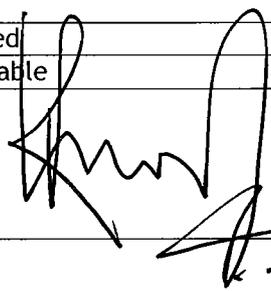
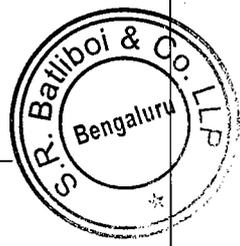
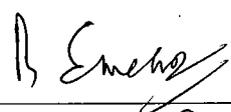


Form A

1.	Name of the Company:	Sasken Communication Technologies Ltd.
2.	Address	139/25, Ring Road, Domlur, Bangalore 560 071
3.	Scrip Code	532663/SAKEN
4.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
5.	Type of Audit observation	Un-qualified
6.	Frequency of observation	Not Applicable
7.	Signed by-	
	Chairman and Managing Director Rajiv C. Mody	 
	Whole Time Director & CFO Neeta S. Revankar	 
	Auditor of the company Naveen Agrawal, Partner S.R. Batliboi & Co. LLP (Memb No. 56102)	 
	Audit Committee Chairman Bansi S. Mehta	 

Place: Bangalore  
Date: April 25, 2014

# Orchestrating Competitive Advantage



# The symphony orchestra, a living, breathing organism.

It is a complex structure. Yet, to experience its music, is but simple. It is the coming together of several different kinds of talent and endowment, yet one that delivers a performance in perfect harmony. And the performance... it is the result of single-minded focus and passionate practice – to deliver an experience like no other, time and again.

We, Sasken, are the coming together of know-how and competence, blended with a generous amount of zeal and devotion to our work. With over 2000 talented people, development centers and offices in all major countries in the world, it is no surprise that we orchestrate competitive advantage for our portfolio of over 100 customers the world over.



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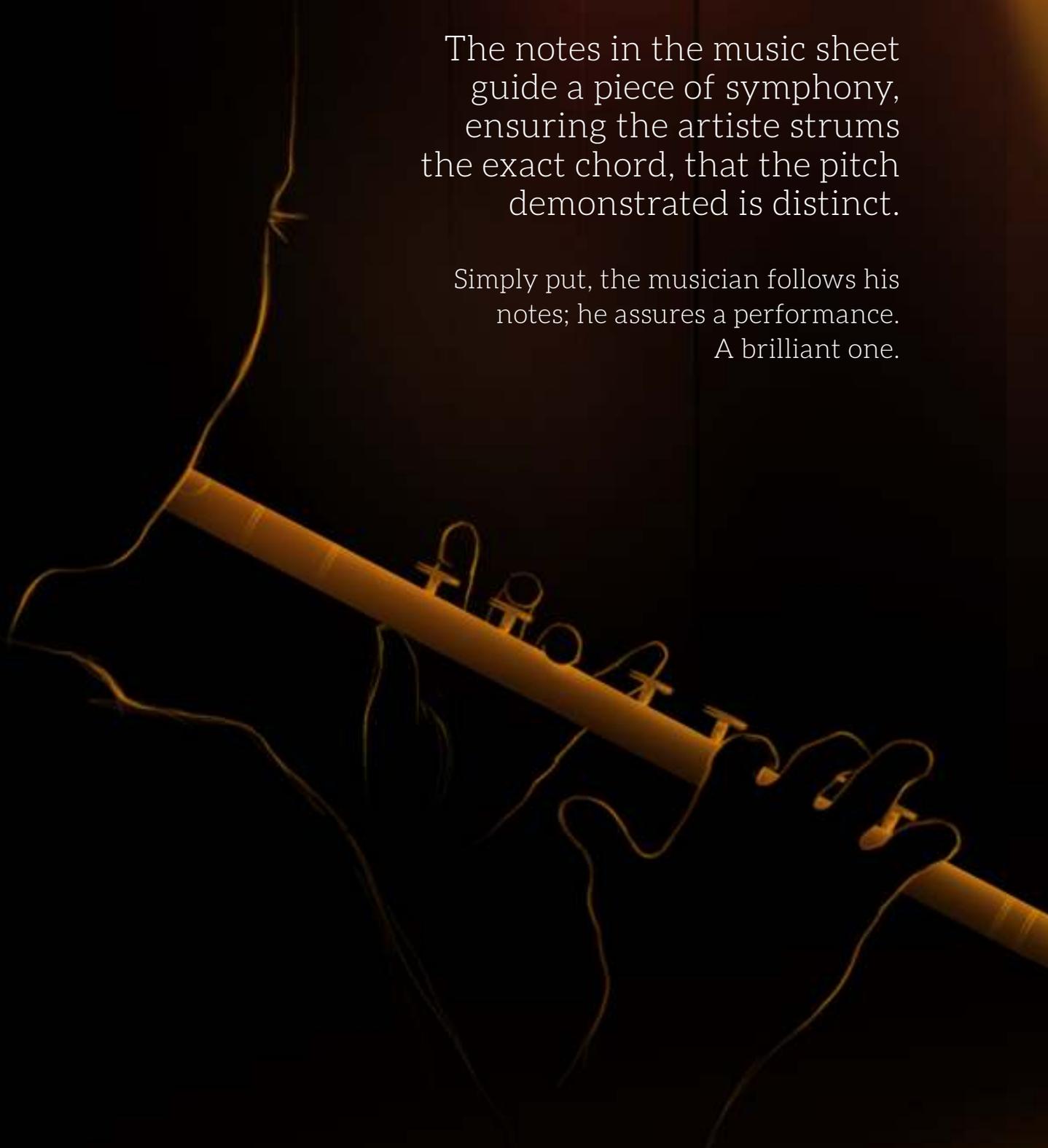
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# Assured Outcomes

