hired per unit time, cost of hiring a single resource, capacity to hire.

The Committee met twice during the year i.e. on April 27, 2011 and March 9, 2012 to deliberate on the aforesaid matters. The minutes of the meetings are placed before the Board at its succeeding meeting for information. Quorum was present at all the meetings.

Details of the attendance at the Committee meetings are given below:

Director	No. of Meetings	
	Held	Attended
Dr. Ashok Jhunjhunwala	2	2
Prof. J. Ramachandran	2	2
Mr. Kiran S. Karnik	2	1

Management Discussion and Analysis

Management Discussion and Analysis Report is given separately, forming part of this Annual Report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement with Stock Exchanges.

General Meetings

Details of last three Annual General Meetings of the Company are given below:

Year	Venue	Date	Time
2011	Registered Office of the Company	July 22, 2011	4.00 p.m.
2010	Registered Office of the Company	July 9, 2010	4.00 p.m.
2009	Registered Office of the Company	September 19, 2009	9.00 a.m.

All Executive Directors (including the Chairman and Managing Director), two Independent Directors attended the last Annual General Meeting held on July 22, 2011.

At each of the above AGMs, special resolutions were passed approving the remuneration to Executive Directors, for the approval of ESOP 2011 Scheme and partial modification of ESOP 2006 Scheme.

Postal Ballot

Pursuant to the decision of the Board of Directors dated February 16, 2012, Postal Ballot Process was initiated to obtain the approval of shareholders by way of Special Resolution under Section 77A of the Companies Act, 1956 read with the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 to buy-back equity shares of face value of ₹10 each, upto a maximum amount of ₹8,648 lakhs at a maximum price of ₹180 per share from open market through Stock Exchanges.

The Board authorized Mr. Rajiv C. Mody, Chairman & Managing Director, Ms. Neeta S. Revankar, Whole Time Director & CFO and Mr. R. Vittal, Company Secretary to oversee the Postal Ballot Process.

Mr. Gopalakrishnaraj H. H., Practising Company Secretary, was appointed as the Scrutinizer for conducting the Postal Ballot Process and based on his report, the results were announced on April 23, 2012. The communication regarding the same was issued to the Stock Exchanges, an advertisement was released in the newspapers on April 24, 2012 and the information was also made available on the Company's website.

Other Disclosures

Related Party Transactions:

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company. There is no material transaction with any related party, which requires a separate disclosure. Note No.33 of Notes to Consolidated Accounts as at March 31, 2012 contains the list of related party relationships and transactions as required by Accounting Standard 18 on Related Party Disclosures issued by the Institute of Chartered Accountants of India.

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

The Company has complied with the requirements of the Stock Exchanges and SEBI on matters relating to capital markets, as applicable from time to time.

Your Company has a Whistle Blower Policy in place. We confirm that no employee of the Company has been denied access to the Audit Committee in respect of any incident covered by the Whistle Blower Policy.

Means of communication:

Following information is displayed on the Company's website www.sasken.com from time to time :

- Financial results at the end of each quarter of the year
- Relevant Press Releases
- Company Presentations
- Transcript of tele-conference with Investor Analysts at the end of each quarter
- Shareholding Pattern
- Annual Report

The quarterly audited financial results are published in The Hindu Business Line / Financial Express (National dailies) and in Udayavani (a Kannada daily). The last four quarterly results were published in the above dailies on April 28, 2011, July 23, 2011, October 25, 2011 and on January 29, 2012.

The audited financial results for the half-year ended September 30, 2011 were sent by post to shareholders of the Company.

All material information about the Company is promptly sent through facsimile to the Stock Exchanges where the Company's shares are listed and released to wire services and the Press for information of the public at large. Besides, the Company disseminates information through Press meets, Analyst meets and through its website.

Communication in connection with Buy-back:

Your Company had commenced the previous buy-back of shares during the last financial year on December 2, 2010 and concluded on May 26, 2011. As per SEBI (Buy-back of Securities) Regulations, 1998, your Company communicated to Stock Exchanges and the investors the required information:

- By filing Daily reports with the Stock Exchanges in respect of the shares bought back;
- Publication of notice in Financial Express, all editions, Jansatta, all editions and Udayavani, Bangalore (a) on a fortnightly basis disclosing the number of shares bought and amount utilized and (b) as and when the Company completed an additional 5% of buy-back.

Code of Conduct

All the members of the Board and Senior Management personnel have affirmed compliance with the Company's Code of Conduct in respect of the last financial year.

Place : Bangalore
Date : April 26, 2012

Rajiv C. Mody
Chairman & Managing Director

Corporate Governance *(Contd.)*

General Shareholder Information

Forthcoming AGM

The next Annual General Meeting of the Company will be held on July 23, 2012 at 4.00 p.m. at the Registered Office of the Company at 139/25, Ring Road, Domlur, Bangalore 560 071.

Tentative Calendar for the financial year April 1, 2012 to March 31, 2013

Quarter ending	Likely Board Meeting Schedule
June 30, 2012	Second fortnight of July 2012
September 30, 2012	Second fortnight of October 2012
December 31, 2012	Second fortnight of January 2013
March 31, 2013	Second fortnight of April 2013
Year ending March 31, 2013	**Likely Shareholder Meeting Schedule**
Annual General Meeting	June - July 2013

Book Closure dates for the purpose of dividend

The Register of Members and Share Transfer Books will remain closed from July 14, 2012 to July 20, 2012 (both days inclusive) to determine the entitlement of shareholders to receive the dividend as may be declared for the year ended March 31, 2012.

Payment of dividend

Dividend on equity shares as recommended by the Directors for the year ended March 31, 2012, when declared at the forthcoming Annual General Meeting will be paid on or before August 21, 2012:

(a) In respect of shares held in physical form to those members whose names appear on the Company's Register of Members, after giving effect to all valid share transfers in physical form lodged on or before July 13, 2012 with the Company or the Share Transfer Agent - M/s Karvy Computershare Pvt. Ltd.

(b) In respect of shares held in electronic form, to those "deemed members" whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on July 13, 2012.

Listing on Stock Exchanges

Your Company's equity shares are listed on the following Stock Exchanges:

- BSE Limited (BSE) Scrip Code: 532663
- National Stock Exchange of India Ltd. (NSE) Scrip Code: SASKEN

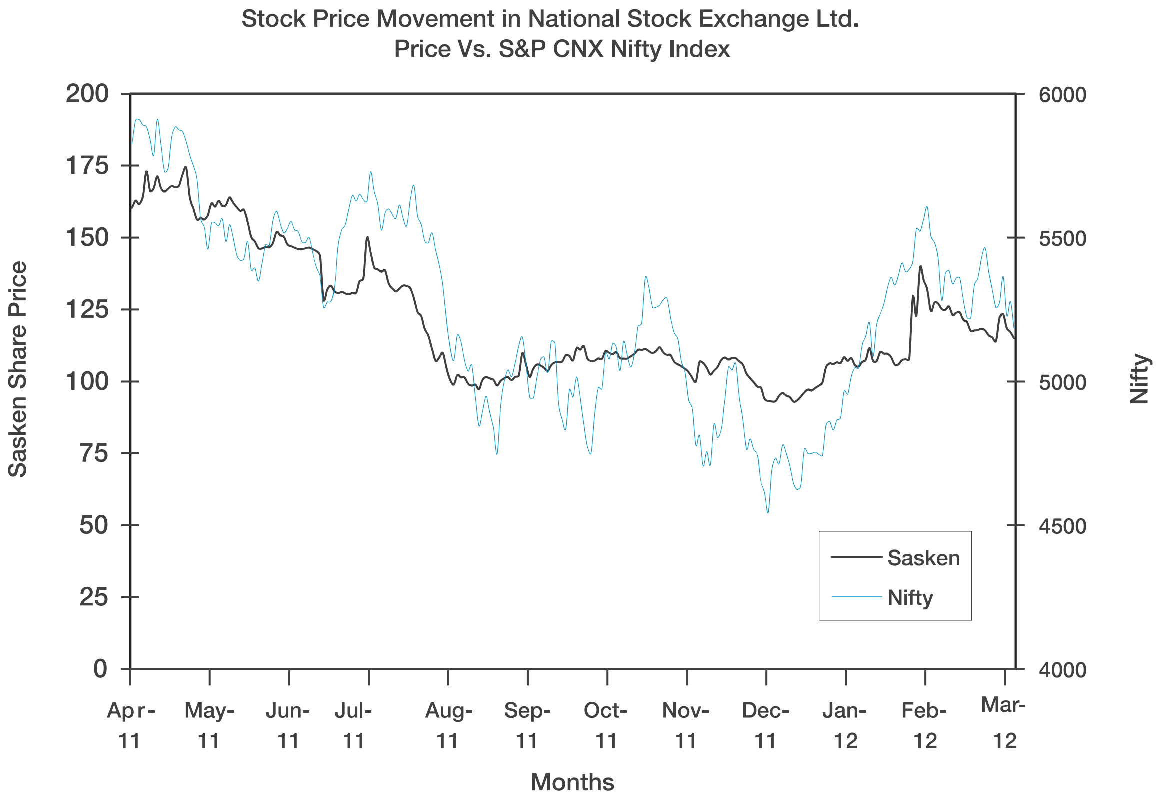
ISIN Number for equity shares INE231F01020

Listing fees for the year 2012-13 have been paid to both the Stock Exchanges.

Stock Market Data

The monthly high and low stock quotations during the financial year 2011-12 and performance in comparison to broad based indices are given below:

Financial Year 2011 – 12	Price @ NSE during each month (In ₹)		S & P Nifty Index during each month		Price @ BSE during each month (In ₹)		BSE Sensex during each month	
Month	High	Low	High	Low	High	Low	High	Low
Apr - 11	182.00	156.00	5,944.45	5,693.25	182.25	157.45	19,811.14	18,976.19
May - 11	165.00	145.00	5,775.25	5,328.70	165.00	145.30	19,253.87	17,786.13
Jun - 11	154.00	125.55	5,657.90	5,195.90	154.00	123.35	18,873.39	17,314.38
Jul - 11	154.40	115.00	5,740.40	5,453.95	154.35	115.55	19,131.70	18,131.86
Aug - 11	117.15	95.00	5,551.90	4,720.00	118.75	95.10	18,440.07	15,765.53
Sep - 11	115.70	99.70	5,169.25	4,758.85	117.00	99.70	17,211.80	15,801.01
Oct - 11	115.90	105.35	5,399.70	4,728.30	115.00	105.25	17,908.13	15,745.43
Nov - 11	112.50	98.00	5,326.45	4,639.10	112.90	98.25	17,702.26	15,478.69
Dec - 11	111.00	91.10	5,099.25	4,531.15	110.40	91.05	17,003.71	15,135.86
Jan - 12	115.90	93.15	5,217.00	4,588.05	115.80	93.00	17,258.97	15,358.02
Feb - 12	145.70	105.15	5,629.95	5,159.00	145.90	103.00	18,523.78	17,061.55
Mar - 12	140.00	109.35	5,499.40	5,135.95	128.40	109.85	18,040.69	16,920.61



Investor Correspondence	Registrar and Share Transfer Agent
	(For share transfers and other communication relating to share certificates, dividend and change of address)
The Company Secretary Sasken Communication Technologies Limited, 139/25, Ring Road, Domlur, Bangalore 560 071. Tel: 080 3989 1122 Extn. 4914 Fax: 080 3981 3329 / 2535 1309 Email: investor@sasken.com	Karvy Computershare Pvt. Ltd. Plot No.17-24, Vittalrao Nagar, Madhapur, Hyderabad 500 081. Tel: 040 2342 0818 / 4465 5000 Fax: 040 2342 0814 Contact Person: Mr. K.S. Reddy, Asst. Gen Manager Email: einward.ris@karvy.com

Distribution of Shareholding as on March 31, 2012

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1 - 5,000	33,443	93.37	29,40,858	11.31
5,001 - 10,000	1,143	3.20	8,85,982	3.41
10,001 - 20,000	575	1.60	8,63,059	3.32
20,001 - 30,000	208	0.58	5,29,573	2.03
30,001 - 40,000	87	0.24	3,07,709	1.18
40,001 - 50,000	60	0.17	2,77,336	1.07
50,001 - 1,00,000	123	0.34	8,84,589	3.40
1,00,001 and above	179	0.50	1,93,22,245	74.28
Total	**35,818**	**100.00**	**2,60,11,351**	**100.00**

Corporate Governance *(Contd.)*

Shareholding Pattern as at March 31, 2012

Category	No. of shares	%
Promoters & Promoter Group	77,10,397	29.64
Mutual Funds	26,87,508	10.33
Foreign Institutional Investors	9,83,996	3.78
Bodies Corporate	24,33,375	9.36
NRIs / Foreign Nationals	13,50,335	5.19
Directors & Relatives (other than Promoter Directors)	4,33,629	1.67
Indian Public & Others	1,04,12,111	40.03
Total	**2,60,11,351**	**100.00**

Details of complaints

Description	Received	Cleared
Non-receipt of Dividend / Annual Report	47	47

There are no valid requests pending for share transfers as at March 31, 2012.

Details of Shares held in Suspense Account

Your Company went in for IPO during August 2005 and the shares were allotted to the applicants on August 31, 2005. When the IPO concluded, there were 838 cases involving 32,962 shares, which could not be transferred to investors due to reasons such as incomplete / wrong / invalid Demat Account details, etc. With persistent follow up and reminders, we were able to identify and transfer most of the shares. As at March 31, 2011 there were 27 cases involving 675 shares that remained unclaimed. There has been no change in the position during the year ended March 31, 2012, viz. 27 cases involving 675 unclaimed shares. The unclaimed shares are kept in a separate Suspense Account and will be transferred to the rightful holders as and when they approach the Company. Our efforts to locate the rightful owners will continue. The voting rights on these shares shall remain frozen till the rightful owners of such shares claim the shares.

Other information useful for Shareholders

During the year, the Company approved 4 requests for transfer of 4,043 shares in physical segment. Share transfer requests are acted upon within 7-10 days of receipt at the Registered Office / Registrar. In case no response is received within 15 days of lodgement of transfer request, the lodger may write to the Company with full details so that necessary action could be taken to safeguard interests of the concerned against any possible loss / interception during postal transit. As mandated by the Listing Agreement, the Company has designated **investor@sasken.com** as the exclusive email ID for redressal of investor complaints. Investors are urged to make use of this facility.

Dematerialization requests duly completed in all respects are normally processed within 7 days from the date of their receipt.

National Electronic Clearing Service / Mandates / Bank Details

Shareholders may note that Bank Account details given by them to their Depository Participants would be used for payment of dividend under National Electronic Clearing Service facility. Shareholders desirous of modifying these instructions may write to the Share Transfer Agent, Karvy Computershare Pvt. Ltd., Hyderabad (for shares held in physical form) or to their respective Depository Participants (for shares held in electronic form), as early as possible and in any case before the date of next Annual General Meeting.

Unclaimed Dividends

Under the provisions of the Companies Act, 1956, any dividend amount that remains unclaimed in the Unpaid Dividend Account of the Company for a period of seven years from the date of its transfer to the said account, has to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. As regards the dividend declared at the Annual General Meeting held on June 11, 2004 remaining unclaimed, was transferred to IEPF within the due date.

Once the transfer to IEPF is complete, no claims shall lie against the IEPF or the Company for the amount of dividend nor shall any payment be made in respect of such claims. Members who have not encashed the dividend warrants issued on any date after June 10, 2005 may write to the Company and follow the procedure for claiming the amount.

Dematerialization of Shares

Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialized form and at present 97% of the shares of the Company are held in demat form. Considering the advantages of scripless trading including enhanced marketability of the shares, shareholders holding shares in physical form are requested to consider dematerializing their shareholding so as to avoid inconvenience in future.

Outstanding Warrants, conversion date and likely impact on equity

3,00,000 convertible warrants were allotted on March 29, 2010 to Mr. Rajiv C. Mody, Chairman & Managing Director and one of the founders of the Company pursuant to a Special Resolution passed by the shareholders under Section 81(1A) of the Companies Act, 1956 read with SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009. When the warrants were due for conversion into shares in September 2011, Mr. Mody decided not to seek the conversion of warrants allotted to him thereby there has been no change in his shareholdings. Consequently, the Company forfeited the sum of ₹1.32 crores paid by him for the allotment of subject shares and credited it to Capital Reserve Account.

General

(a) Shareholders holding shares in physical form are requested to notify the Company / Registrar in writing, any change in their address and / or Bank Account details under the signature of sole / first joint holder. Beneficial owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc. directly to their Depository Participants (DP) as the same are maintained by the DP.

(b) Non-resident shareholders are requested to notify at the earliest:
- change in their residential status on return to India for permanent settlement;
- particulars of their NRE Bank Account with a bank in India, if not furnished earlier;
- email address, if any, to the Company / Registrar.

(c) In case of loss / misplacement of share certificates, investors should immediately lodge an FIR / Complaint with the police and inform the Company / Registrar along with the copy of FIR / acknowledged copy of complaint.

(d) For expeditious transfer of shares, shareholders should fill-in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.

(e) Shareholders are requested to maintain with them the record of their specimen signature before lodgement of shares with the Company to obviate possibility of difference in signature at a later date.

(f) Shareholder(s) of the Company who have multiple accounts in identical name(s) or holding more than one share certificate in the same name under different Ledger Folio(s) are requested to write to the Company for consolidation of such Folio(s) with the relevant share certificates.

(g) Nomination in respect of shares - Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining Succession Certificate / Probate of the Will, etc. It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Please write to the Company Secretary for a nomination form.

(h) Shareholders holding shares in demat form are advised to contact their DP for making nominations.

(i) Some of the shareholders have not yet exchanged their old share certificates for the new ones, necessitated on the consolidation of the capital effected by the Company in July 2004 (i.e. consolidation of two old shares of ₹5 each into one new share of ₹10 each). Such holders are advised to send the old share certificates immediately. If the share certificates are brought in-person for exchange, the new share certificates will be provided on the spot. If the share certificates are sent by post, the new share certificates will be sent under registered post within 2 days from the date of receipt of the old share certificates. It is needless to mention that the old share certificate(s) cannot be submitted for dematerialization.

(j) Shareholders are requested to quote their email IDs, telephone / fax numbers for prompt reply to their communication.

(k) We solicit suggestions for improving the investor services.

Green Initiative

As part of the Green Initiative, the Ministry of Corporate Affairs (MCA), Government of India, has permitted companies to send official documents to their shareholders electronically.

In accordance with MCA's Circulars No.17/2011 and 18/2011 dated April 21 and April 29, 2011, we are sending all official documents to shareholders to the email addresses provided by them with their depositories. We request the shareholders to update their email address by sending us an email at memberemail@sasken.com quoting their DP ID and Client ID or with their depository participant so that the Annual Report and other documents can be sent to them on such email address. We hope shareholders will appreciate the "Green Initiative" taken by MCA and the Company's desire to participate in it.

Auditors' Report on Abridged Financial Statements

To

The Members of Sasken Communication Technologies Limited,

We have examined the Abridged Balance Sheet of Sasken Communication Technologies Limited ("the Company") as at March 31, 2012 and the Abridged Profit and Loss Account and Cash Flow Statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "Abridged Financial Statements"). These Abridged Financial Statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and Clause 32 of the Listing Agreement and are based on the accounts of the Company for the year ended March 31, 2012 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report dated April 26, 2012 to the members of the Company which report is attached.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

Auditors' Report on Standalone Financial Statements

To

The Members of Sasken Communication Technologies Limited

1. We have audited the attached Balance Sheet of Sasken Communication Technologies Limited ("the Company") as at March 31, 2012, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   (e) On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
   (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date

Re: Sasken Communication Technologies Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) In our opinion and according to the information and explanations given to us, in view of the nature of activities of the Company, the provisions of Clause 4(ii) relating to inventory is not applicable to the Company.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, as represented by the management that some items are of a special nature for which alternative quotations cannot be obtained there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of software products and services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the software products and services of the Company.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹)	Period	Forum where dispute is pending
Income Tax Act, 1961	Income taxes	54,02,918	AY 1999-00	Karnataka High Court
Income Tax Act, 1961	Income taxes	6,54,553	AY 1999-00	Pending appeal with Supreme Court
Income Tax Act, 1961	Income taxes	17,68,771	AY 2000-01	Karnataka High Court
Income Tax Act, 1961	Income taxes	2,39,131	AY 2000-01	Pending appeal with Supreme Court
Income Tax Act, 1961	Income taxes	70,56,614	AY 2001-02	Karnataka High Court
Income Tax Act, 1961	Income taxes	1,85,91,921	AY 2002-03	CIT (Appeals)
Income Tax Act, 1961	Income taxes	34,93,798	AY 2003-04	Karnataka High Court
Income Tax Act, 1961	Income taxes	45,78,380	AY 2004-05	CIT (Appeals)
Income Tax Act, 1961	Income taxes	4,18,48,985	AY 2005-06	CIT (Appeals)
Income Tax Act, 1961	Income taxes	2,53,29,943	AY 2006-07	CIT (Appeals)
Income Tax Act, 1961	Income taxes	5,79,13,076	AY 2008-09	CIT (Appeals)
Income Tax Act, 1961	Income taxes	24,35,034	AY 2009-10 & AY 2010-11	CIT (Appeals)
KST Act, 1957	KST	1,57,01,106	FY 2004-05	JCCT (Appeals)
KST Act, 1957	KST	1,18,71,588	FY 2004-05	JCCT (Appeals)

Name of the Statute	Nature of Dues	Amount (₹)	Period	Forum where dispute is pending
Canadian Income Tax Laws	Income Tax for Branches	5,10,76,956	FY 2000-01 to 2007-08	Canadian Revenue Agency
Canadian Income Tax Laws	Income Tax for Branches	1,30,08,515	FY 2000-01 to 2007-08	Ministry of Revenue, Ontario
Canadian Income tax Laws	Income Tax for Branches	1,37,336	FY 2010-11	Canadian Revenue Agency
Total		**26,11,08,625**		

Of the above, ₹9,42,04,082 has been deposited under protest.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) During the year the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) We have been informed that *certain junior employees had colluded to violate the process of selection for new candidates resulting in hiring of certain unsuitable candidates and a charge to the Profit and Loss Account of ₹55.16 lakhs* in terms of salary and other expenses, out of which ₹5.83 lakhs has been recovered subsequently. These employees have since resigned and the matter has been entrusted to the law enforcing agencies for further investigation. Except for the above we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

Abridged Balance Sheet

Amount in ₹ lakhs

	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share Capital	2,601.13	2,618.58
(b) Reserves and Surplus		
(i) Capital Reserve	132.00	-
(ii) Capital Redemption Reserve	361.17	288.23
(iii) Securities Premium Account	12,061.21	12,789.21
(iv) Employee Stock Options Outstanding (Net of deferred compensation cost)	664.88	732.37
(v) General Reserve	2,289.92	1,983.80
(vi) Business Restructuring Reserve	-	-
(vii) Hedging Reserve	(592.06)	143.98
(viii) Surplus in Profit and Loss Account	23,236.08	21,906.70
(c) Money Received Against Share Warrants	-	132.00
(2) Share Application Money Pending Allotment	13.26	18.54
(3) Non-Current Liabilities		
(a) Long Term Provisions	158.84	174.98
(4) Current Liabilties and Provisions		
(a) Trade Payables	3,445.62	3,434.76
(b) Other Current Liabilities	764.32	1,129.73
(c) Short Term Provisions	3,291.86	2,872.05
Total	**48,428.23**	**48,224.93**
II. ASSETS		
(1) Non Current Assets		
(a) Fixed Assets / Intangible Assets		
(i) Net Block - (Original Cost less Depreciation)	6,271.40	6,006.86
(ii) Capital Work-in-Progress (including Intangible Assets under Development)	0.72	289.89
(b) Non Current Investments		
(i) In Subsidiary Companies / Joint Ventures - Unquoted	7,613.56	7,537.91
(ii) Others	-	-
(c) Deferred Tax Assets (net)	832.12	628.03
(d) Long Term Loans and Advances		
(i) To Subsidiary Companies	1,692.15	1,349.48
(ii) To Others	3,967.13	4,312.14
(e) Other Non Current Assets	150.00	151.04
(2) Current Assets		
(a) Current Investments		
(i) Quoted	14,219.36	13,639.58
(ii) Unquoted	-	-
(b) Inventories	129.47	95.09
(c) Trade Receivables	8,060.75	7,492.63
(d) Cash and Bank Balances		
(i) Cash & Cash Equivalents	1,133.04	1,405.22
(ii) Other Bank Balances	1,324.13	1,821.36
(e) Short Term Loans and Advances		
(i) To Subsidiary Companies	152.25	311.75
(ii) To Others	1,667.71	1,795.23
(f) Other Current Assets	1,214.44	1,388.72
Total	**48,428.23**	**48,224.93**

Notes to Abridged Financial Statements form an integral part of Abridged Financial Statements.