The notes in the music sheet  
guide a piece of symphony,  
ensuring the artiste strums  
the exact chord, that the pitch  
demonstrated is distinct.

Simply put, the musician follows his  
notes; he assures a performance.  
A brilliant one.



It has been two decades. With our robust, time-tested processes and policies, our music sheets, we repeatedly deliver encore performances for customers worldwide. From developing an entire satellite phone that is today trail-blazing in the market, to enabling operators provide consumers best-in-class connectivity anywhere, anytime, we assure winning outcomes for customers.



# 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
Mr. Deepak V. Harlalka	Additional Director (w.e.f. July 17, 2014)
Mr. Anjan Lahiri	Whole Time Director & CEO
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 (upto April 25, 2014)

## Committees of the Board

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

## Bankers

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

## Registered and Corporate Office

No. 139/25, Ring Road, Domlur,  
Bangalore 560 071, INDIA  
CIN : L72100KA1989PLC014226

## Chief Financial Officer

Ms. Neeta S. Revankar

## Company Secretary and Compliance Officer

Mr. S. Prasad

## Statutory Auditors

S.R. Batliboi & Co. LLP  
Chartered Accountants

# Letter to Shareholders

Dear Shareholder,

It is with a deep sense of pride and joy that I wish to share with you, the successful arbitration award in the matter of our arbitration with Spreadtrum Communications Inc. This award vindicates our rightful claim of being a global leader in providing intellectual property based services. The US arbitration award is a clear validation of the quality and value of our offerings which power several hundred million chipsets and thereby smartphones. While the amount of the award and future royalty payments are significant, I am enthused more about having taken a principle centered stand in this matter which is in keeping with our core values. I believe in building an organization that stands the test of time, which may seem a difficult path, but more satisfying and enriching. Integrity, above all, is what I hold very dear and truly believe that no great enterprise can be achieved without an unwavering commitment towards upholding integrity at all costs. This award reiterates that Sasken and indeed all Sasians are not only capable of delivering world-class products but defending them in the world markets if infringed upon.



Sasken's vision is to play a key role in enriching the lives of consumers by leveraging technology to provide superior means to connect, collaborate and communicate. We believe that by focusing all our efforts and resources on this vision, we will maintain our rightful position as a leader in the communications and devices industry. As our name suggests, we are a knowledge-driven company that attracts and nurtures the best talent. We take pride in our values, transparent business practices.

As you would be aware, your Company has completed its 25th year since incorporation. We have achieved the unique distinction of being among only a handful of companies that are respected for their ability to independently develop products end to end. We provide comprehensive solutions to help businesses achieve their goals of rapid product innovation and profitability. A testimony to our ability to execute complex engineering projects is evident from the confidence reposed by our customers. You will be happy to know that a vast majority of our customers continue to partner with us or on most of our journey.

In celebration of its 25th year since incorporation, your Company paid a Special Dividend of 250% (₹25 per equity share) in two tranches, viz. 25% (₹2.50 per equity share) in October 2013 and 225% (₹22.50 per equity share) in January 2014. Your Company had also paid two interim dividends of 25% (₹2.50 per equity share) in October 2013 and 30% (₹3 per equity share) in April 2014. The Board has now recommended a final dividend of 15% (₹1.50 per equity share), thus making the total dividend of 320% (₹32 per equity share) for the year. I am sure you would recall that your Company has a good track record of paying dividends since listing in 2005.

Today, your Company is all set to expand its offering portfolio and market coverage. We are building on the entry that we have made in the enterprise mobility space and crafting a rich portfolio of offerings in IT services. We believe that the timing for such an endeavour is perfect as the IT industry is in the midst of a transformation driven by the nexus of forces including atomization of processes, consumerization of IT and SMAC (social, media, analytics and cloud). This calls for fresh perspectives to serve the needs to the IT organization which can benefit from the productization mindset we can bring.

We see technology as the means to enabling the competitive advantage of our customers and not an end in itself. We dare to explore new opportunities to find new ways to solve technical challenges. We pride ourselves as being forward thinkers, anticipating market changes ahead of the curve to help our clients stay competitive. At Sasken, we do everything we can to sustain an environment that is conducive to incubating new ideas and creating powerful technology solutions that help our clients succeed.

Zinnov, a leading independent consultant, in its Global Service Provider Rating - 2013, has placed Sasken in the Established zone, in their overall ranking. Sasken is also ranked amongst the leading providers in automotive, consumer electronics, semiconductors and telecommunications verticals. Sasken ranked #2 globally and bagged the Platinum ranking for the creative execution of its Annual Report 2012-13 by LACP (League of American Communications Professionals). On the people front, our ongoing initiatives have increased the ability to attract and retain talent. Our robust training engine ensures that our talent stays current with technological and other skills required to execute projects of any complexity and scale. With our mid-sized positioning, we are able to provide speed, flexibility and attention to our customers that others cannot match. The one constant that has governed interactions with all our stakeholders is our value system. We stand by integrity, respect for the individual, customer centricity, innovation and excellence, which we call IRISE. We take pride in being ethical and in nurturing an environment of trust and openness in all business interactions. We respect the courage of personal conviction, and actively cultivate a spirit of inquiry and individual enterprise.

On behalf of my management team, I assure you that we will do our best to ensure the continued success of your Company. We are grateful for your support and trust that you will continue to repose your confidence in us in the coming years.

Thanking you,

**Rajiv C. Mody**

Chairman and Managing Director



# Domain Expertise

Relentless practice, flawless understanding of music, respect for his instrument. This is the making of a maestro. With the passage of time, he becomes one with his instrument. And thus world-class acts become second nature.

Deep in the vortex of changing technology and consumer landscapes, we have toiled with our practice, we know and understand every microscopic element of our work. We revere our art. It is no wonder that today, we have catalyzed the launch of over a 100 breakthrough products globally.





# Technology and Markets

The global telecommunications industry has been disrupted like never before. The arrival of new age companies like Facebook, WhatsApp (recently acquired by Facebook), Twitter, Skype (Microsoft) and several OTT players have transformed the landscape of this industry. The demand for wireless broadband as a preferred means of connectivity has given a fillip to the deployment of 4G/LTE networks. In emerging markets, the prohibitive cost of wired infrastructure and inadequate backbone networks means that wireless will be the only way to ensure connectivity to a vast majority of people who have not experienced the power of the internet. Telecommunications revenues are expected to exceed USD 2 trillion by the year 2020.

The term digital enterprise has moved from the realm of possibility to one of reality. Enterprises have always relied on technology to enhance their operational efficiency and fulfill the requirements of their customers. The digital world has tremendous implications for existing business as it allows new, agile and aggressive entrants to penetrate existing strongholds and completely disrupt the traditional business models. At the heart of the digital enterprise is a revolutionary approach to how businesses acquire, architect and adopt technology to transform their core processes to dovetail into the collaborative digital economy. The combined impact of atomization of business processes, consumerization of IT and SMAC (social media, analytics and cloud) is democratizing innovation. Enterprises are now focused on managing and building digital assets that will allow the creation of a virtual environment that fosters collaboration through automation, resulting in the ability to rapidly respond to the needs of demanding customers. The ability to process big data and glean insightful information in real time, gives enterprises insights into channels including online and in-store. This makes it possible for them to equip their employees to better engage with their customers.

In summary, digital applications will reshape every single aspect of an enterprise including its ability to innovate, distribute its products, fulfill customer requirements, enhance customer engagement and experience. Decision making at the enterprise level will be enhanced by the adoption of analytics and new age tools that will mitigate risk by the use of appropriate control mechanisms and harness the power of information systems.