As per our report on the Abridged Financial Statements of even date.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

For and on behalf of the Board of Directors of
Sasken Communication Technologies Limited

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer

R. Vittal
Company Secretary

Abridged Statement of Profit and Loss

Amount in ₹ lakhs

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
I. Income		
Sales - Software Services / Products	38,808.64	39,419.62
Dividend	359.27	700.70
Interest	305.25	95.43
Exchange Gain / (Loss) (Net)	836.31	868.16
Other Income	843.80	111.30
Total	**41,153.27**	**41,195.21**
II. Expenditure		
(Increase) / Decrease of Work-in-Progress	(34.38)	71.46
Employee Benefits Expense	23,963.02	21,480.76
Managerial Remuneration	304.62	412.38
Depreciation and Amortization Expense	1,756.65	1,687.92
Other Expenses	8,578.65	8,068.28
Provision for / (Reversal of) Diminution in Value of Non Current Investments	-	103.76
Auditor's Remuneration	37.18	29.98
Total	**34,605.74**	**31,854.54**
III. Profit Before Exceptional Item and Tax (I - II)	**6,547.53**	**9,340.67**
IV. Exceptional Item [refer Note 4(a)]	**1,550.00**	**-**
V. Profit Before Tax (III - IV)	**4,997.53**	**9,340.67**
VI. Provision for Taxation	**1,206.96**	**372.69**
VII. Profit After Tax	**3,790.57**	**8,967.98**
VIII.Balance Brought Forward	**21,906.70**	**16,021.53**
IX. Profit Available for Appropriation	**25,697.27**	**24,989.51**
X. Dividend on Equity Shares:		
- Proposed Dividend	1,170.51	1,178.36
- Interim Dividend	644.39	690.46
- Tax on Dividend	294.43	307.49
- Final Dividend for Previous Year	-	9.70
- Excess Dividend Provision Reversed	(23.40)	-
- Excess Dividend Tax Provision Reversed	(3.80)	-
XI. Transfer to General Reserve	**379.06**	**896.80**
XII. Balance Carried to Balance Sheet	**23,236.08**	**21,906.70**
Earning Per Share		
Earnings Per Equity Share (EPS) in Rupees (Equity Share par value ₹10 each)		
Basic	14.70	32.91
Diluted	14.48	31.75
Weighted Average Number of Equity Shares used in computation of		
Basic EPS	2,57,87,255	2,72,51,256
Diluted EPS	2,61,85,873	2,82,48,058

Notes to Abridged Financial Statements form an integral part of Abridged Financial Statements.

As per our report on the Abridged Financial Statements of even date.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

For and on behalf of the Board of Directors of
Sasken Communication Technologies Limited

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer

R. Vittal
Company Secretary

Cash Flow Statement

Amount in ₹ lakhs

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
A. Cash Flows from Operating Activities:		
Profit Before Tax	**4,997.53**	**9,340.67**
Adjustments for:		
Depreciation / Amortization	1,756.65	1,687.92
Provision for / (Reversal of) Diminution in value of Investment	1,550.00	103.76
Other Non-Cash (Writeback) / Charges	(14.27)	396.00
Unrealized Exchange (Gain) / Loss	(142.93)	340.03
Other Income	(1,360.25)	(811.84)
Operating Profit Before Working Capital Changes	6,786.73	11,056.54
Adjustments for:		
(Increase) / Decrease in Trade Receivables	(443.93)	(777.12)
(Increase) / Decrease in Work in Progress	(34.38)	71.46
(Increase) / Decrease in Other Assets	227.05	(230.62)
(Increase) / Decrease in Loans & Advances	936.64	(349.08)
Increase / (Decrease) in Liabilities	(131.90)	(1,732.15)
Increase / (Decrease) in Provisions	(137.88)	(240.78)
Cash generated from Operations	7,202.33	7,798.25
Taxes (Paid) / Received, Net	(2,001.14)	(1,750.98)
Net Cash from Operations	**5,201.19**	**6,047.27**
B. Cash Flows from Investing Activities:		
Purchase of Fixed Assets and Intangible Assets	(1,912.67)	(1,163.73)
Sale of Fixed Assets	74.44	13.45
Dividend Received	14.25	57.34
Interest Received	201.27	53.41
Sale / (Purchase) of Mutual Funds, net	(238.34)	9,212.79
Sale of Current Investments	7,959.90	2,252.82
Purchase of Current Investments	(7,333.67)	(9,577.40)
Investment in Subsidiary including Share Application Money	(1,184.85)	(2,573.98)
Sale of Long Term Investments (non-trade)	-	40.76
Investment in Joint Ventures	(440.80)	(441.37)
Investment in Share Application Money of Joint Ventures	-	(18.63)
Loans given to Subsidiaries	(479.20)	-
Repayment of Loans by Subsidiaries	347.95	375.02
Proceeds from Redemption of Debenture Investment in Subsidiary	-	728.36
Investment in Bank Deposits	(1,450.00)	(1,550.00)
Redemption of Bank Deposits	1,948.28	676.03
Net Cash used in Investing Activities	**(2,493.44)**	**(1,915.13)**

Cash Flow Statement *(Contd.)*

Amount in ₹ lakhs

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
C. Cash Flows from Financing Activities:		
Share Application Money	13.26	18.54
Proceeds from issuance of Share Capital on Exercise of Stock Options	270.02	268.87
Buyback of Shares	(1,176.55)	(2,266.70)
Payment of Dividend Tax	(291.90)	(300.63)
Dividend paid during the year	(1,791.30)	(1,784.60)
Net Cash used in Financing Activities	**(2,976.47)**	**(4,064.52)**
Net increase / (decrease) in Cash and Cash Equivalents (A + B + C)	(268.72)	67.62
Effect of translation on closing Cash and Cash Equivalents	(3.46)	(1.06)
Cash and Cash Equivalents at the beginning of the year	1,405.22	1,338.66
Cash and Cash Equivalents at the end of the year	**1,133.04**	**1,405.22**
Components of Cash and Cash Equivalents		
Cash on Hand	0.36	7.40
Balances with Banks - Current Accounts	1,085.90	1,359.09
Balances with Banks - Unpaid Dividend Accounts*	46.78	38.73
Total Cash and Cash Equivalents [Note 18 in the Notes to Accounts of Main Financial Statements]	**1,133.04**	**1,405.22**
* The Company can utilize these balances only towards settlement of the respective unpaid dividend.		
Supplementary Non - Cash Flow Information		
Investment in Subsidiary / Joint Venture through conversion of Loan / Share Application	-	182.31
Dividends received and re-invested in Units of Mutual Funds	345.02	643.36

As per our report on the Abridged Financial Statements of even date.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

For and on behalf of the Board of Directors of
Sasken Communication Technologies Limited

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer

R. Vittal
Company Secretary

Notes to Abridged Financial Statements

1. Description of Business

Sasken Communication Technologies Limited ("Sasken" or "the Company") is an embedded communications solutions company that helps businesses across the communication value chain accelerate product development life cycles. Sasken offers a unique combination of research and development consultancy, wireless software products, software services and works with Network OEMs, Semiconductor Vendors, Terminal Device OEMs and Operators across the world.

Sasken has its headquarters in Bangalore, India with offices in Germany, Sweden, United Kingdom (UK), United States of America (USA) and South Korea.

2. Basis for Preparation

The abridged financial statements have been prepared in accordance with the requirements of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and Clause 32 of the Listing Agreement. These abridged financial statements have been prepared on the basis of the complete set of financial statements for the year ended March 31, 2012. The notes number in the brackets "[ ]" are as they appear in the complete set of financial statements.

The complete set of financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis, except 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.

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of financial statements. The adoption of revised Schedule VI does not impact the recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosure of financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

3. Change in Accounting Policy

Till the year ended March 31, 2011, the Company, in accordance with pre-revised Schedule VI requirement, was recognizing dividend declared by subsidiary companies after the reporting date in the current year's statement of profit and loss, if such dividend pertained to the period ending on or before the reporting date. The revised Schedule VI, applicable for financial years commencing on or after April 1, 2011, does not contain this requirement. Hence to comply with AS 9 Revenue Recognition, the Company has changed its accounting policy for recognition of dividend as income only when the right to receive the same is established as at the reporting date. There is no impact on financial statements on change of this accounting policy.

4. Investments in Subsidiaries and Joint Ventures

(a) As at March 31, 2012, the Company has invested ₹1,796.24 lakhs (March 31, 2011 ₹1,355.44 lakhs) for its 46.29% (March 31, 2011 45.77%) equity share in ConnectM Technology Solutions Pvt. Ltd. ("ConnectM"). The Company evaluated its investment in the Joint Venture for the purpose of determination of potential diminution in value, and based on such evaluation and determination as on March 31, 2012 the Company has recognized a provision for diminution in the value of investment in ConnectM as at March 31, 2012 amounting to ₹1,550.00 lakhs (March 31, 2011 ₹Nil) shown as exceptional item in the Profit and Loss Account [Note 26 (a) in the Notes to accounts of main financial statements].

(b) The Company has 50% interest in a joint venture company called TACO Sasken Automotive Electronics Limited ("TSAE"). The shareholders of TSAE have resolved that the company be wound up voluntarily. Requisite documents have been filed with the Registrar of Companies. Considering the closure of operations of TSAE, the Company has made full provision for diminution in the value of investments in TSAE amounting to ₹767.84 lakhs as on March 31, 2012 (March 31, 2011 ₹767.84 lakhs) [Note 26 (b) in the Notes to accounts of main financial statements].

5. Commitments and Contingencies

(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) amounted to ₹49.68 lakhs (As at March 31, 2011 ₹316.43 lakhs) [Note 28 (a) in the Notes to accounts of main financial statements].

(b) The Company enters into foreign exchange forward contracts and option contracts to hedge its net foreign currency receivables position including its future receivables. As per the current policy of the Company, the Company takes foreign exchange forward contracts for currencies primarily denominated in the US Dollar and Euro. The Company currently does not have a foreign currency hedge in respect of its investment in subsidiaries outside India.

The details of foreign exchange forward contracts entered by the Company and outstanding as on the Balance Sheet date are as under:

Foreign Currency Hedged	Type of Contract	As at March 31, 2012		As at March 31, 2011	
		Amount (In Foreign Currency lakhs)	Avg. Forward Exchange Rate (₹)	Amount (In Foreign Currency lakhs)	Avg. Forward Exchange Rate (₹)
US Dollar (USD)	Sell	335.09	50.51	197.49	46.93
Euro (EUR)	Sell	35.14	68.09	57.55	63.29
Euro (EUR)	Buy	-	-	6.50	62.17

The Company has also taken European style option contracts whereby it has option to sell USD 41.87 lakhs (USD 121.15 lakhs as at March 31, 2011) at an average strike price ranging between ₹49 and ₹52, with maturity dates upto January 2013 and Euros 11.28 lakhs (Nil as at March 31, 2011) at an average strike price ranging between ₹65 and ₹68, with maturity dates upto December 2012 [Note 28 (b) in the Notes to accounts of main financial statements].

(c) The Company has operating leases for office premises that are (a) renewable on a periodic basis and are cancellable by giving a notice period ranging from 1 month to 6 months and (b) renewable on a periodic basis and are non-cancellable for specified periods under arrangements. Rent escalation clauses vary from contract to contract, ranging from 0% to 15%. There are no restrictions imposed on operating leases. There are no subleases [Note 42 in the Notes to accounts of main financial statements].

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Rent expenses included in Profit & Loss Account towards operating leases	1,388.32	1,143.20

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Due within one year of the Balance Sheet date	357.39	253.42
Due between one to five years	205.73	263.25
Due more than five years	-	-

(d) Contingent Liabilities

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Bank Guarantees	89.89	274.03
Corporate Guarantee on behalf of subsidiaries	-	10,777.68
Income taxes	2,491.60	2,234.05
Indirect taxes	2,216.86	2,216.86

There are certain claims made against the Company by an investee company, which are a subject matter of arbitration proceedings. In the view of the Management of the Company such claims are frivolous and are not tenable. No provision has been made for such claims pending completion of legal proceedings as the amount of claims are currently not ascertainable [Note 29 in the Notes to accounts of main financial statements].

6. Other Notes

(a) The Company had approached the High Court of Karnataka, Bangalore to create a Business Restructuring Reserve to be carved out from Securities Premium Account in terms of a Scheme under Section 391 / 394 of the Companies Act, 1956 whereby the Business Restructuring Expenses (as covered under the Scheme) will be adjusted against the said Reserve. Pursuant to the Scheme and as approved by the High Court of Karnataka, Bangalore vide its order dated March 31, 2010, a sum of ₹14,578.08 lakhs, was transferred from the Securities Premium Account and credited to Business Restructuring Reserve Account during the year ended March 31, 2010.

Notes to Abridged Financial Statements *(Contd.)*

Further during the year ended March 31, 2010, impairment loss on capitalized software amounting to ₹1,519.70 lakhs, which was charged to Profit & Loss Account in the prior years, being considered as a Restructuring Expense incurred after the Appointed Date, i.e., April 1, 2008, was adjusted against the Business Restructuring Reserve Account.

During the year ended March 31, 2011, the Company had evaluated its investment in subsidiaries and joint ventures for the purpose of determination of potential diminution in value. Based on such evaluation and considering the underlying factors including downturn in the business of Sasken Finland and the decrease in related activities / businesses, the Company had identified and recognized a provision for diminution in the value of investment in Sasken Communication Technologies Oy amounting to ₹13,058.38 lakhs. The diminution in value of such investments being considered as a restructuring expense incurred after the Appointed Date, i.e., April 1, 2008, had been adjusted against the Business Restructuring Reserve Account in accordance with the Scheme.

Had the Scheme not prescribed the aforesaid treatment, the balances would be as under:

(i) In the Profit & Loss Account:

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Provision for diminution in the value of investments (net of reversal)	1,550.00	13,162.14
Profit / (Loss) after Tax	3,790.57	(4,090.40)

(ii) In the Balance Sheet:

Amount in ₹ lakhs

Particulars	Cumulative Impact as at March 31, 2012	Cumulative Impact as at March 31, 2011
Reserves & Surplus:		
Securities Premium Account	26,639.29	27,367.29
Business Restructuring Reserve Account	-	-
Profit and Loss Account Balance	8,658.00	7,328.62

[Note 27 in the Notes to accounts of main financial statements].

(b) Buy-back of Equity Shares

In terms of decision of the Board of Directors dated October 21, 2010 and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, the Company offered to buy-back its equity shares of face value of ₹10 each, up to a maximum amount of ₹3,454 lakhs at a maximum price of ₹260 per share from open market. The Company commenced the buy-back on December 2, 2010 and closed the same on May 26, 2011 and has bought back 21,62,000 equity shares at an average price of ₹159.26 per share (excluding brokerage and other taxes), utilizing a sum of ₹3,443.25 lakhs. On account of buy-back of shares, the Company has created Capital Redemption Reserve towards the face value by way of appropriation against General Reserve. The amount paid towards buy-back of shares, in excess of the face value, has been appropriated out of Securities Premium Account. In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy Back of Securities) Regulations 1998, all the shares bought back have been extinguished [Note 3 in the Notes to accounts of main financial statements].

(c) On March 29, 2010, the Company allotted 3,00,000 convertible warrants to Mr. Rajiv C. Mody, Chairman and Managing Director and one of the Promoters of the Company, on a preferential basis on such terms and conditions as contained in the Special Resolution passed by the Company through Postal Ballot on March 15, 2010. The warrants expire at the end of 18 months from the date of issue. The allottee was entitled for one equity share of ₹10 each of the Company for each such warrant at a price of ₹176 each. As per the terms of allotment, 25% of the application money was paid, and recorded as share application and on payment of the remaining 75% of consideration, proportionate number of shares were to be allotted. Mr. Rajiv C. Mody has decided not to seek conversion of the above warrants into equity shares and he does not propose to pay the balance amount of ₹396.00 lakhs. The amount of ₹132.00 lakhs paid by him representing the initial amount paid on allotment of such warrants was forfeited during the year and the amount has been credited to Capital Reserve Account [Note 4 in the Notes to accounts of main financial statements].

(d) The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, amounts payable to such enterprises as at March 31, 2012 is ₹Nil (As at March 31, 2011 ₹Nil) based on information received and available with the Company. [Note 7 in the Notes to accounts of main financial statements].

Notes to Abridged Financial Statements *(Contd.)*

7. Related Party Disclosures

[Note 38(a), 38(b), 38(c), 38(d) and 38(e) in the Notes to accounts of main financial statements]

(a) Remuneration paid to Key Managerial Personnel

Amount in ₹ lakhs

Particulars	Relationship	Year Ended	
		March 31, 2012	March 31, 2011
Rajiv C. Mody	Managing Director	78.75	159.11
Krishna Jhaveri	Whole Time Director	34.83	27.49
G. Venkatesh	Whole Time Director	63.79	79.34
Neeta S. Revankar	Whole Time Director & Chief Financial Officer	63.75	81.04
Total		**241.12**	**346.98**

The above does not include provision for gratuity and compensated absences determined on actuarial basis.

Stock compensation cost in respect of options issued to Directors as detailed below has not been considered as managerial remuneration.

Amount in ₹ lakhs

Particulars	Relationship	Year Ended	
		March 31, 2012	March 31, 2011
G. Venkatesh	Whole Time Director	1.85	8.23
Neeta S. Revankar	Whole Time Director & Chief Financial Officer	1.85	8.23
Total		**3.70**	**16.46**

(b) Following is the list of subsidiary / joint venture companies

	Percentage of holding as at	
	March 31, 2012	March 31, 2011
Subsidiaries		
Sasken Network Engineering Limited (SNEL)	100.00%	100.00%
Sasken Network Solutions Inc., USA (SNSI)#	100.00%	100.00%
Sasken Communication Technologies Mexico, S.A. de C.V (Sasken Mexico)	100.00%	100.00%
Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China)	100.00%	100.00%
Sasken Communication Technologies Oy (Sasken Oy)	100.00%	100.00%
Sasken Finland Oy (Sasken Finland)##	100.00%	100.00%
Sasken Inc.	100.00%	100.00%
Sasken Japan KK (Sasken Japan)	100.00%	100.00%
Joint Ventures		
TACO Sasken Automotive Electronics Limited (TSAE)	50.00%	50.00%
ConnectM Technology Solutions Pvt. Ltd. (ConnectM)	46.29%	45.77%

100% subsidiary of Sasken Network Engineering Limited

100% subsidiary of Sasken Communication Technologies Oy

(c) Balances (due to) / from Subsidiary / Joint Venture Companies

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31,2011
A) Investments:		
Equity Share Capital:		
- SNEL	305.00	305.00
- Sasken Mexico	176.75	176.75
- Sasken China[1]	706.96	635.18
- Sasken Oy[2]	18,466.13	17,379.49
- Sasken Inc.	951.15	951.15
- Sasken Japan	102.19	75.76
- TSAE[3]	520.04	520.04
- ConnectM[4]	1,796.24	1,355.44
Preference Share Capital:		
- TSAE[3]	247.80	247.80
B) Loans outstanding from:		
- Sasken Inc[5]	1,692.15	1,349.48
C) Corporate Guarantee provided to banks in respect of loans to:		
- Sasken Oy	-	10,777.68
D) Other Receivable for reimbursement of expenses:		
- SNEL	0.02	8.02
- Sasken Finland	61.78	159.52
- Sasken China	33.01	95.79
- Sasken Inc.	58.24	46.15
- SNSI	0.35	2.27

[1] Provision for Diminution in Value of Investments ₹282.48 lakhs (As at March 31, 2011 ₹282.48 lakhs).

[2] Provision for Diminution in Value of Investments ₹13,058.38 lakhs (As at March 31, 2011 ₹13,058.38 lakhs).

[3] Provision for Diminution in Value of Investments ₹767.84 lakhs (As at March 31, 2011 ₹767.84 lakhs).

[4] Provision for Diminution in Value of Investments ₹1,550.00 lakhs (As at March 31, 2011 ₹Nil).

[5] There is no specific repayment schedule for loan granted to subsidiaries.

(d) Trade receivables from, Unbilled Revenue and Payables to subsidiary companies

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
A) Trade receivables outstanding:		
- Sasken Finland	297.62	747.42
- Sasken Japan	-	70.28
- Sasken Inc.	1,016.46	657.87
- SNSI	22.14	-
B) Unbilled Revenue:		
- Sasken Inc.	59.37	154.56
C) Trade Payables for goods, expenses and services:		
- Sasken Finland	528.60	606.09
- Sasken Mexico	3.18	2.83
- Sasken Japan	37.28	48.74
- Sasken China	116.28	133.21
- SNSI	-	4.04
- SNEL	63.30	-

Notes to Abridged Financial Statements *(Contd.)*

(e) The following table summarizes the transactions of the Company with subsidiary companies

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
A) Cross charges for common administrative services, net:		
- SNEL	25.41	131.32
- Sasken Mexico	-	(19.39)
- Sasken Finland	(5.96)	72.90
- Sasken Japan	-	(4.24)
- Sasken Inc.	56.87	(16.32)
- SNSI	18.23	4.99
- Sasken China	-	4.71
B) Software Development Services rendered to:		
- Sasken Finland	312.46	377.30
- Sasken Mexico	-	360.48
- Sasken Inc.	1,188.75	902.19
C) Selling, Marketing & Administrative expenses recovery:		
- Sasken Inc.	128.43	-
- SNSI	21.96	-
D) Network Support Services procured from:		
- SNEL	418.83	384.94
E) Software Development Services procured from:		
- Sasken Finland	743.63	989.66
- Sasken China	73.60	91.81
- Sasken Japan	346.50	277.67
- Sasken Mexico	-	149.36
F) Selling, Marketing & Administration Services procured from:		
- Sasken Japan	264.03	158.60
G) Assets Purchase :		
- Sasken Mexico	1.60	1.58
- Sasken Japan	1.56	-
H) Interest on Loan charged to:		
- Sasken Inc.	48.31	46.39
I) Investments in Subsidiaries and Joint Ventures during the year:		
- Sasken Oy	1,086.64	2,481.66
- Sasken China	71.78	92.32
- Sasken Japan	26.43	-
- ConnectM	440.80	453.00
- TSAE	-	7.00
- SNEL	-	464.65
J) Redemption of Debentures:		
- SNEL	-	728.36
K) Loans given during the year:		
- Sasken Inc.	479.20	312.13
L) Loans repaid during the year:		
- Sasken Inc.	347.95	687.15

Notes to Abridged Financial Statements *(Contd.)*

8. Earnings Per Share (EPS)

[Note 41 in the Notes to accounts of main financial statements]

Reconciliation of the net income and number of shares considered in the computation of basic and diluted EPS is given below:

Amount in ₹ lakhs (except share data)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit for computation of basic and diluted EPS	3,790.57	8,967.98
Weighted average number of shares considered for basic EPS	2,57,87,255	2,72,51,256
Add : Effect of stock options / warrants	3,85,283	9,90,473
Add : Effect of share application money	13,335	6,329
Weighted average number of shares considered for diluted EPS	2,61,85,873	2,82,48,058

9. Important Ratios

Ratios	2012	2011
Revenue from Operations to Total Assets	80.14%	81.74%
Profit from Operations* / Capital Employed	10.31%	18.88%
Return on Net Worth	9.30%	22.08%
PAT to Revenue	9.77%	22.75%

* Profit from Operations excludes exchange gain of ₹836.31 lakhs for the year (Previous year ₹868.16 lakhs) and exceptional item (charge) of ₹1,550.00 lakhs for the year (Previous year ₹Nil).

10. Market Value of Quoted Investments

As at March 31, 2012 the aggregate market value of quoted investments is ₹14,452.73 lakhs (As at March 31, 2011: ₹13,821.69 lakhs).

11. Provision for taxation

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries. Sasken's operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from STPs were tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences software development or March 31, 2011. Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions [Note 36 in the Notes to accounts of main financial statements].

The components of deferred tax asset are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012	At at March 31, 2011
Differences in depreciation in block of fixed assets as per tax books and financial books	528.89	619.68
Effect of expenditure debited to Profit & Loss Account in the current year but allowed for tax purposes in following years on payment basis	303.23	8.35
Total	**832.12**	**628.03**

[Note 12 in the Notes to accounts of main financial statements].

12. Breakup of Revenues are given below

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Revenue from Software Services	36,137.02	35,697.78
Revenue from Software Products	2,671.62	3,721.84
Total Revenues	**38,808.64**	**39,419.62**

Notes to Abridged Financial Statements *(Contd.)*

13. Research & Development

[Note 40 in the Notes to accounts of main financial statements]

During the year ended March 31, 2012, the Company's research and development unit at Chennai was registered as in-house R&D unit with Department of Scientific and Industrial Research (DSIR) vide letter dated March 16, 2012. The particulars of expenditure incurred on in-house research and development centre recognized by the DSIR is as follows:

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012
Capital expenditure	175.46
Revenue expenditure	117.15

14. Comparatives

[Note 43 in the Notes to accounts of main financial statements]

Previous year figures have been re-grouped / re-arranged, wherever necessary to conform to the current year's presentation.

As per our report on the Abridged Financial Statements of even date.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

For and on behalf of the Board of Directors of
Sasken Communication Technologies Limited

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer

R. Vittal
Company Secretary

Consolidated Auditors' Report

To The Board of Directors of

Sasken Communication Technologies Limited

1. We have audited the attached consolidated Balance Sheet of Sasken Communication Technologies Limited ("the Company") and its subsidiaries and joint ventures (collectively called "Sasken Group"), as at March 31, 2012, and also the consolidated Profit and Loss Account for the year ended March 31, 2012 and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. (a) We did not audit the financial statements of the subsidiaries and joint ventures included herein, whose financial statements together reflect total assets of ₹55,01,21,134 as at March 31, 2012, total revenues (including other income) of ₹52,56,75,561 and cash outflows, net amounting to ₹1,00,18,579 for the year then ended.

   (b) We did not audit the consolidated financial statements of a subsidiary incorporated in Finland, included herein, whose consolidated financial statements [prepared as per accounting principles generally accepted in Finland ('Finnish GAAP')], reflect total assets of ₹1,12,03,53,480 as at March 31, 2012 and total revenues (including other income) of ₹79,57,16,848 and cash inflow, net amounting to ₹2,26,35,015 for the year then ended. We have undertaken the audit of conversion of such financial statements from Finnish GAAP to accounting principles generally accepted in India.