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

## Semiconductors

The semiconductor industry delivered the consensus forecast of a five percent growth in 2013 despite coming from an earlier period of sluggish growth. Several estimates indicate that the growth rate in 2014 will be better than the previous years and is likely to be in the six to seven percent range. While smart devices such as smart phones and tablets were the primary growth engines for the segment, there is likely to be a softening of demand in this area as the market has matured. Industry CEOs have indicated growth to be forthcoming in areas such as wearable devices and the internet of things (IoT). The key verticals that will drive growth in the semiconductor industry will include consumer electronics, computing, automotive electronics, industrial, medical and energy. From a geography standpoint, in addition to US and Europe, China is being increasingly viewed as an important end market.

R&D spending of semiconductor companies is expected to increase to keep pace with advancements in process technologies. Chip design costs which increase fairly steeply for every new generation is also adding to this pressure. The demands of the market continue to pull in seemingly opposing directions; on the one hand placing increasing demand on the computing ability and on the other, on power efficiency. Semiconductor vendors are increasingly focusing their research and development efforts towards application markets to counter the effects of business cycles and increasing cost of chip development. Application markets such as automotive, medical, Internet of Things allow them to increase the value proposition offered to their customers and thereby their competitive advantage. It is no surprise therefore that wearables and IoT are being called out as a focus area by leading semiconductor companies worldwide.

The next wave of innovation after smart devices will be in the form of building wearable devices and the Internet of Things. The ubiquity of wireless networks and advances in the application ecosystem including the ability and need to make sense of data in real time are driving these developments. Wearable devices have been at the centre stage of most industry events and span a wide category from smart watches that complement smartphone to personal fitness bands to more advanced medical electronic devices. These devices will place demands for enhanced connectivity and frugal power consumption.

Another area that is transforming the world is the ability to connect thus far isolated devices. These internet enabled devices which are now seamlessly connected and harness the power of convergence of cloud computing, data and analytics are being referred to as the IoT. IoT is poised to revolutionize the ability for consumers to make better and more efficient decisions in real time to solve problems from simple to critical. IoT is expected to be widely adopted by manufacturing, communications, utilities, automobiles, healthcare and urban infrastructure management systems. From a semiconductor perspective, there is unprecedented attention to develop solutions that support heterogeneous connectivity and have to robust security at both the operating system and application layer that is power efficient and highly reliable.

Analog semiconductors have been one of the most stable parts of the semiconductor industry and have posted reasonable compounded annual growth of over nine percent over the last five years. This segment has also benefitted from the growth of smart devices as there is a fair amount of analog and mixed signal content in these products. Analog semiconductors find application in several areas including medical, automotive, industrial and high efficiency lighting.

Analog design is a highly niche area which is viewed to be as much as art, as it is a science. Mobilizing talent in this area is a challenge as it typically takes close to a decade of experience to be regarded as a good analog designer. Sasken's services in the analog design space spans from specification, circuit design to GDSII in the analog and mixed signal domain. Sasken has several hundred man years of experience in the analog domain with a track record of delivering over 40 analog blocks taped out and in production till date. Sasken has strong experience in RF electronics design built on solid foundation of the cutting edge work it has executed over the last two decades of being in the wireless world. The services offerings in RF design include consultancy, architecture design, simulation, testing and reference design.

We have consolidated our leadership position in offering perhaps the widest scope of design and engineering services by continuing to be a valued partner to six out of the top ten semiconductor vendors. These vendors account for over 50% of the revenue and R&D spends in the semiconductor industry. A testimony to our capability and commitment to delivering excellence is reflected in our being chosen as a preferred partner by the world's largest semiconductor company.

## Smartphones and Consumer Electronics

Smartphones have got the attention of consumers like no other product in the recent past. Smartphone sales will perhaps begin to plateau as penetration levels in most developed economies have already covered a vast majority of the population. There is however, an attempt by several OEMs to re-energize by introducing smartphones in the price range of USD 100 to 200, especially targeted at emerging markets and first time buyers. Complementing smartphones are a range of products including tablets, smart TVs, watches and other wearable devices. These devices have transformed the way we consume media for information and entertainment. Smartphones and its complements will be the main engines for transforming the connected experience at both enterprises and homes.

The refresh cycle to lengthen the growth curve of these smart devices is expected to focus on improving the features and functionality of these devices including enhancements to both hardware and software aspects. Smart devices will be powered by faster processors that pack performance whilst being frugal in the use of power to extend battery life. Semiconductors will also enable better support for high quality graphics through dedicated co-processing units. Enhancements in display technologies are pushing up screen size and full HD capability is an integral part of high end smart phones. Cameras, both front and rear will be enhanced by most vendors and incorporate features such as loss less zoom, optical image stabilization and support low light photography, obviating the need for a high end camera. Smartphones will also support access to 4G networks such as LTE supporting data upload and download speeds ranging from 50 to 150 Mbps.