   These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the reports, as available, of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint ventures, and to the best of our information and according to the explanations given to us, we are of the opinion that, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of Sasken Group as at March 31, 2012;
   (b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

Consolidated Balance Sheet

Amount in ₹ lakhs

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	3	2,601.13	2,618.58
(b) Reserves and Surplus	4	43,332.69	39,884.97
(c) Money received against share warrants	4	-	132.00
		45,933.82	**42,635.55**
2. Share application money pending allotment	5	**13.26**	**18.54**
3. Non current liabilities			
(a) Long term borrowings	6	231.45	-
(b) Long term provisions	7	248.54	284.36
		479.99	**284.36**
4. Current liabilities			
(a) Trade payables	8	3,282.91	3,743.98
(b) Other current liabilities	9	1,897.36	3,390.88
(c) Short term provisions	10	4,208.55	4,219.42
		9,388.82	**11,354.28**
Total		**55,815.89**	**54,292.73**
ASSETS			
1. Non current assets			
(a) Fixed assets (net)	11		
(i) Tangible fixed assets	11a	6,577.98	6,498.99
(ii) Intangible assets	11b	6,985.36	6,599.82
(iii) Capital work-in-progress		0.72	162.52
(iv) Intangible assets under development		-	127.37
		13,564.06	**13,388.70**
(b) Non current investments	12	1,907.63	1,226.23
(c) Deferred tax assets (net)	13	1,007.20	828.00
(d) Long term loans and advances	14	5,303.21	5,522.97
(e) Other non current assets	15	493.35	398.82
		22,275.45	**21,364.72**
2. Current assets			
(a) Current investments	16	14,761.96	13,646.25
(b) Inventories	17	288.26	418.07
(c) Trade receivables	18	10,196.76	9,484.97
(d) Cash and bank balances	19	3,686.30	4,761.72
(e) Short term loans and advances	20	1,908.35	2,235.32
(f) Other current assets	21	2,698.81	2,381.68
		33,540.44	**32,928.01**
Total		**55,815.89**	**54,292.73**

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

As per our report of even date.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

For and on behalf of the Board of Directors of
Sasken Communication Technologies Limited

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer

R. Vittal
Company Secretary

Consolidated Statement of Profit and Loss

Amount in ₹ lakhs

		Notes	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
I.	Revenue from operations	22	51,995.83	54,637.97
II.	Other Income	23	2,640.99	1,800.22
III.	**Total Revenue (I + II)**		**54,636.82**	**56,438.19**
IV.	Expenses:			
	(Increase) / Decrease of work-in-progress	24	39.82	4.08
	Purchases of Traded Goods		54.73	-
	Consumption of raw materials	25	380.06	258.62
	Employee benefits expense	26	33,281.38	33,542.74
	Depreciation and amortization expense	11	2,235.43	3,216.58
	Other expenses	27	10,590.25	11,182.04
	Finance cost	28	60.36	113.35
	Total expenses:		**46,642.03**	**48,317.41**
V.	**Profit before tax (III - IV)**		**7,994.79**	**8,120.78**
VI.	Tax expense:			
	Current tax		1,798.11	1,779.57
	Deferred tax charge / (credit)		(179.14)	(423.49)
	Minimum Alternate Tax Credit entitlement		(24.98)	(563.49)
	Total tax expense		**1,593.99**	**792.59**
VII.	**Profit for the year (V - VI)**		**6,400.80**	**7,328.19**
VIII.	Earnings Per Equity Share (EPS) in rupees (Equity Share par value ₹10 each)			
	Basic		24.82	26.89
	Diluted		24.44	25.94
	Weighted average number of Equity Shares used in computation of			
	Basic EPS		2,57,87,255	2,72,51,256
	Diluted EPS		2,61,85,873	2,82,48,058

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

As per our report of even date.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

For and on behalf of the Board of Directors of
Sasken Communication Technologies Limited

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer

R. Vittal
Company Secretary

Consolidated Cash Flow Statement

Amount in ₹ lakhs

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
A. Cash Flows from Operating Activities:		
Profit Before Tax	**7,994.79**	**8,120.78**
Adjustments for:		
Depreciation & Amortization	2,235.43	3,216.58
Other non-cash (write back) / charges	(121.34)	294.95
Unrealized exchange (gain) / loss	58.44	421.06
Interest expense	60.36	113.35
Other income	(1,388.66)	(797.48)
Operating Profit before working capital changes	8,839.02	11,369.24
Adjustments for:		
(Increase) / decrease in Trade receivables	(301.19)	255.35
(Increase) / decrease in Inventories	142.95	(43.90)
(Increase) / decrease in Other Assets	(178.30)	377.10
(Increase) / decrease in Loans & Advances	1,016.73	(433.14)
Increase / (decrease) in Liabilities	(1,235.23)	(1,097.55)
Increase / (decrease) in Provisions	(305.41)	(1,307.07)
Cash generated from operations	7,978.58	9,120.03
Taxes (paid) / received, net	(2,634.48)	(2,212.30)
Net Cash from operations	**5,344.10**	**6,907.73**
B. Cash flows from investing activities:		
Purchase of fixed assets	(2,040.91)	(1,357.25)
Sale of fixed assets	125.05	49.68
Dividend received	14.25	57.34
Interest received	158.29	65.08
Sale of current Investments	7,959.90	2,252.82
Purchase of current Investments	(7,333.67)	(9,577.40)
Sale / (purchase) of Mutual Funds, net	(749.32)	9,225.63
Investment in limited liability partnerships	(508.70)	(211.14)
Sale of Long term investments (non trade)	-	40.76
Investment in Bank Deposits	(1,464.05)	(1,562.68)
Redemption of Bank Deposits	1,948.28	676.03
Net cash from / (used in) investing activities	**(1,890.88)**	**(341.13)**

Consolidated Cash Flow Statement *(Contd.)*

Amount in ₹ lakhs

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
C. Cash flows from financing activities:		
Share application money	13.26	18.54
Buy Back of Shares	(1,176.55)	(2,266.70)
Proceeds from issuance of share capital on exercise of stock options	270.02	268.87
Proceeds from secured loan	370.32	-
Repayment of secured loan	(1,249.23)	(2,171.27)
Payment of Dividend tax	(291.90)	(300.63)
Dividend paid during the year	(1,791.30)	(1,784.60)
Interest paid	(55.85)	(113.35)
Net cash used in financing activities	**(3,911.23)**	**(6,349.14)**
Net increase / (decrease) in Cash and Cash equivalents (A+B+C)	(458.01)	217.46
Effect of translation on closing Cash and Cash equivalents	(136.58)	38.90
Cash and Cash equivalents at the beginning of the year	**2,900.66**	**2,644.30**
Cash and Cash equivalents at the end of the year	**2,306.07**	**2,900.66**
Components of Cash and Cash equivalents		
Cash on hand	1.28	8.21
Balances with banks - Current accounts	2,177.96	2,463.30
Bank deposits less than 3 months original maturity	80.05	-
Remittance in transit	-	390.42
Balances with banks - Unpaid dividend accounts*	46.78	38.73
Total Cash and Cash equivalents as per Note 19	**2,306.07**	**2,900.66**
*The Company can utilize these balances only towards settlement of the respective unpaid dividend.		
Supplementary non-cashflow information		
Dividends received and re-invested in units of mutual funds	353.94	643.36

As per our report of even date.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

For and on behalf of the Board of Directors
Sasken Communication Technologies Limited

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer

R. Vittal
Company Secretary

Notes to Consolidated Accounts

1. Description of Business

Sasken Communication Technologies Limited ("Sasken" or "the Company") and its subsidiaries and joint ventures (hereinafter collectively referred to as "the Group") is an embedded communications solutions Company that helps businesses across the communication value chain accelerate product development life cycles. Sasken offers a unique combination of research and development consultancy, wireless software products, software services and network engineering services, and works with Network OEMs, Semiconductor Vendors, Terminal Device OEMs and Operators across the world.

The Group has its headquarters in Bangalore, India with offices in Germany, Sweden, United Kingdom (UK), United States of America (USA), South Korea, Japan, China, Mexico and Finland.

2. Significant Accounting Policies

(a) Basis for preparation of financial statements

The accompanying consolidated financial statements include the accounts of Sasken and its subsidiaries and joint venture as follows:

Name of Subsidiary	Country of Incorporation	% Holding	
		March 31, 2012	March 31, 2011
Sasken Network Engineering Limited (SNEL)	India	100.00%	100.00%
Sasken Network Solutions Inc. (SNSI)*	USA	100.00%	100.00%
Sasken Communication Technologies, S.A. de C.V (Sasken Mexico)	Mexico	100.00%	100.00%
Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China)	China	100.00%	100.00%
Sasken Communication Technologies Oy (Sasken Oy)	Finland	100.00%	100.00%
Sasken Finland Oy (Sasken Finland)**	Finland	100.00%	100.00%
Sasken Japan KK (Sasken Japan)	Japan	100.00%	100.00%
Sasken Inc. (Sasken USA)	USA	100.00%	100.00%

* Fully held by SNEL

** Fully held by Sasken Oy

Name of Joint Venture	Country of Incorporation	% Holding	
		March 31, 2012	March 31, 2011
ConnectM Technology Solutions Pvt. Ltd. (ConnectM)	India	46.29%	45.77%

The consolidated financial statements have been prepared in accordance with accepted accounting principles in India (Indian GAAP) and complies in all material respects with the Accounting Standards notified by Companies Accounting Standards Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis, except in case of assets for which impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those used during the previous year, other than those disclosed.

The consolidated financial statements have been prepared based on a line-by-line consolidation of the financial statements of Sasken and its subsidiary companies and proportionate consolidation of the assets, liabilities, income and expenses of the joint ventures, in accordance with Accounting Standard (AS) 21 Consolidated Financial Statements and AS 27 Financial Reporting of Interests in Joint Ventures. All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The excess of the cost to the Company of its investments in subsidiaries and joint venture, over its proportionate share in equity of the investee company as at the date of acquisition, is recognized in the financial statements as Goodwill. In case the cost of investment in subsidiary companies and joint venture is less than the proportionate share in equity of the investee company as on the date of investment, the difference is treated as capital reserve and shown under Reserves and Surplus.

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.

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of financial statements. The adoption of revised Schedule VI does not impact the recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure of financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Change in Accounting policy

Till the year ended March 31, 2011, the Group, in accordance with pre-revised Schedule VI requirement, was recognizing dividend declared by subsidiary companies after the reporting date in the current year's statement of profit and loss, if such dividend pertained to the period ending on or before the reporting date. The revised Schedule VI, applicable for financial years commencing on or after April 1, 2011, does not contain this requirement. Hence to comply with AS 9 Revenue Recognition, the Group has changed its accounting policy for recognition of dividend as income only when the right to receive the same is established as at the reporting date. There is no impact on financial statement on change of this accounting policy.

(c) Revenue Recognition

The Group derives its revenues from product and technology licensing, software services and installation and commissioning services.

Licensing revenue is recognized when the product or technology is delivered and accepted.

Revenue from time and material service contracts is recognized as the services are provided. Revenue from fixed price service contracts and customized products or technology developments is recognized based on the proportionate completion method, determined based on the achievement and acceptance of the milestone, provided collection is probable. Revenue from maintenance contracts is recognized ratably over the term of the maintenance arrangement.

Revenue from royalty is recognized on an accrual basis based on customer confirmation of shipment volumes, provided collection is probable.

In all cases revenue is recognized only when no further vendor obligations remain, up to the stage of revenue recognized and collection is probable. Revenue related to post contract customer support is recognized ratably over the support period.

Dividend income is recognized when the right to receive dividend is established as at the reporting date.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Sales are recognized, 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.

The Group collects service tax, business tax and value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

(d) Inventories and Work-in-progress

Costs related to milestones that have not been met are reported as work in progress. Work-in-progress is carried at cost or net realizable value whichever is lower. Cost includes all expenses directly identifiable to a project and other costs directly attributable to the project. Net realizable value is the estimated revenue expected in the ordinary course of business on completion of the milestone less expected costs and margin on completion of milestone.

Other inventory items are valued at lower of cost or net realizable value on FIFO basis. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

(e) Fixed Assets (including intangible assets)

Fixed assets including intangible 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. Borrowing costs relating to acquisition of fixed assets, which necessarily take substantial period of time to get ready for intended use, are also included to the extent they relate to the period till such assets are ready to be put to use.

(f) Depreciation / Amortization

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:

Type of asset	Rates (SLM)(%)	Schedule XIV rates (SLM) (%)
Building	5	1.63
Computers	25 - 33⅓	16.21
Electrical Fittings	20	4.75
Furniture & Fixtures	10 – 20	6.33
Plant & Equipment	20 – 25	4.75
Office Equipment	20 – 25	4.75
Vehicles	20	9.50

Leasehold improvements at leased premises are depreciated, over the estimated useful life (5 to 10 years) or the lease period, whichever is lower.

Assets with unit value of ₹5,000 or less are depreciated entirely in the period of acquisition, except in case of Sasken Finland and its subsidiaries where the assets with unit value of €5,000 or less are depreciated entirely in the period of acquisition.

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

1. Goodwill arising on consolidation is not amortized but is tested for impairment in accordance with Accounting Standard 21 on Consolidated Financial Statements.
2. Goodwill on acquisition represents the excess of the purchase price over the value of the net assets of the acquired business, and is not amortized but is tested for impairment on a periodic basis.
3. Computer Software:
   (a) Computer Software used for development of software / rendering software services - over the life of the project / product - 12 months to 60 months.
   (b) Generic Computer Software - over 12 months.
   (c) Product Software for administration purposes - 36 months.
4. Contract Rights - over a period of 12 months.
5. Technical know-how-over a period of 36 months.
6. In case of Sasken Finland and its subsidiaries:

   Computer Software

   (a) Over €3,000 - 36 months.
   (b) Development - 60 months.

(g) Capitalization and Amortization of Software Products

Costs incurred during the research phase are expensed off as period costs. Costs incurred towards development of computer software products meant for sale, lease or otherwise marketed, are capitalized subsequent to establishing the technological feasibility. The costs are expensed as period costs, if the technological feasibility is not established. Capitalization ceases when the product is ready for general release to customers. Capitalized software product costs are amortized on a straight line method over the remaining estimated economic life of the product. The unamortized cost of capitalized software products is carried at cost, less accumulated amortization less impairment, if any.

(h) Investments

Investments are classified as current or long term based on management intention at the time of purchase. 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 Translations

(a) Foreign Currency Transactions and Balances

Initial Recognition

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

Conversion

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

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

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.

Options and Forward exchange contracts not intended for trading or speculation purposes, classified as derivative instruments

The Group has adopted the principles of Accounting Standard ('AS') 30, Financial Instruments: Recognition and Measurement. Accordingly, such derivative instruments, 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 Profit & Loss Account.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the Profit & 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 Profit and Loss Account when the forecasted transaction occurs or when a hedged transaction is no longer expected to occur.

(b) 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 Group 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 rate prevailing at the balance sheet date; 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 disposal of a non-integral foreign operation, the cumulative amount of the exchange difference which have been deferred and which relate to that operation are recognized as income or expense in the same period in which the gain or loss on disposal is recognized. Where there is a change in the classification of a foreign operation, the translation procedure applicable to the revised classification are applied from the date of the change in the classification.

(j) Retirement and other Employee Benefits

(i) Gratuity

The Group provides for gratuity, a defined benefit plan covering all eligible employees. The plan provides a lump sum payment to eligible employees at retirement or on termination of employment based on the salary of the respective employee and the years of employment with the Company.

The Company contributes to a gratuity fund maintained by an insurance company. The amount of contribution is determined based upon actuarial valuations as at the period end. Such contributions are charged off to the Profit & Loss Account. Provision is made for the shortfall between the actuarial valuation carried out as at Balance Sheet date as per Projected Unit Credit Method and the funded balance with the insurance company.

(ii) Provident Fund

Employees other than the employees at foreign branches and subsidiaries are also eligible to receive Provident Fund benefits through a defined benefit plan in which both employee and employer make monthly contributions to the plan. The Company has established a Provident Fund Trust to which contributions towards provident fund are made each month. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. The Company will meet the shortfall in the return, if any, which is provided for based on actuarial valuation carried out, as per Projected Unit Credit Method, as at the date of Balance Sheet. Contributions towards Provident Fund are charged to the Profit & Loss Account on an accrual basis.

(iii) Pension

In case of Germany branch, pension contributions are made as per the local laws and regulations.The Company provides for pension benefits, a defined benefit plan, covering all eligible employees. The plan provides for various pension benefits to eligible employees at retirement or on termination of employment based on earnings of the respective employee and the year of employment with the Company. The Company contributes to a reinsured support fund maintained by an external agency. The contributions made by the employer are charged to the Profit & Loss Account on accrual basis. Provision is made for the shortfall between the actuarial valuation as per the Projected Unit Credit Method and funded balance as at the Balance Sheet date.

For other overseas branches and foreign subsidiary companies, social security contributions are made as per the respective country laws and regulations. The same is charged to the Profit & Loss Account on an accrual basis. There are no obligations beyond the respective entity's contributions.

(iv) Compensated absences

Short-term compensated absences are provided based on estimates. Long-term compensated absences are provided for based on actuarial valuation, done as per Projected Unit Cost Method, as at Balance Sheet date. The Group presents the entire compensated absences as a current liability in the Balance Sheet wherever it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

(v) Superannuation

The Company contributes to a superannuation scheme maintained by an insurance company. Such contributions are charged to the Profit & Loss Account on an accrual basis. The Company has no other obligations beyond its monthly contributions.

(vi) Actuarial gains / losses

The actuarial gains / losses on the employee benefits are immediately recognized in the Profit & Loss Account and are not deferred.

(k) Impairment of assets

(i) The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.The recoverable amount is the greater of the asset's net selling price and value in use based on best estimate. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(iii) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(l) Warranty

Provisions for warranty related costs are recognized when the license or service is provided. Provisions are based on historical experience. The estimate of such warranty related costs is revised annually.

(m) Research and Development

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Equipment or facilities that are acquired or constructed for research and development activities, which have alternative future uses are capitalized as tangible assets. Depreciation on such assets, during research phase is charged to expense as research and development costs.

(n) 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 applicable to the respective jurisdictions. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year 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. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have a legal right to do so. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Group has carry forward of unabsorbed depreciation and tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Credit Available in respect of MAT under the Income-Tax Act, 1961, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The Group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

(o) Stock Compensation Expense

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group accounts for stock compensation expense based on the fair value of the options granted, determined on the date of grant. Compensation expense is amortized over the vesting period of the option on a straight-line basis. The accounting value of the options outstanding net of the Deferred Compensation Expense is reflected as Employee Stock Options Outstanding.

(p) 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. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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.

(q) Provisions

A provision is recognized when the 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.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a best estimate of such obligation.

(r) Segment Reporting

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

Identification of segments:

The Group is focused in the embedded communication space. The risks and returns of the Group 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 segments are Software Services, Software Products, Network Engineering Services and Automotive, Utilities & Industrial.

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

Allocation of common costs:

Common allocable costs are allocated to each segment 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.

(s) Operating Leases

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 recognized as expense in the Profit & Loss Account on a straight-line basis over the lease term.

(t) Government Subsidy

Grants and subsidies from the Government are recognized when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

(u) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise of cash at bank and in hand and short term investments with an original maturity value of three months or less.

The Cash flow statement has been prepared under the indirect method.

3. Share Capital

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised capital		
5,00,00,000 (As at March 31, 2011: 5,00,00,000) Equity shares of ₹10 each	5,000.00	5,000.00
Issued, subscribed and paid up capital		
2,60,11,351 (As at March 31, 2011: 2,61,85,793) Equity shares of ₹10 each fully paid up	2,601.13	2,618.58
	2,601.13	**2,618.58**

For details of shares reserved for issue under employee stock option (ESOP) plan of the Company (Refer Note 32).

The Company has only one class of share referred to as equity shares having par value of ₹10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. For the year ended March 31, 2012, the Board of Directors has recommended a final dividend of ₹4.50 per equity share of ₹10 each (March 31, 2011 ₹4.50). This is subject to approval of shareholders and if so approved, the total dividend for the year will amount to ₹7.00 per equity share (including interim dividend of ₹2.50 per equity share) (March 31, 2011 ₹7.00 per equity share).

Shareholders holding more than 5 percent shares in the Company:

Name of the shareholder*	As at March 31, 2012	
	No. of shares	% holding
Ashish Dhawan	22,32,630	8.58%
Reliance Capital Trustee Co. Ltd. A/c. Reliance Equity	22,51,546	8.66%

Name of the shareholder*	As at March 31, 2011	
	No. of shares	% holding
Ashish Dhawan	22,32,630	8.53%
Reliance Capital Trustee Co. Ltd. A/c. Reliance Equity	20,91,551	7.99%
Bajaj Allianz Life Insurance Company Ltd.	13,12,416	5.01%

*The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.

Reconciliation of the number of shares outstanding at the beginning and end of the reporting period:

Particulars	As at March 31, 2012	
	No. of shares	Amount in ₹ Lakhs
Outstanding at the beginning of the year	2,61,85,793	2,618.58
Add: Issued during the year - ESOP	5,54,925	55.49
Less: Bought back during the year	(7,29,367)	(72.94)
Outstanding at the end of the year	**2,60,11,351**	**2,601.13**

Particulars	As at March 31, 2011	
	No. of shares	Amount in ₹ Lakhs
Outstanding at the beginning of the year	2,71,11,051	2,711.11
Add: Issued during the year - ESOP	5,07,375	50.73
Less: Bought back during the year	(14,32,633)	(143.26)
Outstanding at the end of the year	**2,61,85,793**	**2,618.58**

The Company has issued 11,31,787 shares (As at March 31, 2011: 10,53,377) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP), wherein part consideration was received in form of employee services.

Buy-back of Equity Shares

Particulars	As at March 31, 2012	As at March 31, 2011
Aggregate number of equity shares bought back by the Company during the period of five years immediately preceeding the Balance Sheet date	36,11,742	28,82,375

In terms of decision of the Board of Directors dated October 21, 2010 and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, the Company offered to buy-back its equity shares of face value of ₹10 each, up to a maximum amount of ₹3,454 lakhs at a maximum price of ₹260 per share from open market. The Company commenced the buy-back on December 02, 2010 and closed the same on May 26, 2011 and has bought back 21,62,000 equity shares at an average price of ₹159.26 per share (excluding brokerage and other taxes), utilizing a sum of ₹3,443.25 lakhs.

On account of buy-back of shares, the Company has created Capital Redemption Reserve towards the face value by way of appropriation against General Reserve. The amount paid towards buy-back of shares, in excess of the face value, has been appropriated out of Securities Premium Account. In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy-back of Securities) Regulations, 1998, all the shares bought back have been extinguished.

During the earlier years, in terms of decision of the Board of Directors dated April 18, 2008, the Company had bought back 14,49,742 equity shares at an average price of ₹106.80 per share, utilizing a sum of ₹1,548.37 lakhs.

4. Reserves and Surplus

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Capital Reserve:		
Opening Balance	-	-
Add: Arising on forfeiture of money received against share warrant*	132.00	-
Total	**132.00**	**-**
Capital Redemption Reserve:		
Opening Balance	288.23	144.97
Add: Transferred during the year	72.94	143.26
Total	**361.17**	**288.23**
Securities Premium:		
Opening Balance	12,789.21	14,578.08
Add: Receipts on exercise of employee stock options	375.61	334.57
Less: Premium on equity shares bought back	(1,103.61)	(2,123.44)
Total	**12,061.21**	**12,789.21**
Employee Stock Options Outstanding (Refer Note 32):		
Employee Stock Options Outstanding	715.47	1,029.91
Less: Deferred Employee Compensation Cost outstanding	(50.59)	(297.54)
Total	**664.88**	**732.37**
General Reserve:		
Opening Balance	1,983.80	1,230.26
Add: Transferred from Profit & Loss Account	379.06	896.80
Less: Transferred to Capital Redemption Reserve	(72.94)	(143.26)
Total	**2,289.92**	**1,983.80**
Business Restructuring Reserve [Refer Note 30(a)]:		
Opening Balance	-	13,058.38
Less: Utilized during the year	-	(13,058.38)
Total	**-**	**-**
Hedging Reserve:		
Opening Balance	156.17	-
Changes during the year -		
(Loss) / gain transferred to Profit & Loss Account on occurrence of forecasted hedge transaction	(156.17)	-
Net changes in the fair value of effective portion of outstanding cash flow derivatives	(610.03)	156.17
Net derivative gains related to a discontinued cash flow hedge	5.83	-
Total	**(604.20)**	**156.17**

Notes to Consolidated Accounts *(Contd.)*

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Foreign Exchange Translation Reserve:		
Opening Balance	(96.07)	323.81
Movements during the year	552.91	(419.88)
Total	**456.84**	**(96.07)**
Profit & Loss Account Balance:		
Opening Balance	24,031.26	19,785.88
Add : Profit for the year	6,400.80	7,328.19
Less : Transferred to General Reserve	(379.06)	(896.80)
Less : Proposed Dividend	(1,170.51)	(1,178.36)
Less : Interim Dividend	(644.39)	(690.46)
Less : Dividend Tax	(294.43)	(307.49)
Less : Final Dividend for previous year	-	(9.70)
Add : Excess Dividend provision reversed	23.40	-
Add : Excess Dividend tax provision reversed	3.80	-
Total	**27,970.87**	**24,031.26**
Total	**43,332.69**	**39,884.97**

* On March 29, 2010, the Company allotted 3,00,000 convertible warrants to Mr. Rajiv C. Mody, Chairman and Managing Director and one of the Promoters of the Company, on a preferential basis on such terms and conditions as contained in the Special Resolution passed by the Company through Postal Ballot on March 15, 2010. The warrants expire at the end of 18 months from the date of issue. The allottee was entitled for one equity share of ₹10 each of the Company for each such warrant at a price of ₹176 each. As per the terms of allotment, 25% of the application money was paid, and recorded as money received against share warrant and on payment of the remaining 75% of consideration, proportionate number of shares were to be allotted. Mr. Rajiv C. Mody has decided not to seek conversion of the above warrants into equity shares and he does not propose to pay the balance amount of ₹396.00 lakhs. The amount of ₹132.00 lakhs paid by him representing the initial amount paid on allotment of such warrants was forfeited during the year and the amount has been credited to Capital Reserve Account.

5. Share Application Money Pending Allotment

As at March 31, 2012, 25,500 options (As at March 31, 2011: 35,650 options) have been exercised pursuant to the ESOP plan and pending allotment, the exercise price is lying in Share Application. These options were granted on April 6, 2009 and each option can be exercised for an equity share of ₹10 each at an exercise price of ₹52 (As at March 31, 2011: ₹52). The Company has sufficient authorized share capital to issue equity shares arising on exercise of options. The equity shares arising on exercise of such options have been allotted subsequent to Balance Sheet date. On allotment of equity shares, the Company will recognize securities premium of ₹16.29 lakhs (As at March 31, 2011: ₹22.54 lakhs).

6. Long Term Borrowings

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Secured Term Loans from others:		
Loan from SVB India Finance Pvt. Ltd.	231.45	-
Total	**231.45**	**-**

The above represents long term portion of Sasken's proportionate share (46.29%) in loan taken by ConnectM at a simple interest of 14% p.a. interest being payable every month along with the principal repayment. First tranche of the term loan amounting to ₹450.00 lakhs, having an outstanding balance of ₹387.50 lakhs (As at March 31, 2011: ₹Nil), is repayable in thirty six equal monthly installments commencing from November 1, 2011 and the second tranche of the term loan amounting to ₹450.00 lakhs, having an outstanding balance of ₹412.50 lakhs (As at March 31, 2011: ₹Nil), is repayable in thirty six equal monthly installments commencing from January 1, 2012. The current portion of the long term borrowing is included in Note 9 - Other current liabilities.The loan is secured by a first charge on all the existing and future, fixed and current assets of ConnectM and a negative lien on intellectual property of ConnectM.

As per the terms of the loan agreement dated June 27, 2011 on the first closing date and on the second closing date, ConnectM shall grant a right to the lender to subscribe to the ConnectM shares in aggregate amounting to ₹120.00 lakhs at the lender's option. There is no continuing default in the repayment of the principal loan and interest amounts.

7. Long Term Provisions

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for Gratuity	65.44	55.41
Provision for Pension	99.99	117.78
Provision for Provident Fund Obligations	47.68	57.20
Provision for Warranty*	24.26	16.15
Provision for Onerous contract*	-	37.82
Provision for Mark-to-market losses on derivative contracts	11.17	-
Total	**248.54**	**284.36**

*Also Refer Note 10 for details of movement in provision.

8. Trade Payables

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
For goods, services and expenses		
- Dues to Micro and Small Enterprises*	-	-
- Dues to other creditors	3,282.91	3,743.98
Total	**3,282.91**	**3,743.98**

*The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on information received and available with the Company.

9. Other Current Liabilties

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Current Maturities of Long Term Borrowings*	138.87	1,249.23
Interest Accrued but not due on Borrowings*	4.51	-
Deferred Revenues	415.02	457.28
Advance Received from Customers	65.35	103.26
Unpaid Dividend	46.78	38.73
Capital Creditors	111.12	269.57
Statutory Liabilities	1,115.71	1,272.81
Total	**1,897.36**	**3,390.88**

*Current maturities of long term borrowings includes:

(i) ₹Nil (As at March 31, 2011: ₹1,030.22 lakhs) payable to Nordea Bank towards loan taken by Sasken Communication Technologies Oy, repayable in 20 equal quarterly installments beginning November 30, 2007. The loan was secured against shares of Sasken Finland Oy and the corporate guarantee provided by the holding company Sasken Communication Technologies Ltd. The loan carried a floating interest rate of 3 month Euribor plus margin.

(ii) ₹Nil (As at March 31, 2011: ₹219.01 lakhs) payable to OKO Bank towards two loans taken by Sasken Finland Oy, repayable in eleven equal half yearly installments from the date of draw down.The first loan was taken on October 13, 2005 and second loan was taken on May 10, 2006. The loan was secured against all assets of Sasken Finland Oy. The loan carried a floating interest rate of 6 month Euribor plus margin.

(iii) ₹138.87 lakhs (As at March 31, 2011: ₹Nil) payable to SVB India Finance Pvt. Ltd., towards loan taken by ConnectM (also Refer Note 6).

10. Short Term Provisions

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for Employee compensated absences	1,568.12	1,761.62
Provision for Gratuity	93.29	81.93
Provision for Warranty*	25.49	180.30
Provision for Onerous Contract*	39.81	22.56
Provision for mark-to-market losses on derivative contracts	642.84	-
Provision for Dividend	1,170.51	1,178.36
Provision for Dividend Tax	189.89	191.16
Provision for Income Tax	478.60	803.49
Total	**4,208.55**	**4,219.42**

* Movement in provisions in accordance with Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets:

Amount in ₹ lakhs

Particulars	Provision for Warranty	
	As at March 31, 2012	As at March 31, 2011
Opening Balance	196.45	237.39
Additions during the year	45.41	89.50
Less: Amounts used during the year	(192.11)	(119.65)
Less: Reversals during the year	-	(10.79)
Closing Balance	**49.75**	**196.45**

Amount in ₹ lakhs

Particulars	Provision for Onerous Contract	
	As at March 31, 2012	As at March 31, 2011
Opening Balance	60.38	2.01
Additions during the year	-	60.38
Less: Amounts used during the year	-	-
Less: Reversals during the year	(20.57)	(2.01)
Closing Balance	**39.81**	**60.38**

11. Fixed Assets

(a) Tangible Assets

Amount in ₹ lakhs

	Freehold Land	Buildings	Leasehold Improvements	Computers	Electrical Fittings	Furniture & Fixtures	Office Equipment	Plant & Equipment	Vehicles	Total
Gross Block										
As at April 1, 2010	2,287.67	3,310.98	1,049.50	5,651.57	409.33	2,524.52	3,740.22	3,851.66	0.08	22,825.53
Additions during the year	-	-	0.40	428.92	28.00	3.51	170.62	80.46	-	711.91
Deletions during the year	-	-	463.84	323.94	6.40	151.70	801.36	66.42	0.07	1,813.73
Foreign currency translation adjustments	-	-	11.21	11.91	3.37	23.13	17.37	70.72	-	137.71
As at March 31, 2011	**2,287.67**	**3,310.98**	**597.27**	**5,768.46**	**434.30**	**2,399.46**	**3,126.85**	**3,936.42**	**0.01**	**21,861.42**
Additions during the year	-	-	346.18	681.84	157.68	148.77	274.70	71.96	-	1,681.13
Deletions during the year	-	-	69.23	844.78	10.23	102.64	956.30	2.25	-	1,985.43
Foreign currency translation adjustments	-	-	0.79	28.68	20.69	42.75	0.30	150.49	-	243.70
As at March 31, 2012	**2,287.67**	**3,310.98**	**875.01**	**5,634.20**	**602.44**	**2,488.34**	**2,445.55**	**4,156.62**	**0.01**	**21,800.82**
Depreciation										
As at April 1, 2010	-	1,462.93	663.98	4,627.21	258.20	1,715.37	3,000.78	3,155.57	0.08	14,884.12
Charge for the year	-	167.64	243.03	600.89	26.96	305.61	536.46	275.32	-	2,155.91
Deletions during the year	-	-	463.84	316.66	6.40	149.12	797.62	66.41	0.07	1,800.12
Foreign currency translation adjustments	-	-	12.95	11.81	0.86	17.25	17.67	61.98	-	122.52
As at March 31, 2011	**-**	**1,630.57**	**456.12**	**4,923.25**	**279.62**	**1,889.11**	**2,757.29**	**3,426.46**	**0.01**	**15,362.43**
Charge for the year	-	167.80	62.28	520.32	95.14	211.34	335.15	259.68	-	1,651.71
Deletions during the year	-	-	69.23	844.32	10.22	100.56	947.23	2.25	-	1,973.81
Foreign currency translation adjustments	-	-	5.74	23.17	10.84	23.00	(3.55)	123.31	-	182.51
As at March 31, 2012	**-**	**1,798.37**	**454.91**	**4,622.42**	**375.38**	**2,022.89**	**2,141.66**	**3,807.20**	**0.01**	**15,222.84**
Net Block										
As at March 31, 2011	**2,287.67**	**1,680.41**	**141.15**	**845.21**	**154.68**	**510.35**	**369.56**	**509.96**	**-**	**6,498.99**
As at March 31, 2012	**2,287.67**	**1,512.61**	**420.10**	**1,011.78**	**227.06**	**465.45**	**303.89**	**349.42**	**-**	**6,577.98**

11. Fixed Assets

(b) Intangible Assets

Amount in ₹ lakhs

	Computer Software	Goodwill on Consolidation	Acquired Goodwill	Technical Knowhow	Contract Rights	Total
Gross Block						
As at April 1, 2010	4,727.88	19,439.05	367.34	182.50	811.25	25,528.02
Additions during the year	403.66	-	-	-	-	403.66
Deletions during the year	10.49	-	-	-	-	10.49
Foreign currency translation adjustments	28.48	834.64	(4.03)	-	(7.28)	851.81
As at March 31, 2011	**5,149.53**	**20,273.69**	**363.31**	**182.50**	**803.97**	**26,773.00**
Additions during the year	503.60	-	-	-	-	503.60
Deletions during the year	1,357.61	-	-	138.85	148.04	1,644.50
Foreign currency translation adjustments	54.10	1,443.31	51.17	-	92.38	1,640.96
As at March 31, 2012	**4,349.62**	**21,717.00**	**414.48**	**43.65**	**748.31**	**27,273.06**
Amortization						
As at April 1, 2010	4,183.21	-	-	182.50	326.38	4,692.09
Charge for the year	569.44	-	-	-	491.23	1,060.67
Deletions during the year	10.49	-	-	-	-	10.49
Foreign currency translation adjustments	28.65	-	-	-	(13.64)	15.01
As at March 31, 2011	**4,770.81**	**-**	**-**	**182.50**	**803.97**	**5,757.28**
Charge for the year	583.72	-	-	-	-	583.72
Deletions during the year	1,357.61	-	-	138.85	148.04	1,644.50
Foreign currency translation adjustments	56.63	-	-	-	92.38	149.01
As at March 31, 2012	**4,053.55**	**-**	**-**	**43.65**	**748.31**	**4,845.51**
Impairment Loss						
As at April 1, 2010	-	-	-	-	-	-
Charge for the year	-	13,058.38	-	-	-	13,058.38
Deletions during the year	-	-	-	-	-	-
Foreign currency translation adjustments	-	1,357.52	-	-	-	1,357.52
As at March 31, 2011	**-**	**14,415.90**	**-**	**-**	**-**	**14,415.90**
Charge for the year	-	-	-	-	-	-
Deletions during the year	-	-	-	-	-	-
Foreign currency translation adjustments	-	1,026.29	-	-	-	1,026.29
As at March 31, 2012	**-**	**15,442.19**	**-**	**-**	**-**	**15,442.19**
Net Block						
As at March 31, 2011	**378.72**	**5,857.79**	**363.31**	**-**	**-**	**6,599.82**
As at March 31, 2012	**296.07**	**6,274.81**	**414.48**	**-**	**-**	**6,985.36**

Notes to Consolidated Accounts *(Contd.)*

12. Non Current Investments

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
(A) Investment in Equity Instruments (Non-Trade, unquoted, at cost less provision for diminution)		
(i) Investment in Joint Ventures		
TACO Sasken Automotive Electronics Ltd. 52,00,403 (As at March 31, 2011: 52,00,403) equity shares of ₹10 each, fully paid up	520.04	520.04
Less: Provision for diminution in value of investment	(520.04)	(520.04)
	-	-
(ii) Other Investments		
3,92,285 (As at March 31, 2011: 3,92,285) fully paid equity shares of ₹10 each of Prime Telesystems Ltd.	240.00	240.00
Less: Provision for diminution in value of investment	(240.00)	(240.00)
	-	-
(B) Investment in Preference Shares (Non-Trade, Unquoted at cost less premium for diminution)		
Investment in Joint Ventures TACO Sasken Automotive Electronics Ltd. 24,78,000 (As at March 31, 2011: 24,78,000) Redeemable Preference Shares of ₹10 each fully paid up	247.80	247.80
Less: Provision for diminution in value of investment	(247.80)	(247.80)
	-	-
(C) Investment in Limited Liability Partnerships - Omni Capital LLP, USA	1,907.63	1,226.23
Aggregate amount of unquoted investments	1,907.63	1,226.23
Aggregate provision for diminution in value of investments	(1,007.84)	(1,007.84)

13. Deferred Tax Assets (net)

The following are the components of the Deferred Tax Asset (DTA) and Deferred Tax Liability (DTL):

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred Tax Asset		
Depreciation		
- Sasken	528.89	619.68
- SNEL	82.82	69.59
On expenditure allowed for tax purposes on payment basis		
- Sasken	303.23	8.35
- SNEL	92.26	130.38
Unabsorbed Business Loss		
- ConnectM	-	1.28
Total	**1,007.20**	**829.28**
Deferred Tax Liability		
Depreciation		
- ConnectM	-	1.28
Total	**-**	**1.28**
Net Deferred Tax Asset	**1,007.20**	**828.00**

Notes to Consolidated Accounts *(Contd.)*

14. Long Term Loans and Advances

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good:		
Capital Advances	14.48	12.93
Security Deposits	1,083.11	895.19
Advances recoverable in cash or in kind or for value to be received		
- Prepaid Expenses	3.16	-
- Advances to employees	3.75	16.08
- Balances with government authorities*	942.04	1,878.54
Advance Income Tax	2,931.06	2,243.70
MAT Credit Entitlement	325.61	476.53
Total	**5,303.21**	**5,522.97**

* Includes Disputed taxes paid under protest ₹942.04 lakhs (As at March 31, 2011: ₹1,878.54 lakhs).

15. Other Non Current Assets

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good:		
Long Term Trade Receivables	343.35	247.27
Non-current Bank Balances (Refer Note 19)	150.00	151.55
Total	**493.35**	**398.82**

16. Current Investments

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Quoted, at lower of cost or net realizable value, Investment in Mutual Funds		
36,50,000 (As at March 31, 2011: Nil) units of ₹10 each of IDFC Fixed Maturity Plan - Yearly Series 60 - Growth Plan	365.00	-
1,16,44,800 (As at March 31, 2011: Nil) units of ₹10 each of Birla Sun Life Short Term FMP Series 30 - Dividend Payout	1,164.48	-
85,19,263 (As at March 31, 2011: Nil) units of ₹10 each of IDFC Fixed Maturity Quarterly Series 71 - Dividend	851.93	-
49,95,309 (As at March 31, 2011: Nil) units of ₹10 each of Birla Sun Life Fixed Term Plan Series EI - Growth Plan	499.53	-
8,01,788 (As at March 31, 2011: Nil) units of ₹100.02 each of Birla Sun Life Floating Rate Fund STP - Institutional - Daily Dividend Reinvestment	801.95	-
20,49,967 (As at March 31, 2011: Nil) units of ₹10.12 each of Kotak Floater Short Term - Daily Dividend	207.38	-
64,31,990 (As at March 31, 2011: Nil) units of ₹15.29 each of Reliance Liquid Fund - TP - IP - Daily Dividend Reinvestment	983.28	-
65,732 (As at March 31, 2011: Nil) units of ₹1,000.18 each of Union KBC Liquid Fund Daily Dividend Reinvestment	657.44	-
1,03,142 (As at March 31, 2011: Nil) units of ₹1,221.61 each of DSP BlackRock Strategic Bond Fund - Institutional Plan - Growth Plan	1,260.00	-

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
21,77,998 (As at March 31, 2011: Nil) units of ₹12.23 each of Kotak Liquid - Institutional Plan - Daily Dividend - Reinvestment	266.33	-
1,08,11,000 (As at March 31, 2011: Nil) units of ₹10 each of DWS Fixed Term Fund - Series 88 - Dividend Plan - Payout	1,081.10	-
82,90,000 (As at March 31, 2011: Nil) units of ₹10 each of Reliance Fixed Horizon Fund - XX - Series 13 - Growth Plan	829.00	-
72,00,000 (As at March 31, 2011: Nil) units of ₹10 each of TATA Fixed Maturity Plan Series 37 Scheme A - Growth Plan	720.00	-
70,00,000 (As at March 31, 2011: Nil) units of ₹10 each of Birla Sun Life Fixed Term Plan Series DL-Growth Plan	700.00	-
1,04,49,033 (As at March 31, 2011: Nil) units of ₹10.04 each of Axis Short Term Fund Institutional Regular Dividend Reinvestment	1,048.88	-
38,50,000 (As at March 31, 2011: Nil) units of ₹10 each of HDFC Fixed Maturity Plan 370(D) November 2011 (1) - Growth - Series XIX	385.00	-
30,00,000 (As at March 31, 2011: Nil) units of ₹10 each of HDFC Fixed Maturity Plan 370(D) December 2011 (2) - Growth - Series XIX	300.00	-
25,15,701 (As at March 31, 2011: Nil) units of ₹10.35 each of SBI SHDF Short Term Institutional Plan - Weekly Dividend	260.43	-
43,76,320 (As at March 31, 2011: Nil) units of ₹10 each of Reliance Fixed Horizon Fund - XXI - Series 2 - Growth Plan	437.63	-
79,58,266 (As at March 31, 2011: Nil) units of ₹17.59 each of Birla Sun Life Dynamic Bond Fund - Retail - Growth Plan	1,400.00	-
13,31,243 (As at March 31, 2011: Nil) units of ₹10.02 each of Deutsche Insta CP Fund Dividend	133.36	-
17,73,449 (As at March 31, 2011: Nil) units of ₹10.04 each of Sundaram Ultrashort Term Fund Retail Daily Dividend	178.00	-
2,73,527 (As at March 31, 2011: Nil) units of ₹22.46 each of HDFC Cash Management Funds - Treasury Advantage Plan	28.44	-
1,55,785 (As at March 31, 2011: Nil) units of ₹16.42 each of IDFC Money Manager Fund - Treasury plan	11.84	-
79,704 (As at March 31, 2011: Nil) units of ₹190.75 each of ICICI Prudential Flexible Income Plan Premium - Growth	70.38	-
75,239 (As at March 31, 2011: Nil) units of ₹100.02 each of Birla Sun Life Ultra Short Term Fund Retail Daily Dividend	75.25	-
2,97,418 (As at March 31, 2011: Nil) units of ₹15.24 each Reliance MF FMP Monthly Dividend	45.33	-
Nil (As at March 31, 2011: 18,80,000) units of ₹10 each of Kotak FMP Series 40 - Growth Plan	-	188.00
Nil (As at March 31, 2011: 77,40,000) units of ₹10 each of IDFC Fixed Maturity Yearly Series 40 - Growth Plan	-	774.00
Nil (As at March 31, 2011: 1,46,317) units of ₹1,000.77 each of UTI-Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Re-investment	-	1,464.30
Nil (As at March 31, 2011: 75,00,000) units of ₹10 each of Birla Sun Life Fixed Term Plan Series CT Growth Plan	-	750.00
Nil (As at March 31, 2011: 24,00,000) units of ₹10 each of Kotak FMP Series 33 - Growth Plan	-	240.00

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Nil (As at March 31, 2011: 86,01,488) units of ₹12.41 each of Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund	-	1,067.20
Nil (As at March 31, 2011: 47,60,000) units of ₹10 each of Birla Sun Life Fixed Term Plan Series CQ Growth Plan	-	476.00
Nil (As at March 31, 2011: 40,00,000) units of ₹10 each of Kotak FMP Series 29 - Growth Plan	-	400.00
Nil (As at March 31, 2011: 25,71,268) units of ₹10 each of Birla Sun Life Fixed Term Plan Series CO Growth Plan	-	257.13
Nil (As at March 31, 2011: 30,00,000) units of ₹10 each of DWS Fixed Term Fund - Series 77 - Growth Plan	-	300.00
Nil (As at March 31, 2011: 74,88,558) units of ₹10.01 each of JM Money Manager Fund - Super Plan Plus - Daily Dividend	-	749.74
Nil (As at March 31, 2011: 40,00,000) units of ₹10 each of Reliance Fixed Horizon Fund XVII Series 1 Growth Plan	-	400.00
Nil (As at March 31, 2011: 80,586) units of ₹18.08 each of Birla Sunlife Savings Funds - Institutional Growth	-	6.67
Nil (As at March 31, 2011: 55,66,479) units of ₹10.03 each of ICICI Prudential Medium Term Plan Premium Plus Monthly Dividend	-	558.19
Nil (As at March 31, 2011: 28,00,000) units of ₹10 each of TATA Fixed Maturity Plan Series 26 Scheme C - Growth Plan	-	280.00
Nil (As at March 31, 2011: 38,51,828) units of ₹10 each UTI Fixed Maturity Plan - Yearly Fixed Maturity Plan Series (08 / 10) - Institutional Growth Plan	-	385.19
Nil (As at March 31, 2011: 1,35,74,672) units of ₹10 each of Reliance Fixed Horizon Fund XV Series 8 Growth Plan	-	1,357.47
Nil (As at March 31, 2011: 1,00,00,000) units of ₹10 each of DWS Fixed Term Fund - Series 73 - Growth Plan	-	1,000.00
Nil (As at March 31, 2011: 1,65,80,449) units of ₹10.04 each of Tata Floater Fund - Daily Dividend	-	1,663.95
Nil (As at March 31, 2011: 51,68,206) units of ₹10 each of ICICI Prudential Fund Half Yearly Interval Plan 1 - Institutional Dividend	-	516.88
Nil (As at March 31, 2011: 73,705) units of ₹1,001.72 each of Religare Ultra Short Term Institutional Plan Daily Dividend	-	738.32
Nil (As at March 31, 2011: 7,31,612) units of ₹10.01 each of SBI Ultra Short Term Fund Institutional Plan Daily Dividend	-	73.21
Aggregate amount of quoted investments	**14,761.96**	**13,646.25**
Aggregate market value of investments in Mutual Funds	**14,884.68**	**13,828.57**

17. Inventories (at lower of cost or net realizable value)

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Raw materials and components	77.33	167.32
Work in progress (Refer Note 24)	210.93	250.75
Total	**288.26**	**418.07**

18. Trade Receivables

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good:		
Outstanding for more than six months from due date	45.47	162.14
Outstanding for less than six months from due date	10,151.29	9,322.83
Unsecured, considered doubtful:		
Outstanding for more than six months from due date	171.64	264.58
Outstanding for less than six months from due date	4.99	0.20
Less: Provision for doubtful debts	(176.63)	(264.78)
Total	**10,196.76**	**9,484.97**

19. Cash and Bank Balances

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Cash and Cash Equivalents:		
Cash on Hand	1.28	8.21
Balances with banks - Current Accounts	2,177.96	2,463.30
Bank deposits with original maturity less than 3 months	80.05	-
Remittance in Transit	-	390.42
Balances with Banks - Unpaid dividend accounts*	46.78	38.73
	2,306.07	**2,900.66**
Other Bank Balances:		
Bank deposits with original maturity more than 3 months but less than or equal to 12 months	1,300.00	1,431.54
Bank deposits with original maturity more than 12 months	150.00	151.55
Bank balances held as margin money / Security against guarantees	80.23	429.52
	3,836.30	**4,913.27**
Less : Bank deposits with original maturity more than 12 months disclosed under non-current assets (Refer Note 15)	(150.00)	(151.55)
Total	**3,686.30**	**4,761.72**

* The Company can utilize these balances only towards settlement of the respective unpaid dividend.

20. Short Term Loans and Advances

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good:		
Security deposits	91.19	191.56
Advances recoverable in cash or in kind or for value to be received		
- Advance to Suppliers	380.69	472.91
- Advance to employees	423.35	490.29
- Balances with Government Authorities	653.21	261.48
- Prepaid expenses / Other recoverables	359.91	595.20
- Mark-to-market gains on derivative contracts	-	223.88
Carried Over...	1,908.35	2,235.32

Notes to Consolidated Accounts *(Contd.)*

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Brought forward....	1,908.35	2,235.32
Unsecured considered doubtful:		
Advances recoverable in cash or in kind or for value to be received		
- Advance to Suppliers	-	0.48
Less: Provision for doubtful advances	-	(0.48)
Total	**1,908.35**	**2,235.32**

21. Other Current Assets

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Interest Income Accrued on Fixed Deposits	60.25	-
Unbilled Revenues	2,638.56	2,381.68
Total	**2,698.81**	**2,381.68**

22. Revenue from Operations

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Revenue from Software Products	3,948.95	5,774.64
Revenue from Software Services	43,466.53	44,010.05
Revenue from Network Engineering Services	3,967.20	4,444.03
Revenue from Automotive, Utilities and Industrial Services	550.90	409.25
Revenue from sale of Traded Goods	62.25	-
Total	**51,995.83**	**54,637.97**

23. Other Income

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Dividend on current investments	368.19	700.70
Net gain on sale of current investments	636.88	8.34
Interest Income - on Bank Deposits [Includes Tax deducted at Source ₹21.80 lakhs (March 31, 2011: ₹4.48 lakhs)]	218.54	60.71
- on Income Tax refund	33.57	-
- on Others	16.59	-
Write back of unclaimed balances / provisions	148.28	35.65
Profit on sale of Fixed Assets	166.06	37.05
Gain on dilution of investment in joint venture	-	100.27
Write back of Provision for doubtful debts, deposits and other loans and advances	49.22	28.47
Exchange gains (net)	949.17	741.79
Miscellaneous income	54.49	87.24
Total	**2,640.99**	**1,800.22**

Notes to Consolidated Accounts *(Contd.)*

24. (Increase) / decrease of work-in-progress

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Opening balance of work-in-progress	250.75	254.83
Closing balance of work-in-progress	210.93	250.75
Total	**39.82**	**4.08**

Amount in ₹ lakhs

Details of Work-in-Progress	As at March 31, 2012	As at March 31, 2011
Software Services	129.47	109.45
Software Products	-	45.04
Network Engineering Services	81.46	96.26
Total	**210.93**	**250.75**

25. Consumption of Raw Materials & Components

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Opening balance of Raw Materials & Components	167.32	27.59
Add: Purchases	290.07	398.35
	457.39	**425.94**
Less: Closing balance of Raw Materials & Components	(77.33)	(167.32)
Total	**380.06**	**258.62**

26. Employee Benefit Expense

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Salaries and Bonus	30,286.64	29,989.75
Contribution to Provident and Other Funds	1,787.75	2,055.42
Staff Welfare	785.12	627.04
Recruitment and Relocation	346.81	415.35
Employee Stock Option Compensation cost (net)	75.06	455.18
Total	**33,281.38**	**33,542.74**

Notes to Consolidated Accounts *(Contd.)*

27. Other Expenses

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Rent	1,941.91	2,444.81
Repairs and Maintenance		
- Plant and machinery	504.87	428.17
- Building	463.62	363.34
- Others	188.22	194.11
Communication Expenses	577.71	653.39
Travel Expenses	1,698.32	1,830.75
Electricity and Water Charges	752.21	709.65
Professional, Legal and Consultancy charges	1,243.32	941.01
Insurance	163.89	209.66
Contract Staff Cost	1,585.14	1,821.87
Software Expenses	137.40	63.39
Training and Conference Expenses	269.86	254.68
Warranty Expenses	45.41	89.50
Installation and Commissioning Charges	55.78	5.58
Selling expenses - Others	92.73	112.20
Agency Commission	5.52	68.00
Provision for doubtful deposits and other Loans and Advances	1.11	6.10
Doubtful Debts provided / (reversed), net	-	17.89
Bad Debts	-	35.94
Loss on sale / discard of Assets	1.01	1.27
Auditor's Remuneration		
- Audit Fees	28.00	28.00
- Company Law Matters	-	-
- Other services	7.86	1.24
- Reimbursement of Expenses	1.32	0.74
Rates and Taxes	96.81	136.34
Directors' Sitting Fees and Commission	63.50	65.40
Donations	14.15	14.26
Investment Write off and Provision for / (reversal of) diminution in value of non current investments	-	(45.30)
Membership & Subscription	0.50	0.28
Printing & Stationery	123.46	126.69
Provision for Onerous Contract	-	60.38
Miscellaneous Expenses	526.62	542.70
Total	**10,590.25**	**11,182.04**

28. Finance Cost

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Interest expense on bank loans	55.80	113.30
Other borrowing costs	4.56	0.05
Total	**60.36**	**113.35**

29. Joint Ventures

(a) ConnectM Technology Solutions Pvt. Ltd. ("ConnectM")

In June 2007, Sasken and IDG Ventures formed a joint venture company called ConnectM Technology Solutions Pvt. Ltd. in Bangalore. ConnectM intends to explore and focus on end-to-end cycle development & sustenance to the Transportation, Industrial, Utilities and Enterprise markets enabled by Machine-to-Machine (M2M) communications. As at March 31, 2012, the Company and IDG Ventures each hold 46.29% (As at March 31, 2011: 45.77%) of the equity in ConnectM. In accordance with Accounting Standard 27 on Financial Reporting of Interests in Joint Ventures, the Group has consolidated the results of ConnectM in proportion to its interest in the Joint Venture.

(b) The proportionate share of assets and liabilities and income and expenditure for the year, in respect of the jointly controlled entities, are given below:

Amount in ₹ lakhs

Particulars	ConnectM	
	As at March 31, 2012	As at March 31, 2011
Reserves and Surplus	(1,584.99)	(1,243.64)
Fixed Assets, net	14.07	24.94
Inventories	77.33	167.32
Investments	110.66	6.67
Sundry Debtors	317.51	162.91
Cash and Bank	27.73	16.06
Other Current Assets	14.99	-
Other Non Current Assets	343.35	247.27
Loans and Advances	51.65	62.68
Liabilities and Provisions	659.88	475.78

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Revenue	550.88	409.25
Expenses	893.55	960.52
Other Income including Exchange Gain / (Loss)	60.22	6.79
Interest	43.42	0.05
Profit / (Loss) Before Tax	(325.87)	(544.53)
Provision for Tax	-	-
Profit / (Loss) After Tax	(325.87)	(544.53)

(c) TACO Sasken Automotive Electronics Limited ("TSAE")

Sasken has a 50% interest in a joint venture company called TACO Sasken Automotive Electronics Limited (formerly known as TACO Sasken Automotive Electronics Private Limited) in Pune. The shareholders of TSAE have resolved that the company be wound up voluntarily. Requisite documents have been filed with the Registrar of Companies.

Considering the closure of operations of TSAE, the financial statements of TSAE have not been consolidated.

30. Other Notes

(a) Business Restructuring Reserve

The Company had approached the High Court of Karnataka, Bangalore to create a Business Restructuring Reserve to be carved out from Securities Premium Account in terms of a Scheme under Section 391 / 394 of the Companies Act, 1956, whereby the Business Restructuring Expenses (as covered by the Scheme) will be adjusted against the said Reserve. Pursuant to the Scheme and as approved by the High Court of Karnataka, Bangalore vide its order dated March 31, 2010, a sum of ₹14,578.08 lakhs, has been transferred from the Securities Premium Account and credited to Business Restructuring Reserve Account during the year ended March 31, 2010.

Further during the year ended March 31, 2010, impairment loss on capitalized software amounting to ₹1,519.70 lakhs, which was charged to Profit & Loss Account in the prior years, being considered as a Restructuring Expense incurred after the Appointed Date, i.e., April 1, 2008, was adjusted against the Business Restructuring Reserve Account.

During the year ended March 31, 2011, the Company had evaluated its investment in subsidiaries and joint ventures for the purpose of determination of potential diminution in value. Based on such evaluation and considering the underlying factors including downturn in the business of Sasken Finland and the decrease in related activities / businesses, the Company had identified and recognized a provision for diminution in the value of goodwill related to investment in Sasken Communication Technologies Oy amounting to ₹13,058.38 lakhs. The diminution in value of such goodwill being considered as a Restructuring Expense incurred after the Appointed Date, i.e., April 1, 2008, had been adjusted against the Business Restructuring Reserve Account in accordance with the Scheme.

Had the Scheme not prescribed the aforesaid treatment, the amounts would be as under:

(i) In the Profit & Loss Account

Amount in ₹ lakhs

Item	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Impairment Loss of Goodwill	-	13,058.38
Profit / (Loss) After Tax	6,400.80	(5,730.19)

(ii) In the Balance Sheet

Amount in ₹ lakhs

Item	Cumulative Impact As at March 31, 2012	Cumulative Impact As at March 31, 2011
Reserves & Surplus:		
Securities Premium Account	26,639.29	27,367.29
Business Restructuring Reserve Account	-	-
Profit and Loss Account Balance	13,392.79	9,453.18

(b) Capital and other Commitments

(i) Estimated amount of contracts remaining to be executed on capital account (net of advances) amounted to ₹49.68 lakhs (As at March 31, 2011: ₹ 316.46 lakhs).

(ii) Sasken Inc is committed to contribute to the capital (net of investments) in Omni Captial, a limited liability partnership in USA amounting to USD 12.50 lakhs (equivalent in ₹635.88 lakhs) [As at March 31, 2011: USD 22.50 lakhs (equivalent in ₹1,003.28 lakhs)].

(iii) SNEL has commitment towards hire of laptops amounting to ₹43.43 lakhs (As at March 31, 2011: ₹ Nil).

(iv) The Group enters into foreign exchange forward contracts and option contracts to hedge its net foreign currency receivables position including its future receivables. As per the current policy of the Group, the Group takes foreign exchange forward contracts for currencies primarily denominated in the US Dollar, Canadian Dollar and Euro.

The details of outstanding foreign exchange forward contracts entered by the Group are as under:

Foreign Currency Hedged	Type of Contract	As at March 31, 2012		As at March 31, 2011	
		Amount (In Foreign Currency lakhs)	Avg Forward Exchange Rate (₹)	Amount (In Foreign Currency lakhs)	Avg Forward Exchange Rate (₹)
US Dollar (USD)	Sell	338.59	50.49	204.99	46.95
Euro (EUR)	Sell	35.14	68.09	57.55	63.29
Euro (EUR)	Buy	-	-	6.50	62.17
Canadian Dollar (CAD)	Sell	1.00	47.95	3.50	47.12

The Company has also taken European style option contracts whereby it has option to sell USD 41.87 lakhs (As at March 31, 2011: USD 121.15 lakhs) at an average strike price ranging between ₹49 and ₹52, with maturity dates upto January 2013 and Euro 11.28 lakhs (As at March 31, 2011: Euro Nil) at an average strike price ranging between ₹65 and ₹68, with maturity dates upto December 2012.

(v) For commitments relating to lease arrangements, Refer Note 37.

(c) Contingent Liabilities

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Bank Guarantees	130.26	317.65
Corporate Guarantees	-	10,777.68
Income Taxes	2,524.17	2,270.35
Indirect Taxes	2,216.86	2,216.86

There are certain claims made against the Company by an investee company, which are a subject matter of arbitration proceedings. In the view of the Management, such claims are frivolous and are not tenable. No provision has been made for such claims pending completion of legal proceedings as the amount of claims are currently not ascertainable.

(d) Unhedged Exposure

The Group has following foreign currency exposures which are not hedged:

As at March 31, 2012

Currency	Amount in Foreign Currency lakhs			Amount in Rupees lakhs		
	Loans & Advances	Current Liabilities	Net Receivable / (Payable)	Loans & Advances	Current Liabilities	Net Receivable/ (Payable)
Australian Dollar (AUD)	-	0.21	(0.21)	-	11.12	(11.12)
Euro (EUR)	0.63	2.00	(1.37)	42.78	135.82	(93.04)
Hongkong Dollar (HKD)	-	0.34	(0.34)	-	2.23	(2.23)
Great Britain Pound (GBP)	1.00	0.35	0.65	81.52	28.53	52.99
Japanese Yen (JPY)	-	0.53	(0.53)	-	0.33	(0.33)
US Dollar (USD)	7.75	3.53	4.22	394.24	179.57	214.67
Singapore Dollar (SGD)	-	0.58	(0.58)	-	23.49	(23.49)
Canadian Dollar (CAD)	2.13	0.02	2.11	108.76	1.02	107.74
Arab Emirates Dirham (AED)	3.37	0.18	3.19	46.67	2.49	44.18

As at March 31, 2011

Currency	Amount in Foreign Currency lakhs			Amount in Rupees lakhs		
	Loans & Advances	Current Liabilities	Net Receivable/ (Payable)	Loans & Advances	Current Liabilities	Net Receivable/ (Payable)
Australian Dollar (AUD)	-	0.10	(0.10)	-	4.61	(4.61)
Swiss Francs (CHF)	2.04	-	2.04	99.36	-	99.36
Euro (EUR)	0.02	-	0.02	1.27	-	1.27
Hongkong Dollar (HKD)	-	0.72	(0.72)	-	4.13	(4.13)
Great Britain Pound (GBP)	0.75	7.69	(6.94)	53.80	551.62	(497.82)
Japanese Yen (JPY)	1.44	0.75	0.69	77.47	40.35	37.12
US Dollar (USD)	1.75	5.54	(3.79)	78.03	247.03	(169.00)
Canadian Dollar (CAD)	-	0.40	(0.40)	-	18.41	(18.41)
Danish Kroner (DKK)	12.80	6.63	6.17	108.79	56.35	52.44

(e) Employee benefits:

(i) The Group contributed the following amounts to defined contribution plans:

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Superannuation Fund	28.56	30.67
Provident fund & Pension Fund	92.48	75.64

(ii) Defined benefit plans:

(a) Gratuity

Net employee benefit expense (in Profit & Loss Account under the head Salaries & Bonus):

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Current Service cost	245.01	240.72
Interest cost	75.69	65.37
Expected return on plan assets	(76.10)	(73.74)
Actuarial (Gain) / Loss	15.69	5.42
Total	**260.29**	**237.77**

Liability / (Asset) recognized in the Balance Sheet:

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Present value of the defined benefit obligation	1,104.34	982.22
Plan assets at the end of the year, at fair value	945.61	844.88
Liability / (Asset) recognized in the Balance Sheet	158.73	137.34

Changes in the present value of Defined Benefit Obligation are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Defined Benefit Obligations (DBO) at beginning of the year	982.22	963.05
Current Service Cost	245.01	240.72
Interest Cost	75.69	65.37
Benefits Paid	(166.20)	(280.43)
Actuarial (Gain) / Loss	(32.38)	(6.49)
Defined Benefit Obligations (DBO) at the end of the year	1,104.34	982.22

Changes in the fair value of Plan Assets are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Plan Assets at the beginning of the year at fair value	844.88	973.48
Contributions	238.90	90.00
Expected Return on Plan Assets	76.10	73.74
Actuarial Gain / (Loss)	(48.07)	(11.91)
Benefits Paid	(166.20)	(280.43)
Plan Assets at the end of the year at fair value	945.61	844.88

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	As at March 31, 2012	As at March 31, 2011
Interest rate for discount (p.a.)	8.42%	7.98%
Estimated Rate of Return on Plan Assets (p.a.)	8.50%	8.11%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined Benefit Obligation	1,104.34	982.22	963.05	1,046.60	886.79
Plan Assets	945.61	844.88	973.48	854.26	768.24
(Surplus) / Deficit	158.73	137.34	(10.43)	192.34	118.55
Experience (Gain) / Loss adjustments on Plan Liabilities	(179.66)	(8.92)	(118.91)	(81.59)	-
Experience Gain / (Loss) adjustments on Plan Assets	31.79	(28.42)	213.55	(49.38)	-

(b) Pension

Net employee benefit expense (in Profit & Loss Account under the head Contribution to Provident and other funds):

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Current Service cost	-	11.22
Interest cost	25.24	28.52
Expected return on Plan Assets	(21.43)	(21.47)
Actuarial (Gain) / Loss	(13.18)	22.53
Total	(9.37)	40.80

Liability / (Asset) recognized in the Balance Sheet:

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Present value of the Defined Benefit Obligation	611.51	571.99
Plan Assets at the end of the year, at fair value	511.52	454.21
Liability / (Asset) recognized in the Balance Sheet	99.99	117.78

Changes in the present value of Defined Benefit Obligation are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Defined Benefit Obligations (DBO) at beginning of the year	571.99	558.08
Current Service Cost	-	11.22
Interest Cost	25.24	28.52
Benefits Paid	-	-
Actuarial (Gain) / Loss	14.28	(25.83)
Defined Benefit obligations (DBO) at the end of the year	611.51	571.99

Changes in the fair value of Plan Assets are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Plan Assets at the beginning of the year at fair value	454.21	457.44
Contributions	8.42	23.66
Expected return on Plan Assets	21.43	21.47
Actuarial Gain / (Loss)	27.46	(48.36)
Benefits paid	-	-
Plan Assets at the end of the year, at fair value	511.52	454.21

The principal assumptions used in determining pension for the Company's plan are shown below:

Particulars	As at March 31, 2012	As at March 31, 2011
Interest rate for discount (p.a.)	5.10%	5.10%
Estimated Rate of Return on Plan Assets (p.a.)	4.50%	4.50%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined Benefit Obligation	611.51	571.99	558.08	459.95	-
Plan Assets	511.52	454.21	457.44	434.81	-
(Surplus) / Deficit	99.99	117.78	100.64	25.14	-
Experience (Gain) / Loss adjustments on Plan Liabilities	-	(132.47)	81.58	(15.65)	-
Experience Gain / (Loss) adjustments on Plan Assets	-	(68.00)	(26.48)	76.47	-

The major categories of Plan Assets as a percentage of the total Plan Assets are as follows :

Particulars	As at March 31, 2012	As at March 31, 2011
Investment with insurers	100.00%	100.00%

(c) Provident Fund

The Guidance on Implementing AS15, Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement to provident fund liabilities during the current year. The actuary has accordingly provided a valuation by applying the deterministic approach to compute the present value of interest rate guarantee and based on the below provided assumptions, there is a shortfall of ₹47.68 lakhs as at March 31, 2012 which the Company has fully provided for.

Net employee benefit expense (in Profit & Loss Account under the head Contribution to Provident and other funds):

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012
Current Service cost	617.81
Interest cost	531.19
Expected return on Plan Assets	(606.34)
Actuarial (Gain) / Loss	196.06
Total	**738.72**

Liability / (Asset) recognized in the Balance Sheet

Amount in ₹ lakhs

Particulars	As at March 31, 2012
Present value of the Defined Benefit Obligation	7,846.81
Plan Assets at the end of the year, at fair value	7,799.13
Liability / (Asset) recognized in the Balance Sheet	47.68

Changes in the present value of Defined Benefit Obligation are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012
Defined Benefit Obligations at beginning of the year	7,201.90
Current Service Cost	617.81
Contribution by Plan Participants	1,167.31
Interest cost	531.19
Benefits paid	(1,786.45)
Actuarial (Gain) / Loss	115.05
Defined Benefit Obligations at the end of the year	7,846.81

Changes in the fair value of Plan Assets are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012
Plan Assets at the beginning of the year at fair value	7,201.90
Contributions	1,858.35
Expected return on Plan Assets	606.34
Actuarial Gain / (Loss)	(81.01)
Benefits Paid	(1,786.45)
Plan Assets at the end of the year, at fair value	7,799.13

The principal assumptions used in determining provident fund obligations for the Company's plan are shown below:

Particulars	As at March 31, 2012
Interest Rate for Discount (p.a.)	8.42%
Estimated Rate of Return on Plan Assets (p.a.)	8.50%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012
Defined Benefit Obligation	7,846.81
Plan Assets	7,799.13
(Surplus) / Deficit	47.68
Experience (Gain) / Loss adjustments on Plan Liabilities	115.05
Experience Gain / (Loss) adjustments on Plan Assets	(81.01)

Notes:

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

(b) The Company expects to contribute ₹87.73 lakhs (As at March 31, 2011: ₹77.70 lakhs) and ₹Nil (As at March 31, 2011: ₹8.15 lakhs) to gratuity and pension respectively in 2012-13.

(c) The overall return on assets is determined based on prevailing market price.

31. Provision for tax expenses

The provision for taxation includes tax liabilities in India on the Group's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries. Group's operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from STPs were tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences software development, or March 31, 2011. Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions.

32. Employee Stock Option Plans (Equity Settled)

Sasken ESOP 2000

On September 22, 2000, the shareholders of the Company approved Stock Option Plan [ESOP-2000] in accordance with the Guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Option Plans. The Plan covered all employees of the Company including foreign branches, employees of the subsidiaries including its part time / full time Directors other than the promoter directors / employees. The Plan provided for the issue of 30 lakhs shares (including the shares issued under the SAS Stock Option Plan, 1997) of ₹10 each duly adjusted for any bonus, splits, etc. A Compensation Committee of the Board administers the Scheme. The Option vests subject to continuation of employment.

The Company issues options convertible into equity shares of ₹10 each. These options carry a vesting period ranging one to four years at an exercise price depending upon the vesting period being the fair value of the Company's share as determined by the Company as at the date of grant. All the options granted have an exercise period of two years from the date of vesting, except in case of 25,213 options issued in June 1, 2004 where the exercise period, during the previous year, has been further extended by two years.

Details of Option Plans

Date of issue	No. of options issued	Exercise Price (₹)
Apr 2, 2004	3,78,925	160 - 256
June 1, 2004	9,71,533	160 - 256
Feb 23, 2005	45,265	184 - 256
Apr 19, 2005	3,04,050	225 - 321

Sasken ESOP 2006

On February 25, 2006, the shareholders of the Company approved Stock Option Plan [ESOP-2006] in accordance with the Guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Option Plans. The Plan covers all employees of the Company including foreign branches, employees of the subsidiaries and Directors other than the promoter directors / employees. The Plan provides for the issue of 35,75,000 shares of ₹10 each duly adjusted for any bonus, splits, etc. A Compensation Committee of the Board administers the Scheme. The terms of each issuance would be determined by the Compensation Committee. The Option vests subject to continuation of employment.

The Company issues options convertible into equity shares of ₹10 each. The options issued till March 31, 2008 carry a vesting period of one to four years, options issued thereafter carry a vesting period of one to three years except options issued on April 21, 2008 which carried a vesting period of one year. All the options granted have an exercise period of two years from the date of vesting except options issued on April 21, 2008 have an exercise period of three months from the date of vesting.

Details of Option Plans

Date of issue	No. of options issued	Exercise Price (₹)
June 17, 2006	1,38,750	234 - 394
Oct 18, 2006	1,50,000	234 - 394
Jan 1, 2007	5,000	367 - 559
April 1, 2007	2,35,000	475 - 667
July 1, 2007	90,000	554 - 746
Oct 1, 2007	10,000	410 - 602
April 21, 2008	87,000	120
April 6, 2009	18,60,000	52
June 15, 2009	10,000	76
July 17, 2009	80,000	52
Sep 19, 2009	80,000	108
Oct 1, 2009	60,000	155
Jan 21, 2010	60,000	52
Jan 21, 2010	30,000	155
April 30, 2010	20,000	188
April 30, 2010	70,000	190
May 26, 2010	70,000	195
July 1, 2010	3,90,000	200
July 30, 2010	70,000	201
Jan 1, 2011	50,000	207
Oct 1, 2011	50,000	138

Employee Stock Options outstanding (Net of deferred compensation cost) is as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Total accounting value of options outstanding (A)	715.47	1,029.91
Deferred Compensation Cost	715.47	1,029.91
Less: Amortized	664.88	732.37
Net Deferred Compensation Cost (B)	50.59	297.54
(A) - (B)	**664.88**	**732.37**

Notes to Consolidated Accounts *(Contd.)*

The following table summarizes the Company's stock options activity for Sasken ESOP 2000 and Sasken ESOP 2006:

Shares underlying options outstanding:

	March 31, 2012			March 31, 2011		
	No. of Options	Amount in ₹ lakhs	Weighted average-Exercise Price (₹)	No. of Options	Amount in ₹ lakhs	Weighted average-Exercise Price (₹)
Outstanding at the beginning of the year	20,46,789	10,29.91	101.65	21,53,696	717.88	62.32
Granted during the year	50,000	16.48	138.00	670,000	553.91	198.70
Forfeited during the year	2,54,072	188.38	171.55	2,33,882	125.36	130.58
Exercised during the year	5,44,775	142.54	52.00	5,43,025	116.52	52.93
Outstanding at the end of the year	12,97,942	715.47	110.21	20,46,789	1,029.91	101.65
Exercisable at the end of the year	10,12,142		92.16	7,31,489		65.27
Weighted average remaining contractual life (in years)	1.43		-	2.18		-
Weighted average fair value of options granted during the year	-		32.96	-		82.65

The weighted average market price of the Company's shares during the year ended March 31, 2012 was ₹121.91 per equity share (March 31, 2011: ₹185.78 per share).

The fair value of the options granted during the year was calculated by applying the Black – Scholes – Merton formula. The following are assumptions and result:

Particulars	2011-12	2010-11
Average risk free interest rate	8.09%	7.87% - 8.09%
Weighted average expected life of options granted (in years)	2.63	2.58 - 2.63
Expected dividend yield	6.24%	2.73% - 3.33%
Volatility (annualized) *	64.38%	65.47% - 67.82%
Weighted average market price (₹)	112.20	180.00 - 219.95
Exercise Price (₹)	138.00	188.00 - 207.00
Weighted average fair value of the options (₹)	32.96	65.18 - 101.48

* Based on historical market price of the Company's shares for the period since listing.

The details of exercise price of outstanding options are as follows:

Range of exercise price (₹)	As at March 31, 2012			As at March 31, 2011		
	Number of options outstanding	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)	Number of options outstanding	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)
50-119	7,77,700	1.07	55.26	13,54,175	1.88	53.87
120-225	5,10,000	2.01	191.08	6,70,000	2.80	193.10
226-321	10,242	0.25	256.00	22,614	1.11	253.33

33. Related Party Disclosures

Remuneration paid to Key Managerial Personnel

Amount in ₹ lakhs

Name of the related party	Relationship	Year Ended March 31, 2012	Year Ended March 31, 2011
Rajiv C. Mody	Managing Director	78.75	159.11
Krishna Jhaveri	Whole Time Director	34.83	27.49
G. Venkatesh	Whole Time Director	63.79	79.34
Neeta S. Revankar	Whole Time Director & Chief Financial Officer	63.75	81.04
Total		**241.12**	**346.98**

The above does not include provision for gratuity and compensated absences determined on actuarial basis.

Stock compensation cost in respect of options issued to directors as detailed below has not been considered as managerial remuneration.

Amount in ₹ lakhs

Name of the related party	Relationship	Year Ended March 31, 2012	Year Ended March 31, 2011
G. Venkatesh	Whole Time Director	1.85	8.23
Neeta S. Revankar	Whole Time Director & Chief Financial Officer	1.85	8.23
Total		**3.70**	**16.46**

34. Segment reporting

The business segmental information is given based on the following segments - Software Services, Software Products, Network Engineering Services and Automotive, Utilities & Industrial. Software Services that are related with Intellectual Property based product offerings are considered part of the Software Products segment. Network Engineering Services segment provides network planning, deployment, commissioning, integration and network operations support to network equipment vendors and operators. Automotive, Utilities & Industrial segment provides services to customers in the area of telematics and infotainment.

(a) Business Segment Information

Segment Balance Sheet

Amount in ₹ lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Segment Assets		
Software Services	19,575.44	18,221.58
Software Products	1,708.44	1,139.59
Network Engineering Services	1,766.06	1,873.59
Automotive, Utilities & Industrial	836.98	672.33
Unallocated Corporate Assets	31,928.97	32,385.64
Total	**55,815.89**	**54,292.73**
Segment Liabilities		
Software Services	4,198.47	4,691.63
Software Products	242.10	383.88
Network Engineering Services	515.29	153.27
Automotive, Utilities & Industrial	283.85	576.34
Unallocated Corporate Liabilities	4,629.10	5,833.52
Total	**9,868.81**	**11,638.64**
Capital Expenditure		
Software Services	964.17	480.44
Software Products	25.20	27.87
Network Engineering Services	105.21	122.67
Automotive, Utilities & Industrial	2.75	20.43
Corporate and others (unallocated)	799.78	614.05
Total	**1,897.11**	**1,265.46**

Segment Results

Amount in ₹ lakhs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Revenues		
Software Services	44,107.50	44,607.09
Software Products	4,265.94	5,606.00
Network Engineering Services	4,125.35	4,444.03
Automotive, Utilities and Industrial	550.90	409.25
Gross Revenues	**53,049.69**	**55,066.37**
Less: Inter Segmental Revenue	(1,053.86)	(428.40)
Net Revenues	**51,995.83**	**54,637.97**
Segmental Profit		
Software Services	10,570.86	10,125.38
Software Products	2,108.76	3,442.50
Network Engineering Services	1,052.94	1,240.98
Automotive, Utilities and Industrial	(103.00)	(363.76)
Total	**13,629.56**	**14,445.10**
Less:		
Corporate Expenses (unallocated)	8,215.40	8,056.49
Profit from Operations	**5,414.16**	**6,388.61**
Less: Finance Costs	(60.36)	(113.35)
Add: Other Income including exchange gain / (loss), net	2,640.99	1,800.22
Less: Provision for diminution in value of investments / (reversals)	-	(45.30)
Profit Before Taxes	**7,994.79**	**8,120.78**
Income Taxes	1,593.99	792.59
Profit After Taxes	**6,400.80**	**7,328.19**
Other Information		
Depreciation / Amortization		
Software Services	1,745.44	2,232.80
Software Products	59.34	595.02
Network Engineering Services	172.99	156.87
Automotive, Utilities and Industrial	13.91	17.71
Unallocated Depreciation	243.75	214.18
Total	**2,235.43**	**3,216.58**

Note: Unallocated corporate assets and liabilities comprise of assets and liabilities not identifiable with reportable segments, as these assets and liabilities are used interchangeably between the segments. However, depreciation on such assets has been allocated to the segments to the extent of the related utilization by the respective segments, as used by Management for its internal reporting purposes.

Notes to Consolidated Accounts *(Contd.)*

(b) Geographic Segment Information

Revenues:

Amount in ₹ lakhs

Region	Year Ended March 31, 2012	Year Ended March 31, 2011
North America (including Canada)	9,340.97	9,369.67
Europe (including Middle East)	21,603.07	23,738.93
Asia Pacific (other than India)	6,284.56	5,860.23
India	14,767.23	15,669.14
Total	**51,995.83**	**54,637.97**

Assets:

Amount in ₹ lakhs

Region	As at March 31, 2012	As at March 31, 2011
North America (including Canada)	4,636.97	4,386.88
Europe (including Middle East)	12,684.84	12,327.15
Asia Pacific (other than India)	2,241.55	1,263.46
India	36,252.53	36,315.24
Total	**55,815.89**	**54,292.73**

Additions: Tangible and Intangible Assets

Amount in ₹ lakhs

Region	As at March 31, 2012	As at March 31, 2011
North America (including Canada)	100.10	6.66
Europe (including Middle East)	18.81	34.45
Asia Pacific (other than India)	33.33	6.99
India	1,744.87	1,217.36
Total	**1,897.11**	**1,265.46**

35. Research and Development

During the year ended March 31, 2012, the Company's research and development unit at Chennai was registered as in-house R&D unit with Department of Scientific and Industrial Research (DSIR) vide letter dated March 16, 2012. The particulars of expenditure incurred on in-house research and development centre recognized by the DSIR is as follows:

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012
Capital Expenditure	175.46
Revenue Expenditure	117.15

36. Earnings Per Share (EPS)

Reconciliation of the net income and number of shares considered in the computation of basic and diluted EPS is given below:

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit for computation of basic and diluted EPS	6,400.80	7,328.19
Weighted average number of shares considered for basic EPS	2,57,87,255	2,72,51,256
Add: Effect of stock options	3,85,283	9,90,473
Add: Effect of share application money	13,335	6,329
Weighted average number of shares considered for diluted EPS	2,61,85,873	2,82,48,058

37. Operating lease

The Group has operating leases for office premises that are (a) renewable on a periodic basis and are cancellable by giving a notice period ranging from 1 month to 6 months and (b) renewable on a periodic basis and are non-cancellable for specified periods under arrangements. Rent escalation clauses vary from contract to contract ranging from 0% to 15%. There are no restrictions imposed by the lease arrangements. There are no sub leases.

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Rent expenses included in Profit & Loss Account towards operating leases	1,941.91	2,444.81

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Due within one year of the Balance Sheet date	587.75	695.80
Due between one to five years	299.58	724.12
Due more than five years	-	-

38. Comparatives

Previous year figures have been re-grouped / re-arranged, wherever necessary to conform to the current year's presentation.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place : Bangalore
Date : April 26, 2012

For and on behalf of the Board of Directors
Sasken Communication Technologies Limited

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer

R. Vittal
Company Secretary

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

Amount in ₹

Name of the Subsidiary	Sasken Network Engineering Limited	Sasken Communication Technologies Mexico S.A de C.V	Sasken Communication Technologies (Shanghai) Co. Ltd.	Sasken Communication Technologies Oy	Sasken Finland Oy	Sasken Inc.	Sasken Japan KK	Sasken Network Solutions Inc.
Financial year / period of the Subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
1. Holding Company's interest	100%	100%	100%	100%	100%	100%	100%	100%
Equity Share Capital	(30,50,000 equity shares of ₹10 each fully paid up)	(9,600 equity shares of MXN 500 each fully paid up)		(3,06,94,000 equity shares of EUR 1 each fully paid up)	(20,197 equity shares of EUR 1 each fully paid up)	(22,50,000 equity shares of USD 0.01 each fully paid up)	(2,17,600 equity shares of Yen 100 each fully paid up)	(20,000 equity shares of USD 1 each)
2. Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of the holding company								
- For the financial year of the subsidiary	3,38,31,748	1,17,59,948	1,76,93,831	4,02,55,721	5,78,99,631	(4,94,29,752)	(17,62,198)	1,70,33,018
- For the previous financial year of the subsidiary since it became its subsidiary	7,29,63,601	(8,66,24,036)	(26,93,237)	(1,28,10,21,110)	(7,33,43,348)	(7,12,06,897)	5,34,547	63,06,019
3. Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company								
- For the financial year of the subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
- For the previous financial year of the subsidiary since it became its subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4. Capital	3,05,00,000	1,76,74,619	7,06,96,054	1,84,66,12,858	12,08,924	9,51,154	1,02,18,619	9,11,400

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies *(Contd.)*

Amount in ₹

Name of the Subsidiary	Sasken Network Engineering Limited	Sasken Communication Technologies Mexico S.A de C.V.	Sasken Communication Technologies (Shanghai) Co. Ltd.	Sasken Communication Technologies Oy	Sasken Finland Oy	Sasken Inc.	Sasken Japan KK	Sasken Network Solutions Inc.
Financial year / period of the Subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
5. Reserves	22,69,50,358	8,10,40,929	(3,19,99,866)	(1,16,78,05,855)	66,19,51,002	(13,18,82,886)	39,82,993	3,78,65,456
6. Total Assets	30,76,89,715	10,26,04,482	10,93,84,478	79,09,32,674	85,00,10,729	28,45,92,126	1,66,50,252	4,74,13,763
7. Total Liabilities	5,02,39,357	38,88,934	7,06,88,290	11,21,25,672	18,68,50,803	41,55,23,858	24,48,640	86,36,907
8. Details of Investments (except Investment in Subsidiary)	4,31,94,977	Nil	Nil	Nil	Nil	19,07,62,500	Nil	Nil
9. Turnover	35,80,03,374	-	13,15,39,417	-	78,71,17,674	19,17,87,600	9,30,20,269	9,31,02,042
10. Profit Before Taxation	4,91,52,982	1,17,59,948	1,76,93,831	4,02,55,721	6,61,96,420	(5,01,51,660)	47,25,634	2,63,50,934
11. Provision for Taxation	1,53,21,234	-	-	-	82,96,789	(7,21,908)	64,87,832	93,17,916
12. Profit After Taxation	3,38,31,748	1,17,59,948	1,76,93,831	4,02,55,721	5,78,99,631	(4,94,29,752)	(17,62,198)	1,70,33,018
13. Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The information for all the subsidiaries have been provided in Indian Rupees (INR). The local currency, in the country of operation and the exchange rate in comparison to INR as at March 31, 2012 is provided below:

Local currency	INR	MXN	CNY	EUR	EUR	USD	JPY	USD
Exchange rate as at March 31, 2012	1.0000	3.9591	8.0765	67.9115	67.9115	50.8700	0.6201	50.8700

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Place : Bangalore
Date : April 26, 2012

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer

R. Vittal
Company Secretary

Management Discussion and Analysis Report

IN ADDITION TO HISTORICAL INFORMATION, THIS ANNUAL REPORT CONTAINS CERTAIN FORWARD - LOOKING STATEMENTS. THE FORWARD - LOOKING STATEMENTS CONTAINED HEREIN ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE REFLECTED IN THE FORWARD - LOOKING STATEMENTS. FACTORS THAT MIGHT CAUSE SUCH A DIFFERENCE INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN THE MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND ELSEWHERE IN THIS REPORT. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD - LOOKING STATEMENTS, WHICH REFLECT MANAGEMENT'S ANALYSIS ONLY AS OF THE DATE HEREOF.

Management's discussion and analysis of financial performance

The consolidated financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The Management accepts responsibility for the integrity and objectivity of these consolidated financial statements, as well as for various estimates and judgments used in preparing the financial statements. The Management's discussion and analysis is based on the consolidated financial statements.

Company brief

Sasken is an embedded communications solutions company that helps businesses across the communications value chain accelerate product development life cycles. Sasken offers a unique combination of research and development consultancy, wireless software products and software services, and works with Network OEMs, Semiconductor Vendors, Terminal Device OEMs, Operators, Auto, Consumer Electronics and Retail enterprises across the world. Global Fortune 500 and Tier 1 companies in these segments are part of Sasken's customer profile. Established in 1989, Sasken employs 3,000+ people, operating from state-of-the-art research and development centers in Bangalore, Pune, Chennai and Hyderabad in India. Sasken is also present in Kaustinen, Tampere and Oulu (Finland), Beijing (China), Kanagawa (Japan), Middlesex (UK), Chicago, Dallas & Santa Clara (USA) and Seoul (South Korea).

Sasken has carved a unique position by a thorough understanding of all components of the communications ecosystem. The value proposition that Sasken brings is its unique ability to enhance time to market enabling OEMs to speed up their product launch. In addition, Sasken can help customers keep pace with constant changes due to evolution of technology and the resultant fragmentation, by helping customers deliver products that are compatible and conform to current releases of both hardware and software.

In addition to being directly involved in the development of a variety of technologies, Sasken is a member of premier technology bodies and forums. Sasken quality management systems are certified by ISO 9001:2000, ISO 27001 and TL 9000 standard bodies. Sasken's commitment to environment is highlighted by its ISO 14001 certification.

Outlook

The accelerated churn in core technologies has resulted in the reshuffling of key players in the communications market space. This combined with the adverse macroeconomic situation in the western world has posed numerous challenges. Further, our largest customer changed its software strategy; it resulted in significant decline in revenues which we had to make up for by expeditiously realigning our resources and addressing new market opportunities.

Business environment

We are clearly entering an era where ubiquitous connectivity and pervasive wireless networks are capturing public imagination in multiple industries and enabling services like never before. Tremendous growth for data services due to the robust demand for video communication has placed severe strains on telecom wireless service providers. The explosive growth of smart devices and application ecosystem threatens to marginalize the already embattled service providers. As a consequence of these tectonic shifts, there continues to be tremendous pressure to innovate and obtain maximum returns out of every dollar invested in R&D services.

The demand for R&D services in the embedded space continues to be robust and provides sufficient headroom for growth. However, outsourcing trends from several components of the communication ecosystem have undergone a significant change due to strategies of the newly emerged leaders. The emergence of a three cornered market for mobile operating systems with only one of them being an open source provider may result in a change in the dynamics of R&D outsourcing.

Notwithstanding these developments, we continue to see the emergence of an increasingly connected world. Communication is relentlessly driving the innovation quotient of several verticals including Automotive, Consumer Electronics, Retail, Healthcare, etc. The uptick in the adoption of smart phones, tablets and other connected appliances indicates that there will be a robust future for R&D services as players vie to retain their competitive edge. As indicated in the previous edition of this report as per NASSCOM data, we believe that the market for design services in the embedded systems space continues to remain attractive.

Growth opportunities for Sasken

We are well entrenched with several key customers as their strategic partner providing valuable R&D services supporting their key product lines. Most of our large customers' businesses straddle several market segments enabling us to broad base our offerings on the back of the good relation and credibility that we enjoy. We have been able to effectively enhance our account penetration with some of our long standing customers by serving their needs spanning from Smartphones to Consumer Electronics to Networks.

We have created key practice areas to shape our current and future growth including Modems & Connectivity, Smart Devices & System Software, IC Design, Networks, Multimedia and Semiconductor solutions. In each of these areas, we are investing to deepen our domain knowledge through several competency building initiatives. The practice areas enable broadening and deepening of our knowledge in the identified area and to scale them to expand our footprint within existing customers and to penetrate new customers.

We continually endeavor to identify and create new offerings that address new markets that we can tap into. In the Smart devices arena we are developing solutions that will help OEMs effectively target sales to operators by helping them customize and launch devices that meet operator specifications. These services will be valuable to both semiconductor manufacturers and device OEMs to increase the share of business they receive from the operator market. We are building on the leadership we have established in the Multimedia space by developing IP led services and extending our portfolio to include auto infotainment, surveillance, customizable instrument clusters and navigation systems.

We have also begun the process of expanding our portfolio of offerings to address new adjacencies like:

- Network Intelligence

  Sasken has partnered with one of the world's leading Deep Packet Inspection (DPI) engine providers and has developed Bandwidth aware, Network intelligent applications. Sasken's DPI expertise and offerings are designed to address the needs of service providers who are faced with an increasingly competitive market.

- Enterprise Mobility

  Enterprises have seen a significant increase in adoption of Smart devices including phones and tablets. We have partnered with leading vendors of enterprise application software and middleware to address the growing market for enterprise mobility solutions. Our "mobility first approach" aims to help enterprise achieve higher levels of efficiency from better utilization of context, location and multi-modal interfaces.

- Video based information systems

  Sasken's IP in Multimedia subsystems has powered its ability to build high-end network video surveillance systems. We are developing algorithms for rapid and efficient processing of video streams to support real time decision making in situations that range from detection of unauthorized ingress, license plate, queues and safety hazards. Our solutions will be suitable for both civil and defense requirements.

- Healthcare solutions

  Sasken is poised to enter the fast growing healthcare market and has become a member of the Continua Health Alliance. Sasken's vast experience in wireless technologies, low power systems and embedded system design capabilities enables it to work on areas like remote monitoring of vital signs, video based facilitation of expert advice and the use of Smartphones as diagnostic aides.

  These areas provide us ample scope to broad-base our offerings, improve market coverage by enabling us to serve new and fast growing segments.

  Our VyapaarSEWA™ initiative was undertaken as part of our Corporate Social Responsibility mandate aimed to help integrate rural women into the mainstream through smart adoption of existing and low cost technologies. We have made smart progress with the successful completion of the Proof of Concept (PoC) phase. We are now embarking on a pilot phase that is expected to cover 3,000 registered SHG members in approximately 100 villages spread across 4 districts over one year. This will aid the consummation of a substantial volume of business.

  By effectively executing these plans, Sasken will emerge stronger and is well positioned for further growth by "Consolidating" its position with existing offerings and customers whilst leveraging its deep rooted expertise in communications to tap newer markets. These competencies will continue to help Sasken "Differentiate" itself and achieve profitable growth in the near term.

  We now provide a brief outlook in the different market segments that we operate in.

Mobility, Automotive and Consumer Electronics

Our rear seat entertainment solution has matured and will soon be an integral part of a high end Sedan being launched by one of the largest automobile manufacturers in several markets worldwide. We are enlarging our focus in automotive electronics to areas such as driver safety, navigation and assistance by helping automotive companies integrate wireless technologies.

We are growing our Consumer Electronics (CE) business by focusing on Set top Box, Digital TV Solutions, Multimedia, DLNA, Home Entertainment and Android Based Solutions. We have identified a strong base for services and solution business, addressing personal computing, home entertainment system (connected players) and other lifestyle products. We have established strategic partnerships with leading players in this space to position ourselves as system integrators. We have provided innovative audio solutions that enable streaming Wi-Fi audio to remote devices. We continue to deepen our engagements with leading solution providers in this space including several Japanese and Korean OEMs / ODMs.

We believe that there is a huge pure play services potential in these two sectors. Our plan is to aggressively identify more services business in the CE and Auto space. In order to achieve this growth, we have identified and established partnerships with key semiconductor vendors to build our expertise on their platforms. In the CE space, we are building on operator relationships especially for solutions related to Set top Boxes.

Personal Smart Devices

We have demonstrated agility and resilience while managing ramp downs on account of our largest customer embarking on a new software strategy. We have established leadership in the growing market for services around the Android platform and are confident that this will continue to be our growth engine. We see tremendous prospects to provide upgrade services for the future launches of the Android operating system, building on the deep competencies garnered from successfully executing a large number of such projects. We will be able to take advantage of providing R&D services to new segments as Android is expected to expand its reach beyond smart phones and tablets to other devices. Our feature phone business continues to be stable and the outlook remains positive for the current calendar year. Our ability to provide hardware services remains one of our differentiators. We are seeking ways to diversify our portfolio of offerings targeting new customer segments in growth areas such as tablets and other connected devices.

We are well placed to take advantage of the growing market for ultra-portable devices, which are being launched with increased frequency. The breadth and depth of our domain knowledge will help us take advantage of new demand emerging from the increased proliferation of devices with newer functionality and form factors. A testimony to our domain competence is evident in our engagements with several Tier1 smart device manufacturers. We believe that many of these relationships will transition from point engagements to ownership mode. In addition we are placing emphasis on working with our semiconductor partners in a sell-through mode. As part of this market entry strategy, Sasken is being positioned as a preferred partner to the OEM's key customers.

We are looking at several ways and means of increasing the predictability of this business line, which also includes seeding and building offerings around Microsoft's WP7 and WP8 operating systems.

Networks, Satellite and Government

We continue to build on our long standing and deep rooted competence in providing services for wireless radio access networks. We have expanded our offerings to offer technology lifecycle management services and solutions in 3G and LTE. Our expertise in providing services all the way from design through deployment across the complete product life cycle has enabled us to address the fast growing market for small cells. We have established ourselves as a provider of turnkey design services to several vendors focused on the small cell markets. We have been able to establish our credibility and presence in Korea by virtue of our fruitful engagement in this area which is likely to result in improved business prospects.

We have had considerable success in entering the public safety and civil defense market and are seeing tremendous acceptance for our design services for terminals based on TETRA standards. We envisage that we will be able to expand our offering portfolio to cover other building blocks of the TETRA network.

We are seeing smart growth in the enterprise network segment and are judiciously investing to build additional capabilities to service these needs. We continue to be engaged in the Satellite communication segment and provide annual maintenance services for the product that we successfully built for INMARSAT. We continue to engage other potential customers in this space.

Building on our leadership in Network offerings and keeping with the recent trends, we have become a member of the Network Intelligence Alliance, a forum for collaboration among technology providers whose solutions secure data in transit, ensure efficient data delivery, monetize data transactions or track real-time information.

In the recently concluded Mobile World Congress at Barcelona, Sasken partnered with a leading Deep Packet Inspection (DPI) provider to demonstrate our abilities to provide solutions and services around their NI engine. Our NI solutions will be valuable to network service providers helping them to bolster their ARPU and improve QoE.

Our core strengths enable us to take advantage of the tremendous growth in LTE deployments. We also have engagements for LTE solutions with handset and semiconductor manufacturers cutting across protocol stack development, integration, as well as conformance test case development. Field testing demands will increase as new devices are rolled out. We are engaged in testing of LTE devices in operator networks based on our comprehensive suite of field test offerings.

Semiconductor and Silicon Platforms

We have made significant progress in growing business with our marquee and challenger accounts. We are placing stronger emphasis on scaling our partnerships with these accounts and have emerged as their preferred "sell with" partner. This will help us in continuing to win new business and entrench our leadership position with these accounts.

We are seeing greater traction in areas such as rear seat entertainment, low-cost car radio, modem and multimedia subsystems. There is a robust demand from several leading vendors of chipsets to port and support the latest versions of Android onto their existing and new platforms. This demonstrates the unique value that Sasken is able to bring by harnessing the synergies between manufacturers of smart devices and silicon platforms.

The increased proliferation of tablets and smart phones augurs well for this business unit. We are buoyed by the continued growth in our business emerging from chipset vendors addressing the wireless device market. We expect to see good traction in providing firmware / middleware support to several silicon vendors working on smart devices based on the Windows mobile operating system.

The demand for our IC design service offerings continues to be robust, especially in the verification and validation services for silicon platforms built by leading semiconductor vendors. We are working on Set top Box solutions with a fast growing player in this space.

We have commenced our initial engagements in healthcare with one of our customers in semiconductor space, in line with our strategy to broad base the market segments we serve. We will actively pursue this diversification strategy.

Service Providers and Independent Software Vendors

Our ability to connect all the dots in the communication value chain will help build a scalable business with the leading service providers worldwide. We are set to launch a suite of "differentiated offerings" for Service Providers that will leverage our unrivalled understanding and leadership in all aspects of the communication value chain.

Operators are working on innovative solutions to combat threats to their revenue streams from non-traditional competitors such as Apple and Google. Operators are taking advantage of Near Field Communications and its integration into Smartphones to enter mobile payments, banking and retail applications. Sasken by virtue of its expertise in NFC, protocol stacks and Smartphone integration is well positioned to assist operators engage in these markets.

ISVs are an integral part of the communications ecosystem. There are many new players entering the exciting 'Cloud' market space, creating a new set of tools and solutions enabling enterprises to migrate their assets and services to the Cloud. We are proactively investing in the creation of 'analytics and remote management' services which will help us differentiate and win business.

Sasken being a pure play provider of R&D services is seen as a highly differentiated and strategic partner by its customers. Its deep domain competencies span several technologies, platforms and have been honed by the breadth and depth of work it has executed for the product families of leading manufacturers of semiconductors, handsets and network infrastructure.

We continue to make appropriate investments to increase our knowledge base, file more patents and are well set to enter new markets like Enterprise Mobility, Network Intelligence, Video Analytics and Mobile Health Care. The traditional and new markets that Sasken serves, provide, it with ample space for growth in the following years to come.

Financial results for the Year Ended March 31, 2012

- Consolidated revenues for FY 2012 were ₹51,995.83 lakhs, a decrease of 4.8%, from ₹54,637.97 lakhs in FY 2011.
- Software Services revenues, Network Engineering Services revenues, Software Products revenues and Automotive, Utilities and Industrial revenues net of inter-segmental revenues were ₹43,466.53 lakhs, ₹4,029.45 lakhs, ₹3,948.95 lakhs and ₹550.90 lakhs respectively, for FY 2012.
- The revenue mix amongst Software Services, Network Engineering Services, Software Products and Automotive, Utilities and Industrial revenues changed to 84:7:8:1 in FY 2012 from 81:8:10:1 in FY 2011.
- Cost of Revenues decreased to ₹36,523.29 lakhs which was 70.2% of revenues in FY 2012 as against ₹37,221.04 lakhs which was 68.1% of revenues in FY 2011.
- Gross profit margin, for FY 2012 was 29.8% as against 31.9% in FY 2011. In absolute terms, gross profit after research and development expenses were ₹15,472.54 lakhs in FY 2012 as against ₹17,416.93 lakhs in FY 2011.
- Selling, General and Administration costs have increased to ₹7,822.95 lakhs - 15.0% of revenues in FY 2012 from ₹7,766.44 lakhs - 14.2% of revenue in FY 2011.
- Consolidated EBITDA was ₹7,649.59 lakhs in FY 2012, a reduction of ₹2,000.90 lakhs from ₹9,650.49 lakhs in FY 2011. EBITDA margins were at 14.7% for FY 2012 as against 17.7% for FY 2011.
- Other Income for FY 2012 was ₹2,640.99 lakhs (including exchange gain of ₹949.17 lakhs) - 5.1% of revenues, as compared to ₹1,800.22 lakhs (including exchange gain of ₹741.79 lakhs) in FY 2011 - 3.3% of revenues.
- Profit Before Tax (PBT) saw a drop of 1.6%, to ₹7,994.79 lakhs in FY 2012 from ₹8,120.78 lakhs in FY 2011. In absolute terms, the PBT decreased by ₹125.99 lakhs in FY 2012.
- Consolidated Profit After Tax (PAT) has decreased 12.7% to ₹6,400.80 lakhs in FY 2012 from ₹7,328.19 lakhs in FY 2011. In absolute terms, the PAT decreased by ₹927.39 lakhs in FY 2012. The PAT margins for FY 2012 were 12.3% as against 13.4% in FY 2011.
- Consolidated basic Earnings Per Share (EPS) for FY 2012 was ₹24.82 (₹26.89 in FY 2011) and diluted EPS for FY 2012 was ₹24.44 (₹25.94 in FY 2011).
- Cash and Cash Equivalents (including investments in mutual funds and term deposits with banks, excluding bank balances in unpaid dividend accounts) stood at ₹18,551.48 lakhs as at March 31, 2012 as compared to ₹18,520.79 lakhs as at March 31, 2011.
- DSO days (excluding unbilled revenues) increased by 8 days to 73 days as at March 31, 2012 from 65 days as at March 31, 2011.
- The Board of Directors has recommended a final dividend of 45%. An interim dividend of 25% was paid during the year taking the overall dividend for the year to 70%, same as that declared in FY 2011.

Results of Operations

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011		Increase / Decrease
	(In ₹ lakhs)	(%)	(In ₹ lakhs)	(%)	(%)
Revenue from Operations	**51,995.83**	**100.0**	**54,637.97**	**100.0**	**-4.8**
Employee Benefits Expense	33,281.38	64.0	33,542.74	61.4	-0.8
Inventory Related Expenses	474.61	0.9	262.70	0.5	80.7
Other Expenses	10,590.25	20.4	11,182.04	20.5	-5.3
Total Expenditure	44,346.24	85.3	44,987.48	82.3	-1.4
Profit before Interest, Taxes, Depreciation and Amortization	**7,649.59**	**14.7**	**9,650.49**	**17.7**	**-20.7**
Interest & Borrowing Expenses	60.36	0.1	113.35	0.2	-46.7
Depreciation and Amortization Expense	2,235.43	4.3	3,216.58	5.9	-30.5
Other Income	2,640.99	5.1	1,800.22	3.3	46.7
Profit before Taxes	**7,994.79**	**15.4**	**8,120.78**	**14.9**	**-1.6**
Income Tax Expense (Including deferred tax benefit and MAT credit entitlement)	1,593.99	3.1	792.59	1.5	101.1
Net profit for the year	**6,400.80**	**12.3**	**7,328.19**	**13.4**	**-12.7**

Revenue from Operations

We derive revenues from software services, product and technology licensing and installation and commissioning services. Revenue from time and material service contracts is recognized as the services are provided. Revenue from fixed price service contracts and customized products or technology developments is recognized based on the proportionate completion method, determined based on the achievement and acceptance of the milestone, provided collection is probable. Revenue from maintenance contracts is recognized ratably over the term of the maintenance arrangement. Licensing revenue is recognized when the product or technology is delivered and accepted. Revenue from royalty is recognized on an accrual basis based on customer confirmation of shipment volumes, provided collection is probable.

In all cases, revenue is recognized only when no further vendor obligations remain, up to the stage of revenue recognized and collection is probable. Revenue related to post contract customer support is recognized ratably over the support period.

The consolidated revenues in USD terms were $109.75 million in FY 2012, a decrease of $10.19 million from $119.94 million in FY 2011. The revenue in INR terms has decreased by 4.8% year on year while in USD terms it has decreased by 8.5%. In FY 2012, the rupee depreciated to an average rate of ₹47.38 in FY 2012 from ₹45.55 in FY 2011.

In FY 2012, in INR terms, Services revenue contributed 83.6% of the overall revenues. For FY 2012, Services revenue was at ₹47,495.98 lakhs as against ₹48,454.08 in FY 2011 lakhs, lower by 1.8%.

Break-up of Services revenues was as follows:

Amount in ₹ lakhs

Particulars	FY 2012	FY 2011
Software Services	43,466.53	44,010.05
Network Engineering Services	4,029.45	4,444.03
Total	**47,495.98**	**48,454.08**

The change in software strategy by our largest customer has adversely impacted the revenues from software services. However, software services revenues from newer adjacencies like automotive and new customer additions have negated some of the impact. The reduction in revenue from Network Engineering services can be mainly attributed to slowness in network roll outs in North America.

The Services revenue by project type was as follows:

In %

Particulars	FY 2012	FY 2011
Time and Material	76.6	80.2
Fixed Price	23.4	19.8
Total	**100.0**	**100.0**

The change in composition was the result of action taken to move towards ownership projects to meet customer expectations and to improve our margins.

Services revenue (including Network Engineering segment) derived from services performed in development centers or customer sites in low cost locations are categorized as offshore revenues and revenues from high cost locations are categorized as onsite revenues. The offshore onsite mix of revenues was as follows:

In %

Particulars	FY 2012	FY 2011
Onsite	28.5	28.0
Offshore	71.5	72.0
Total	**100.0%**	**100.0**

In FY 2012, in INR terms, software product revenue contributed 7.6% of the overall revenues. For FY 2012, software product revenue was at ₹3,948.95 lakhs as against ₹5,774.64 lakhs in FY 2011, lower by 31.6%.

Details of Software Products revenue was as follows:

In %

Particulars	FY 2012	FY 2011
License fees	20.2	32.2
Royalties	75.8	63.2
Customization	4.0	4.6
Total	**100.0**	**100.0**

The software products revenue in the previous year were higher mainly on account of better realization from licensing and royalty revenues. We had scaled down the extent of product development activity in the Company, and as a result, licenses that were sold during the year, were of the earlier years' development work. As a natural consequence, product licensing revenues declined during FY 2012. Royalties are from products licensed in earlier years, and are dependent on device volumes shipped. As newer and newer models of phone are shipped with newer technologies, royalties from old licenses will decline.

Employee benefits expenses

Employee benefits expenses include salaries which have fixed and variable components, contribution to provident fund, superannuation fund, gratuity fund and other social security schemes. It also includes expenses incurred on employee stock compensation costs, staff welfare, recruitment and relocation.

The total employee costs for FY 2012 were ₹33,281.38 lakhs compared to ₹33,542.74 lakhs in FY 2011 lower by ₹261.36 lakhs. In percentage terms, the cost in FY 2012 was lower than FY 2011 by 0.8%.

The main reasons for lower costs in FY 2012 are:

1. Lower headcount in the current year as compared to previous year. At the end of FY 2012, the total employee strength stood at 3,026 a reduction of 482 employees when compared to the employee strength of 3,508 at the end of FY 2011.
2. Change in mix of overseas vs. domestic employee headcount

In %

Particulars	FY 2012	FY 2011
Overseas	10.9	13.2
Domestic	89.1	86.8
Total	**100.0**	**100.0**

3. Employee stock option compensation cost (net) for the current year has been lower than last year by ₹380.12 lakhs on account of lower amortization rate and lapsed stock options.

   Average blended compensation cost per employee in FY 2012 was ₹10.11 lakhs as against ₹9.33 lakhs.

Inventory related expenses

Inventory related expenses include increase or decrease of work-in-progress, consumption of components and raw materials and purchase of traded goods.

Inventory related expenses were ₹474.61 lakhs in FY 2012 as against ₹262.70 lakhs in FY 2011 – an increase of ₹211.91 lakhs. Increase in purchase of traded goods in SNEL and components in ConnectM have led to the increase in inventory related costs.

Other expenses

Other expenses for FY 2012 were ₹10,590.25 lakhs as against ₹11,182.04 lakhs for FY 2011 – a decrease of ₹591.79 lakhs. Actions taken to rationalize facility costs especially overseas have yielded results. Further in the FY 2012, lower provisions have been required for onerous contracts & bad debts as compared to the previous year. Savings in travel costs have been offset by increase in outsourcing and consultancy costs. A combination of the above factors has resulted in other expenses for the FY 2012 to be lower than that of FY 2011. A brief summary of the expenses is given below:

Amount in ₹ lakhs

Particulars	FY 2012	FY 2011
Facility Costs	3,947.63	4,276.42
Outsourcing & Consultancy Costs	2,865.65	2,792.86
Travel Costs	1,698.32	1,830.75
Communication & IT Costs	838.57	843.47
Training Costs	269.86	254.68
Other Costs	970.22	1,183.86
Total	**10,590.25**	**11,182.04**

Interest & Borrowing expenses

The interest expense is due to interest on secured loan used for acquisition of Sasken Finland Oy (erstwhile Botnia Hightech) and interest on loan secured by ConnectM. The interest & borrowing costs for FY 2012 was ₹60.36 lakhs as against ₹113.35 lakhs for FY 2011 – a decrease of ₹52.99 lakhs. The interest charges are lower, as the loan taken for the acquisition of Sasken Finland Oy has been repaid fully in FY 2012.

Depreciation and amortization expenses

Depreciation and amortization charge has decreased to ₹2,235.43 lakhs in FY 2012 from ₹3,216.58 lakhs in FY 2011. The decrease of ₹981.15 lakhs can be attributed to higher expenses in the previous fiscal year on account of amortization of contract rights and accelerated depreciation incurred in respect of facilities which were closed prematurely and associated lab equipment.

Other Income

Other Income comprises interest earned on Fixed Deposits, dividend on Mutual Funds including FMPs, gain on sale of Investments and Profit on sale of fixed assets, Write back of unclaimed balances and provisions, Exchange gains and Other miscellaneous receipts.

Other income amounted to ₹2,640.99 lakhs in FY 2012, an increase of ₹840.77 lakhs over the Other income in FY 2011 amounting to ₹1,800.22 lakhs.

We focus on earning a favorable return on the idle funds and continuously scan the market for increasing the return and at the same time reducing the risk on capital. We have an investment policy, approved by the Board of Directors, and monitored by the Investment Committee. Returns from our current investments in Mutual Funds in FY 2012 have seen an increase of ₹296.03 lakhs as compared to FY 2011. Investments in bank deposits and FMPs were also increased in line with the change in our investment policy. As a result, interest income in FY 2012 has increased as compared to FY 2011 by ₹157.83 lakhs.

We manage our foreign exchange exposures in line with our hedging policy which aims to ensure that foreign exchange exposures on revenue and balance sheet accounts are properly monitored and are limited to acceptable levels. We use a combination of foreign exchange forward contracts and foreign exchange options to hedge our exposure to movements in foreign exchange rates. We do not take foreign exchange forward contracts and foreign exchange options for trading or speculation purposes. The Group has adopted the principles of hedge accounting as defined in Accounting Standard 30 (AS 30) 'Financial Instruments: Recognition and Measurement' for forward exchange contract.

On the back of the volatile exchange rates in FY 2012, net exchange gains, were higher by ₹207.38 Lakhs as compared to FY 2011.

Income tax expenses

The tax charges vary depending on the mix of onsite revenues, offshore revenues, country of operations, nature of the transaction and revenues generated from units which enjoy a tax holiday.

The Group's operations are conducted through Software Technology Parks ("STPs") and Special Economic Zones ("SEZs"). Income from STPs are tax exempt for 10 years commencing from the fiscal year in which the unit commences the software development or March 31, 2011 whichever is earlier. Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions. The tax exempt income of the Group attributable to export operations of units situated in STPs / SEZs is subject to Minimum Alternate Tax (MAT). Any MAT paid for a year is available for set-off against tax liability for ten subsequent years.

The income tax expense was ₹1,593.99 lakhs in FY 2012, an increase of ₹801.40 lakhs as compared to the tax expense of ₹792.59 lakhs in FY 2011. As a percentage of revenues, the income tax expense was 3.1% for FY 2012, while the income tax for FY 2011 was 1.5% of revenues. The tax charges are higher in the current year, due to the end of tax exemption period for the STP operations. Also, in FY 2011, we had a significant deferred tax credit. The effective tax rate for the year for the Group is 19.9%.

Profit after taxation

Consolidated profit margin after taxation decreased to 12.3% in FY 2012 from 13.4% in FY 2011. The profit after taxation for FY 2012 decreased by ₹927.39 lakhs from FY 2011 and was ₹6,400.80 lakhs for FY 2012.

Segment Results

	Year Ended March 31, 2012	Year Ended March 31, 2011	Increase / Decrease
	(In ₹ lakhs)	(In ₹ lakhs)	(%)
Segment Revenues			
Software Services	44,107.50	44,607.09	-1.1
Network Engineering Services	4,125.35	4,444.03	-4.0
Software Products	4,265.94	5,606.00	-26.4
Automotive, Utilities and Industrial	550.90	409.25	34.6
Less: Intersegment Revenue	1,053.86	428.40	146.0
Total Revenue	**51,995.83**	**54,637.97**	**-4.8**
Segmental EBITDA			
Software Services	5,783.86	6,569.39	-12.0
Network Engineering Services	434.25	652.92	-33.5
Software Product	1,695.75	2,961.75	-42.7
Automotive, Utilities and Industrial	(264.27)	(533.57)	-50.5
Segmental EBITDA %			
Software Services	13.3	14.9	-10.5
Network Engineering Services	10.8	14.7	-26.6
Software Product	42.9	52.8	-18.7
Automotive, Utilities and Industrial	-48.0	-130.4	-63.2

EBITDA margins from Software Services business, in the current year, were 13.3% as against 14.9% in FY 2011. The decrease in margins in FY 2012 was due to decrease in revenue volumes combined with increase in average compensation costs.

During the current year, EBITDA margins from Network Engineering services have decreased to 10.8% from 14.7% in FY 2011. This segment has seen slowdown of network rollouts in US operations, which has impacted margins.

EBITDA margins from Software Products, in the current year, decreased to 42.9% from 52.8% in FY 2011. Software Product revenues are generally not predictable and significantly dependent on shipment volumes of devices of our customers. In FY 2012, lower licensing and royalty revenues have resulted in lower EBITDA margins.

Management Discussion and Analysis Report *(Contd.)*

Financial Position

Particulars	As at March 31, 2012		As at March 31, 2011	
	(In ₹ lakhs)	(%)	(In ₹ lakhs)	(%)
EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(i) Share Capital	2,601.13	4.7	2,618.58	4.8
(ii) Reserves and Surplus	43,332.69	77.6	39,884.97	73.5
(iii) Money received against share warrants	-	0.0	132.00	0.2
2. Share application money pending allotment	13.26	0.0	18.54	0.0
3. Non-Current Liabilities				
(i) Long Term Borrowings	231.45	0.4	-	0.0
(ii) Long Term Provisions	248.54	0.5	284.36	0.5
4. Current Liabilities and Provisions				
(i) Trade Payables	3,282.91	5.9	3,743.98	6.9
(ii) Other Current Liabilities	1,897.36	3.4	3,390.88	6.3
(iii) Short Term Provisions	4,208.55	7.5	4,219.42	7.8
Total	**55,815.89**	**100.0**	**54,292.73**	**100.0**
ASSETS				
1. Non - Current Assets				
(i) Net Fixed Assets incl. Capital Work-in-Progress	13,564.06	24.3	13,388.70	24.7
(ii) Non Current Investments	1,907.63	3.4	1,226.23	2.2
(iii) Deferred Tax Assets (net)	1,007.20	1.8	828.00	1.5
(iv) Long Term Loans and Advances	5,303.21	9.5	5,522.97	10.2
(v) Other Non Current Assets	493.35	0.9	398.82	0.7
2. Current Assets				
(i) Current Investments	14,761.96	26.5	13,646.25	25.1
(ii) Inventories	288.26	0.5	418.07	0.8
(iii) Trade Receivables	10,196.76	18.3	9,484.97	17.5
(iv) Cash and Bank Balances	3,686.30	6.6	4,761.72	8.8
(v) Short Term Loans and Advances	1,908.35	3.4	2,235.32	4.1
(vi) Other Current Assets	2,698.81	4.8	2,381.68	4.4
Total	**55,815.89**	**100.0**	**54,292.73**	**100.0**

Equity and Liabilities

Share Capital

Our authorized share capital is ₹5,000.00 lakhs comprising of 500 lakh equity shares of face value of ₹10 each. The number of shares outstanding, as on March 31, 2012 were 2,60,11,351 and these are fully paid-up. The issued, subscribed and paid-up capital as on March 31, 2012 stood at ₹2,601.13 lakhs, lower by ₹17.45 lakhs as compared to March 31, 2011.

In terms of decision of the Board of Directors dated October 21, 2010 and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, the buy-back was commenced by the Company on December 02, 2010 and closed on May 26, 2011. The Company has bought back 21,62,000 equity shares at an average price of ₹159.26 per share (excluding brokerage and other taxes), utilizing a sum of ₹3,443.25 lakhs. Of the above, 7,29,367 equity shares at an average price of ₹161.31 per share, utilizing a sum of ₹1,176.55 lakhs were bought back during FY 2012.

Further, in the current year, 5,54,925 equity shares were issued to employees on exercise of stock options under ESOP 2006 Plan.

Reserves and Surplus

Reserves and Surplus as at March 31, 2012 was ₹43,332.69 lakhs, as against ₹39,884.97 lakhs as at March 31, 2011, increase of ₹3,447.72 lakhs.

The movement in Reserves and Surplus is due to a mix of:

1. Capital reserve of ₹132.00 lakhs was created during FY 2012 on forfeiture of money received against share warrants.
2. Capital Redemption Reserve has been credited during the FY 2012 for an amount of ₹72.94 lakhs, towards the face value of 7,29,367 shares of ₹10 each bought back, by way of appropriation against General Reserve.

3. During FY 2012, Securities Premium was utilized to the extent of ₹1,103.61 lakhs, for the purpose of buy-back of shares. Also Securities Premium increased by ₹375.61 lakhs on issue of shares on exercise of options by employees.
4. The employee stock option outstanding (net of deferred compensation cost) stood at ₹664.88 lakhs as at March 31, 2011. During FY 2012, the Company issued 50,000 options, which have a vesting period ranging from one year to three years, at an average exercise price of ₹138.00 per share. Further, during the year 2,54,072 options have lapsed.
5. Increase in General Reserve of ₹306.12 lakhs at the end of FY 2012, due to transfer from Profit & Loss Account as reduced by appropriation to Capital Redemption Reserve.
6. Closing balance of Hedging Reserve as at March 31, 2012 showed a loss of ₹604.20 lakhs as against a gain of ₹156.17 lakhs as at March 31, 2011. This is in conformity with the principles laid down in Accounting Standard 30 (AS 30) 'Financial Instruments: Recognition and Measurement' for forward exchange contracts that are not covered by AS 11 'The effects of changes in foreign exchange rates'.
7. Increase in Profit & Loss Account balance by ₹3,939.61 lakhs due to profit for the year as reduced by appropriation towards dividend and transfer to General Reserve. The balance retained in the Profit & Loss Account as at March 31, 2012 was ₹27,970.87 lakhs (March 31, 2011: ₹24,031.26 lakhs) after providing the interim dividend of ₹644.39 lakhs, proposed final dividend of ₹1170.51 lakhs and dividend tax of ₹294.43 lakhs. The total amount of profit appropriated towards dividend for the year including dividend tax thereon was ₹2,109.33 lakhs as compared to ₹2,186.01 lakhs for the previous year.

Money received against share warrants

During the FY 2011, the Company had allotted 3,00,000 convertible warrants to Mr. Rajiv C Mody, Chairman and Managing Director and one of the Promoters of the Company, on a preferential basis on such terms and conditions as contained in the Special Resolution passed by the Company through Postal Ballot on March 15, 2010. The warrants expire at the end of 18 months from the date of issue. The allottee was entitled for one equity share of ₹10 each of the Company for each such warrant at a price of ₹176 each. As per the terms of allotment, 25% of the application money was paid, and recorded as money received against share warrants and on payment of the remaining 75% of consideration, proportionate number of shares were to be allotted. During FY 2012, Mr. Rajiv C. Mody has decided not to seek conversion of the above warrants into equity shares and he did not pay the balance amount of ₹396.00 lakhs. The amount of ₹132.00 lakhs paid by him representing the initial amount paid on allotment of such warrants was therefore forfeited during the year and the amount has been credited to Capital Reserve Account.

Share Application Money pending allotment

Share application money of ₹13.26 lakhs as on March 31, 2012 represents application money received from option holders. As at March 31, 2012, 25,500 options (as at March 31, 2011: 35,650 options) have been exercised pursuant to the ESOP Plan and pending allotment, the exercise price is lying in Share Application Money Account.

Long Term Borrowings

Long term borrowings of ₹231.45 lakhs as on March 31, 2012 represents Sasken's proportionate share (46.29%) in loan taken by, Joint Venture company with IDG Ventures called, ConnectM Technology Solutions Pvt. Ltd. which are payable beyond twelve months from the date of the Balance Sheet. ConnectM has taken a secured loan from SVB India Finance Pvt. Ltd. at a simple interest of 14% p.a., interest being payable every month along with the principal repayment. The loan is secured by a first charge on all the existing and future, fixed and current assets of ConnectM and a negative lien on Intellectual Property of ConnectM.

Long Term Provisions

Long term provisions include provision for long term employee benefit obligations, warranty, onerous contract and provision for Mark-to-market losses on derivative contracts which are not expected to be settled within twelve months from the Balance Sheet date. In respect of these provisions, the Group has unconditional right to defer settlement beyond twelve months from Balance Sheet date and the provisions are considered to be non-current.

Long term provisions, representing 0.5% of the Balance Sheet, as at March 31, 2012 were at ₹248.54 lakhs, as against ₹284.36 lakhs as at March 31, 2011. This reduction in long term provisions is mainly on account of reduction of provision of onerous contract by ₹37.82 lakhs made by ConnectM which is now either no longer required or have become current and are expected to be utilized or reversed within twelve months from the Balance Sheet date.

Trade Payables

Trade payables includes amount due on account of goods purchased or services received in the normal course of business.

Trade payables representing 5.9% of the Balance Sheet, as at March 31, 2012 were at ₹3,282.91 lakhs, as against ₹3,743.98 lakhs as at March 31, 2011.

Other Current Liabilities

Other current liabilities include current maturities of long term borrowings, interest accrued but not due on borrowings, deferred revenues, advance received from customers, unpaid dividend, capital creditors and statutory liabilities. Current maturities of long term borrowings represent principal and interest amounts due on borrowings which are to be settled within twelve months from the Balance Sheet date. Deferred revenues consists primarily of advance customer billings on fixed price contracts for related costs yet to be incurred. Advance received from customers represents amount received for customers for the delivery of services in future. Unpaid dividend represents dividends paid, but not encashed by shareholders and are represented by bank balance of the equivalent amount. Capital creditors include amounts due on account of goods purchased or services received in the nature of capital expenditure. Statutory liabilities include withholding tax and social security costs payable to Statutory Authorities in various countries we operate in.

Other current liabilities constituting 3.4% of the Balance Sheet, as at March 31, 2012 were at ₹1,897.36 lakhs, as against ₹3,390.88 lakhs as at March 31, 2011. The decline in other current liabilities can largely be attributed to settlement of current maturities of long term borrowings taken by our Finnish subsidiaries. ₹1,030.22 lakhs which was outstanding as at March 31, 2011 to Nordea Bank by Sasken Communication Technologies Oy and ₹219.01 lakhs which was outstanding as at March 31, 2011 to OKO Bank by Sasken Finland Oy have been fully paid off during FY 2012. As a result, all borrowings by our Finnish subsidiaries stand fully discharged as at March 31, 2012. Further on account of settlements to capital creditors and payment of statutory dues, the current liabilities are lower by ₹315.55 lakhs as at March 31, 2012 when compared to previous year.

Short Term Provisions

Short term provisions include provision for long term employee benefit obligations, warranties, onerous contracts, provision for Mark-to-market losses on derivative contracts and provision for dividends and tax thereon which are expected to be settled within twelve months from the Balance Sheet date and are considered to be current.

Short term provisions represent 7.5% of the Balance Sheet, and as at March 31, 2012 were at ₹4,208.55 lakhs, as against ₹4,219.42 lakhs as at March 31, 2011. There has been an increase in provision for Mark-to-market losses on derivative contracts amounting to ₹642.84 lakhs, on the back of weakening rupee, in line with principles laid down in Accounting Standard 30 (AS 30) 'Financial Instruments: Recognition and Measurement'. This increased provision has been offset by lower provisions towards employee compensated absences, warranty and tax (net of advance tax). Provision for warranty has been utilized in the current year towards the support for a large fixed price project which has come to an end during the year and no significant new provision was required. Provision for employee compensated absences for the current year has been lower on account of higher leave utilization coupled with lower number of employees. Certain tax provisions made for earlier years have been reversed based on favorable judgments received by the Company. As a result of these offsetting items, there is no significant movement in the short term provisions during the current year.

Assets

Net Fixed Assets including Capital Work-in-Progress

Net Fixed Assets including Capital Work-in-Progress includes tangible and intangible assets as reduced by accumulated depreciation / amortization, Capital Work-in-Progress and Intangible assets under development.

The Net Fixed Assets, including Capital Work-in-Progress, represents 24.3% of the total assets. The Fixed Assets, as at March 31, 2012, were at ₹13,564.06 lakhs as against ₹13,388.70 lakhs as at March 31, 2011. During the current year, the additions to Fixed Assets were ₹2,184.73 lakhs (March 31, 2011: ₹1,115.57 lakhs) primarily attributable to investment in facilities, computers and related software. During the current year, a new SEZ facility has been established in Bangalore. The Research and Development center in Chennai has been completed and put to use in the current year. The Research and Development center has been registered as in-house R&D unit with Department of Scientific and Industrial Research (DSIR). In addition to the above, the Group has increased its seating capacity at Hyderabad facility and moved its existing SEZ facility in Bangalore from an incubation center to a permanent facility.

During the year, we deducted ₹3,629.93 lakhs (March 31, 2011: ₹1,824.22 lakhs) from the gross block on retirement of assets.

Non Current Investments

Investments are classified as current or non current based on Management intention at the time of purchase. We have made several strategic investments aimed at procuring business benefits and operation efficiencies.

The non current investments, representing 3.4% of the total assets, were ₹1,907.63 lakhs, as at March 31, 2012 as against ₹1,226.23 lakhs as at March 31, 2011. The non current investment is primarily the investment in Omni Capital Fund LLP, a Limited Liability Partnership in USA. During FY 2012, further investment of US $ 1.5 million was made in Omni Capital Fund LLP taking the total investment as at March 31, 2012 to US $ 3.75 million.

Apart from the above, Investments in Subsidiaries and Joint Ventures during the current year are as follows:

Investment in subsidiaries / JV	Amount in respective currency million	Amount in ₹ lakhs
Sasken Communication Technologies (Shanghai) Co. Ltd., China	USD 0.16	71.78
Sasken Communication Technologies Oy, Finland	EUR 1.66	1,086.64
Sasken Japan KK, Japan	JPY 0.042	26.43
ConnectM Technology Solutions Pvt. Ltd.	INR 44.08	440.80

Deferred Tax Assets (net)

Deferred income taxes represent 1.8% of total assets. This reflects the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and deferred tax liabilities across various countries of operation are not set-off against each other as we do not have a legal right to do so.

The deferred tax assets, as at March 31, 2012 were ₹1,007.20 lakhs as against ₹828.00 lakhs at as March 31, 2011, an increase of ₹179.20 lakhs. The increase in deferred tax assets in FY 2012 was mainly on account of deferred tax assets recognized on employee benefit expenses and Mark-to-market losses which are allowed for tax purposes only on payment basis.

Long Term Loans and Advances

Loans and Advances consist of Capital Advance, Security Deposits, Prepaid Expenses, Advance to Employees, Balances with Government Authorities and Advance Tax & MAT credit entitlement. Loans & Advances which are non-current and not expected to be settled within twelve months from the Balance Sheet date have been classified as long term Loans & Advances. This represents 9.5% of the Balance Sheet, and as at March 31, 2012 was ₹5,303.21 lakhs, as against ₹5,522.97 lakhs as at March 31, 2011 – a decrease of ₹219.76 lakhs. The decrease is primarily due to realization of disputed taxes from Government Authorities based on a favourable judgment received offset by amounts paid towards advance income taxes for the current year.

Other Non Current Assets

Long term trade receivables and non current bank balances have been classified as other non current assets. Long term trade receivables mean trade receivables which are not due within the operating cycle of the Company. Non current bank balances include fixed deposits having an original maturity of more than twelve months irrespective of the nature and terms of fixed deposits. This represents 0.9% of the total assets, and as at March 31, 2012 was at ₹493.35 lakhs, as against ₹398.82 lakhs as at March 31, 2011- an increase of ₹94.53 Lakhs. This increase pertains to increase in ConnectM's long term trade receivables.

Current Investments

The investments, representing 26.4% of the total assets, were ₹14,761.96 lakhs as at March 31, 2012 as against ₹13,646.25 lakhs as at March 31, 2011.

The guiding principle of the Group's treasury investment is safety, liquidity and return. The Group's deploys its surplus funds primarily in debt mutual funds and bank fixed deposits. The breakup of current investments in mutual funds by plan type is as follows:

In %

	As on March 31, 2012	As on March 31, 2011
Fixed Maturity Plan	50.0	53.6
Medium Term Plan	0.0	9.7
Short Term Plan	26.9	0.0
Liquid Plan	20.6	0.0
Ultra Short Term Plan	2.5	36.7
Total	**100.0**	**100.0**

Inventories

Inventories, which are 0.5% of the total assets, represent (a) Work-in-progress: that is costs related to project milestones that have not been met; (b) Raw materials and components: costs related to stock of raw material and other components which are used as a part of project deliverables. The work-in-progress, as at March 31, 2012 was at ₹210.93 lakhs, as against ₹250.75 lakhs as at March 31, 2011. The work-in-progress will be charged to Profit & Loss Account as and when the related revenue is recognized, going by the matching principle of accounting. Raw materials and components, as at March 31, 2012 was at ₹77.33 lakhs, as against ₹167.32 lakhs as at March 31, 2011.

Trade Receivables

Trade receivables, representing 18.3% of the total assets, as at March 31, 2012 were at ₹10,196.76 lakhs as against ₹9,484.97 lakhs as at March 31, 2011. We periodically review the quality of receivables and make provision where necessary. Accordingly, the provisions for doubtful debts as at March 31, 2012 were ₹176.63 lakhs – a net decrease of ₹88.15 lakhs.

Trade receivables including long term trade receivables were 73 days (March 31, 2011: 65 days) in terms of days of sales outstanding (DSO) as at March 31, 2012. This increase in DSO for the current year is only on account of royalty revenues billed at the end of the year which has been realized subsequent to the Balance Sheet date.

Cash and Bank Balances

Cash and Bank balances, representing 6.6% of the total assets, as at March 31, 2012 were at ₹3,686.30 lakhs, as against ₹4,761.72 lakhs as at March 31, 2011. We maintain sufficient cash balance for operational requirements and invest surplus funds in highly rated Mutual Fund papers and Fixed Deposits. We continuously review the investment mix between Mutual Fund and Fixed Deposits with a view to maximize the yields. The balance position is as follows:

Amount in ₹ Lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Cash in Hand	1.28	8.21
With Indian Banks	**2,508.30**	**3,239.05**
In Current Accounts	886.98	1,213.76
In Fixed Deposits	1,530.05	1,583.09
Others	91.27	442.20
With Foreign Banks (including remittance in transit)	1,326.72	1,666.01
Total	3,836.30	4,913.27
Less: Deposits with original maturity greater than 12 months shown as other non current assets	150.00	151.55
Cash and Bank Balances	**3,686.30**	**4,761.72**

Short Term Loans and Advances

Loans and Advances consists of security deposits, prepaid expenses, advance to employees and suppliers, balances with Government Authorities. This represents 3.4% of the Balance Sheet, and as at March 31, 2012 was ₹1,908.35 lakhs, as against ₹2,235.32 lakhs as at March 31, 2011 – a decrease of ₹326.97 lakhs. The decrease is primarily due to reduction in the Security Deposits, Prepaid expenses and mark-to-market gains on derivative contracts.

Other Current Assets

This represents interest accrued on fixed deposits and unbilled revenue and these constitute 4.8% of Balance Sheet. Unbilled revenue represents amounts recognized based on services performed in accordance with contract terms and where invoices are yet to be raised as on the Balance Sheet date. Other Current Assets, as at March 31, 2012 were at ₹2,698.81 lakhs, as against ₹2,381.68 lakhs as at March 31, 2011. As a result of increase in Unbilled Revenue in FY 2012, Other Current Assets have increased in FY 2012.

Earnings Per Share (EPS)

The basic EPS for the FY 2012 was ₹24.82 per equity share as against ₹26.89 per equity share for FY 2011 – a reduction of 7.7%. The diluted EPS was ₹24.44 per equity share and ₹25.94 per equity share for FY 2012 and FY 2011, respectively. The outstanding equity shares used in computing basic EPS decreased to 2,57,87,255 for the year ended March 31, 2012 from 2,72,51,256 for the year ended March 31, 2011, a decrease of 5.4%.

For FY 2012, EPS from Software Services (including Network Engineering services) was ₹20.38 per equity share and EPS from Software Products was ₹5.42 per equity share.

Cash Flow

We have generated ₹5,344.10 lakhs from operating activities during the year ended March 31, 2012 as against ₹6,907.73 lakhs during the year ended March 31, 2011. Lower profit from operations in FY 2012 have resulted in cash generation during FY 2012 lower than that of FY 2011.

The net cash used in investing activities was ₹1,890.88 lakhs during the year ended March 31, 2012 as against ₹341.13 lakhs net cash used during the year ended March 31, 2011. In the current year, the surplus funds were used for investment in Mutual Funds and Fixed Deposits. Further, we have invested in limited liability partnerships and purchase of Fixed Assets during the year.

The net cash used in financing activities was ₹3,911.23 lakhs during the year ended March 31, 2012 and as against net cash used of ₹6,349.14 lakhs during the year ended March 31, 2011. The outflow was on account of repayment of the secured loan borrowed for Sasken Finland acquisition in earlier years, on account of buy-back of equity shares, payment of dividend and related dividend tax.

Industry Structure and Developments

We operate in the R&D services industry that caters to a wide range of industry verticals including Semiconductor, Mobile Handsets (Smartphones and Devices), Network Equipment, Data Communication Equipment, Satellite, Automotive and Consumer Electronics. In addition to the traditional verticals listed above, the proliferation of mobile wireless technologies makes it possible for us to address R&D service opportunities in segments such as Retail, Healthcare and Machine-to-Machine communication markets.

Hyper competition in today's markets places enormous pressure on global players to maximize returns on their R&D investments that are essential to keep them competitive. The maturity of the outsourcing industry, access to highly qualified engineering resources, attractive cost structures has led to greater decentralization of product life cycle management activities. NASSCOM, the industry body in collaboration with Booz & Co opines that R&D services is one of the fastest growing areas in IT outsourcing and is estimated to top US$ 90 Billion by 2020 globally. The report projects that India is likely to service about one half of this outsourced spend.

The rapid pace of change of technology has shortened development times and places immense challenges on device and equipment manufacturers to seek ways to hasten time to market by using a decentralized development approach. This has necessitated the building of a robust ecosystem of distributed self and partner owned development centers across the globe taking advantage of regional clusters. Manufacturers increasingly focus their energies on core technology development while depending on the partner ecosystem for peripheral technology enhancement and sustenance activities. As partner ecosystems are mostly located in emerging markets, they also double as localization centers for custom development of products that can target price sensitive and potentially large markets. In addition, the partner ecosystem provides access to highly qualified and skilled engineering talent which is in short supply in most developed markets.

We have with single minded focus worked to provide product design and engineering services to global leaders across the development value chain starting from semiconductors, to customer owned and managed equipment and network gear. This has enabled us to be one of the leaders whose domain competency and breadth of development experience is much sought after by manufacturers who are market leaders in their respective areas.

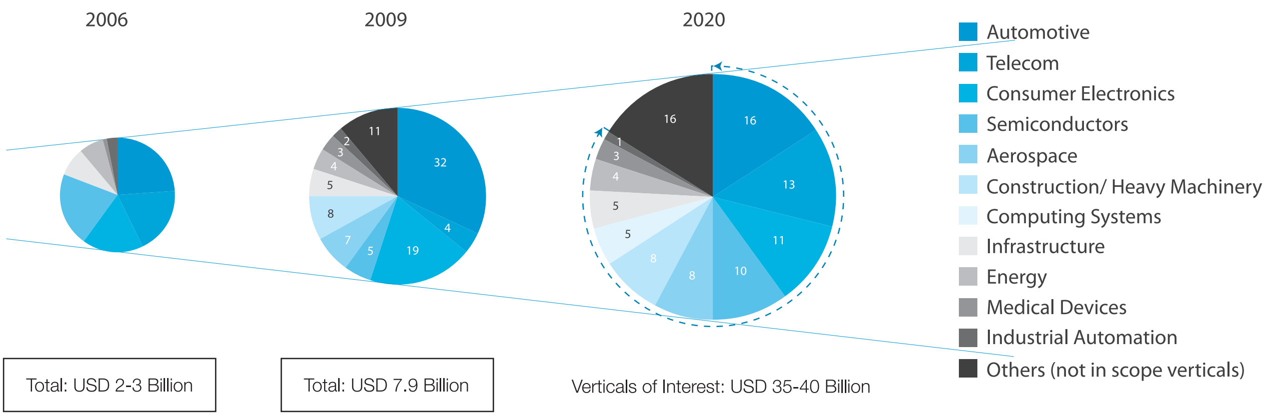
Opportunities

The telecommunication service provider revenue is upwards of US$ 1.5 Trillion and constitutes about 2.5% of world GDP. The annual sales of semiconductors, smart devices and network gear that go to build / attach telecom networks is about US$ 400 Billion with an estimated R&D expenditure of US$ 40 Billion. In addition to the telecommunications vertical, segments such as automotive, consumer electronics, retail, healthcare etc., increasingly rely on wireless connectivity and make considerable investments in company owned and outsourced development activities.

Management Discussion and Analysis Report *(Contd.)*

As shown in the chart extracted from the NASSCOM Booz & Co report, the projected market for R&D services that will be serviced out of India will be in the excess of US$ 40 Billion by 2020. Smartphones are projected to constitute 50% of all shipments by 2017 making it an attractive market for providing design and engineering services. The battle for supremacy in mobile operating systems for Smartphones will intensify over the next few years thereby presenting us an opportunity to consolidate on our leadership position in Android and make further inroads building on the early success in the Windows mobile ecosystem. We have already executed our strategy of broad basing our market coverage by successfully winning and delivering business obtained from automotive and consumer electronics segments. We also continue to build on our white space strategy by embarking on opportunities to provide enterprise mobility solutions in particular to segments such as healthcare and retail who are early adopters of wireless technologies.

Indian ER&D Offshoring Market



From the above data it is evident that the market opportunities for R&D services remain buoyant and attractive in the foreseeable future and we are well positioned to take advantage of the same and achieve continued growth in both our revenues and profitability.

Threats, Risks and Concerns

Business Risks:

We are in a highly competitive environment as several companies vie for market share in the attractive R&D services market. As many of our competitors are large and reputed companies, we expect to face pressures to win business and grow our market share. As our services are provided by highly skilled and trained engineers, attraction and retention of talent will remain a challenge. We face extraneous threats like currency volatility, political rhetoric against outsourcing and economic uncertainties in developed markets like the Euro Zone. Some of our customers face serious competitive challenges that may lead to erosion in their market share and margins. This may result in curtailment of R&D spends and increased pricing pressures for us.

Protection of Intellectual Property

It is the prime and foremost responsibility of any company in the knowledge industry to safeguard its own Intellectual Property ("IP"). The Management has taken the following measures to protect its IP:

InfoSec Actions

Sasken ISMS (Information Security Management System) is defined on the best practices derived out of ISO 27001. We are compliant and certified with ISO 27001 for our information security practices. This framework requires us to comply with 133 controls and ensures adherence to international requirements in information security. Additionally, customer security standards are met by restriction of physical and logical access, to the customer's Intellectual Property.

Filing of Patents

The Group actively encourages employees to file patents to protect its Intellectual Property. Apart from serving the purpose of protection, these patents, as and when granted, could lead to revenues from their license, or to other benefits, by cross licensing of these patents, in exchange for others that we may want to use.

Filing of Trademarks

Trademarks have acquired much importance to Sasken with the software market focusing on branding of Software Products and Services. We have also applied for registration of certain trademarks in USA, EU, Russia, Japan, China and India.

Protection of Confidentiality

The Group assigns much importance to the confidentiality of its software, trade secrets, internal data, systems and processes. The Company ensures that the employees, clients, prospects, subcontractors, advisors, consultants, vendors and prospective investors who are exposed to any of the confidential information of Sasken, are contractually bound to keep it confidential.

Contracting Pocess for Limitation of Liability

Each and every contract entered into by the Group, including both customer and vendor contracts, undergoes a well-settled legal and commercial contract review process. The process ensures that, the clauses, which may be imposed by the customers / vendors that expose the Group to risks are proportionate with the benefits accruing from the contract. The Group is also protected by insurance coverage.

Financial Risks:

Foreign Exchange Fluctuation Risk

Most of the Group's revenues are derived from its global customers and are generally denominated in US Dollars and Euros. Large portion of the delivery center of the Group is situated in India and its expenses are in Indian Rupees. As a result, fluctuations in the exchange rate influences the operating profits. During FY 2012, rupee continued to be choppy and depreciated against all major currencies. The rupee depreciated by 12.7% against USD and 7.1% against EUR from March 31, 2011 till March 31, 2012. The rupee closed at ₹50.87 to a US dollar for FY 2012.

With a view to minimize the impact of exchange fluctuations, the Group periodically reviews its foreign exchange exposures and takes appropriate hedges through forward contracts and option contracts, regularly. The policy of the Group is to take hedges for risk mitigation and not for profit maximization. The Group has preset loss limits and unhedged exposures are subject to these loss limits for the purpose of deciding the hedge.

Liquidity Risk

The Board reviews the liquidity position periodically and determines the need for infusion of equity and debt capital into the business. The Group has met its working capital requirements through internal cash accruals during the current year. The Group has fund based and non-fund based lines of credit available, to satisfy any working capital requirements, if required.

Internal Control Systems

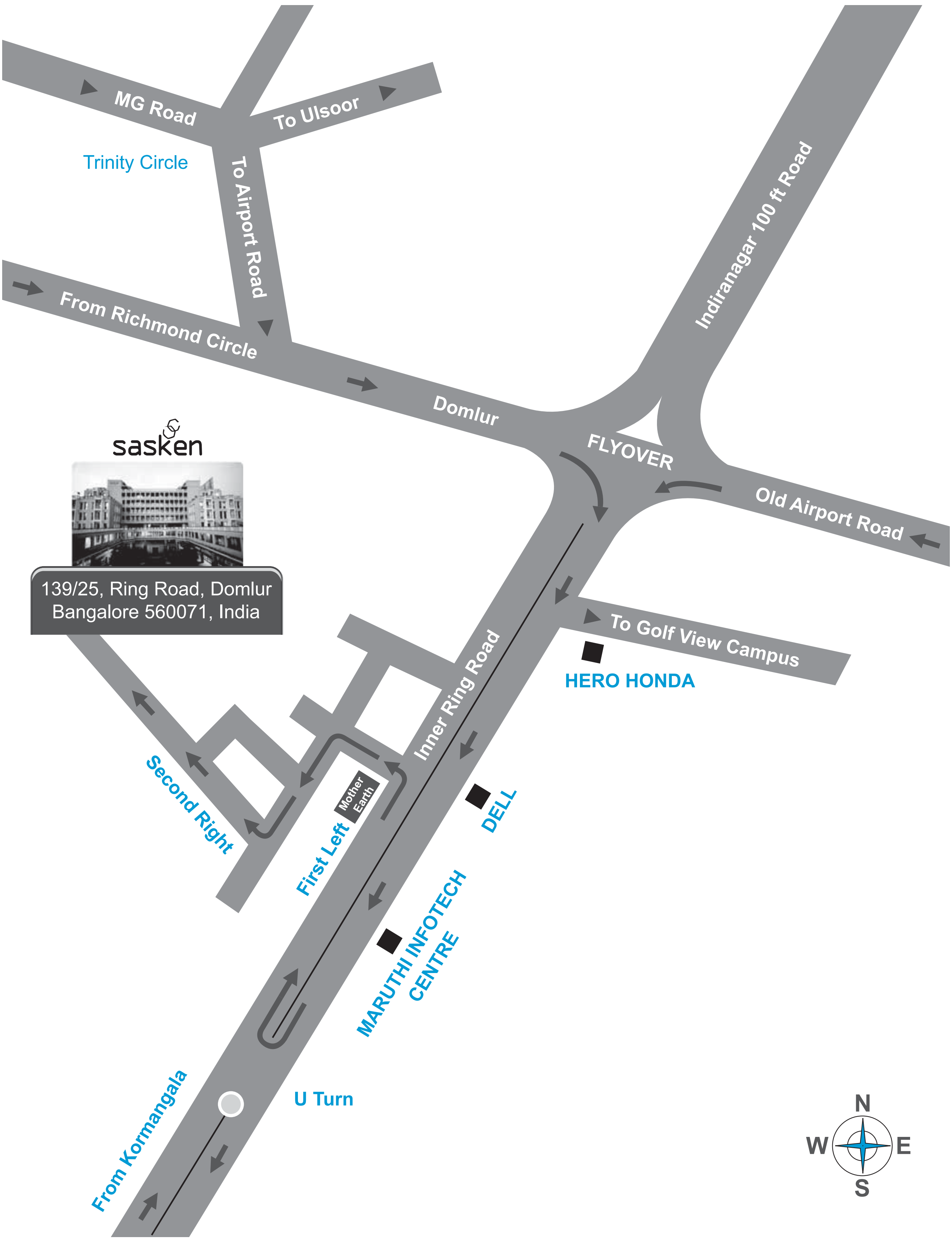
The Company continues to comply with the requirements of Enterprise Risk Management (ERM), which is mandated by Clause 49 of the Listing Agreement. Apart from identifying and documenting 'Entity level' risks and controls, the exercise involves identifying all significant (a) locations and (b) business processes, followed by (c) documenting each of the process flows (d) creation of risk registers and (e) an assessment of controls by way of testing. The risk register captures all areas of potential financial risks and operational risks and the associated internal controls that are already in place or have been identified. Annual certification is an important procedure which ends with the CEO and CFO certification. It starts from the 'control' owner and then on to the 'process' owner and upwards, leading to the CXOs.

As part of the assessment exercise conducted, certain proposed controls identified in previous periods have been implemented and tested for their effectiveness, and other proposed controls are being implemented. Additionally, certain new controls have been identified for matters of significant importance or relevance, for implementation in the coming periods.

The Company continues to 'capture and track', risks and controls. The Company continues to do a regular assessment of the risks and controls for the existing and new process flows.

Further, as a good corporate governance measure, all matters of significant importance or relevance have been reported to the Audit Committee and the Company's Statutory Auditors.

Route Map to Sasken Registered Office



Sasken Communication Technologies Limited

Registered Office: 139 / 25, Ring Road, Domlur, Bangalore 560 071

Attendance Slip

I hereby certify that I am a Shareholder / Proxy for the Shareholder of the Company. I hereby record my presence at the Twenty Fourth Annual General Meeting of Sasken Communication Technologies Limited held at the Registered Office at 139/25, Ring Road, Domlur, Bangalore 560 071 on Monday, July 23, 2012 at 4.00 p.m.

Name of the attending shareholder (In block letters) : ____________________

Name of the proxy (To be filled in if the proxy attends instead of the shareholder) : ____________________

Signature of the shareholder : ____________________

Signature of the proxy : ____________________

Member's Folio Number / DP ID & Client ID : ____________________

No. of Shares held : ____________________

Note: Shareholders / proxy holders are requested to bring the Attendance Slips with them duly completed and signed when they come to the meeting and hand it over at the Reception.

Sasken Communication Technologies Limited

Registered Office: 139 / 25, Ring Road, Domlur, Bangalore 560 071

Annual General Meeting to be held on Monday, July 23, 2012 at 4.00 p.m. at the Registered Office.

Proxy Form

I / We ____________ of ____________ in the district of ________ being a member / members of Sasken Communication Technologies Limited hereby appoint ____________ of ____________ in the district of __________ or failing him ____________ of __________ in the district of ____________ as my / our proxy to attend and vote for me / us and on my / our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Monday, July 23, 2012 at 4.00 p.m. at the Registered Office of the Company at 139/25, Ring Road, Domlur, Bangalore 560 071 and at any adjournment thereof.

Signed this ____________ day of ____________2012.

Member's Folio Number / DP ID & Client ID ____________________

No. of Shares held ____________________

Signature of the Member ____________ Signature of Proxy ____________

Affix ₹1
Revenue stamp

Note: The proxy form must be deposited at the Registered Office of the Company at 139 / 25, Ring Road, Domlur, Bangalore 560 071, not later than 48 hours before the time for holding the meeting.

Our Contact Details

Address	Telephone	Fax
Sasken Communication Technologies Limited 139 / 25, Ring Road, Domlur, Bangalore – 560 071, India	+91 80 3989 1122	+91 80 3981 3329
Adarsh Prime Projects. SEZ Deverabisanahalli Outer Ring Road - Sarjapur Road, Bangalore – 560 103, India	+91 80 6699 4005	+91 80 6699 4008
Bagmane Parin Building, Bagmane Tech Park Sy. No.65/2, Byrasandra Village, C. V. Raman Nagar, Bangalore – 560 093, India	+91 80 3989 1122	+91 80 3981 3329
NSG IT Park, Unit No.201 & 202, 2nd Flr. S.No.127/2 B, Aundh, Pune – 411 007, India	+91 20 6792 8900	+91 20 6641 8555
Flagship Infrastructure Pvt Ltd, SEZ IT-3, Ground floor, S.No 173, Rajiv Gandhi InfoTech Park, Phase -1, Hinjewadi, Pune – 411 057, India	+91 20 6792 8900	+91 20 6473 0080
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C/o IIT Madras Research Park, Unit No. 6D, 6th Floor, Kannagam Road, Taramani, Chennai – 600 113, India	-	-
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Subsidiary Companies:

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Sasken Inc., 3601, Algonquin Rd. Suite 440, Rolling Meadows IL 60008, Chicago, USA	+1 847 525 0931	-

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