The operating system evolution will continue albeit at a slower pace and continue to enhance multitasking, multimedia, connectivity and user experience. Newer means of interfacing with smart devices like gesture and voice will become main stream in the near future. The top three operating systems – Android, iOS and Windows are likely to face new competition from operating systems such as Firefox OS, Sailfish OS, Ubuntu and Tizen. An operating system that is supported by a vibrant application ecosystem will be one that survives. Market watchers have used the phrase “less phone, more operating system” to describe a smartphone. The smartphone's ability to run software natively and in the cloud makes it possible to be highly contextual, gives consumers the freedom to access and share information at their will, while being assured of highest standards of security.

The wide acceptance of smart phones, dramatic improvements in user experience and access to a vast repertoire of applications have significantly influenced the design and development of industry grade ruggedized devices. Ruggedized devices are widely used in the industry and have thus far been functional, safety oriented and built using proprietary operating systems. Similar trends are observed in devices that cater to public safety and civil defense needs.

Sasken offers Android commercialization for OEMs and ODMs that spans bring-up of the OEM device, with or without semiconductor reference platform software. We enable the bring-up of Android OS, OEM specific customization (display, camera, multimedia, connectivity, audio and video subsystems), third party feature integration and UI & layout customization. Our offerings extend to

# Governance

To create and lead the orchestra to perfect harmony; this, without saying a word. He radiates leadership. With the presence of a conductor, the performance is one to be remembered.

The robustuous governance systems at Sasken, guided by our eminent Board of Directors, let our customers sit back and know that their engagements with us are serviced with the highest ethical standards; that nothing can come in the way of our unflailing commitment to staying beyond mere compliance.





support operator specific customization, country specific adaptation services, pre-certifications, field trials, operator and regulatory certification. Sasken also works with silicon platform vendors and OEMs that develop and commercialize devices using the Windows OS. Leveraging on the success of supporting the product development lifecycle of smartphones, Sasken has extended its services to address the needs of manufacturers of ruggedized devices and public safety terminals.

## Networks, Satellite, Operator and Enterprise Communication

The total number of mobile subscribers as of 2013 is estimated to be in the excess of 6 billion. Even after discounting for multiple ownership, estimates indicate that there are 4.5 billion unique users of mobile services. There has been a continued momentum in the uptake of smartphones, which has helped the rapid growth of mobile broadband subscribers who now constitute one half of mobile users worldwide. Mobile broadband has gained acceptance in developed markets and is expected to become the primary means of connectivity in the emerging world as well.

LTE is being aggressively deployed world over, complementing existing 2G and 3G networks and is expected to attract close to 3 billion subscriptions over the next five years. This is in large part, motivated by the growth of mobile data which per industry estimates is demonstrating a quarterly growth in excess of the total quarterly traffic of the corresponding period during the previous year. Industry experts indicate that there will be a 10x growth in data traffic in the same period. Applications that are driving the growth of data fall largely in the video category with access to content from YouTube leading the bandwagon. There has been a surge in the growth of video and music streaming service, both of which are data intensive applications. Web browsing and access to social networking will also drive traffic upwards, as much of this content will become data rich. As users migrate to smart devices, their behavior will change as they access applications that will encourage both social connectivity and the adoption of user generated content as well as access to public sources of content.

The Internet of Things formerly dubbed as machine-to-machine communication has come back to the forefront. Market estimates indicate a potential to connect between 50 and 100 billion devices in the next decade. IoT is expected to take convergence to the next level by connecting machines, devices, people and applications seamlessly. Vertical applications will include asset tracking, fleet management, healthcare, insurance (usage based insurance) and connected home.

Telecommunications operators continue to be in the pincer grip of declining revenues and escalating costs due to the need to continuously build their network. Services offered by over the top players lead to erosion of lucrative revenue streams including voice and messaging. Increased access to Wi-Fi networks and the availability of tablets and smart phones with Wi-Fi also leads to the cannibalization of data revenue. Operators are focusing on new revenue streams by making segue into mobile payments, big data, IoT and internet TV services.

As a follow through of our highly acclaimed and full phone design of the IsatPhone Pro, which since its launch in 2010 has sold a record 100,000+ units, we were entrusted with the enhancement of the same. The Sasken designed IsatPhone 2 extends support for GMR-2+ specifications to incorporate the ability to page, tracking and assistance alert, aimed at providing enhanced level of services. Sasken design and development includes the complete software development all the way from the physical layer to the application framework and the support for sensors like magnetometer. Additionally, we have improved the overall look and feel of the device including aesthetics and mechanical design. The handset is now more rugged than before and incorporates significant hardware and user experience enhancements. Some of the unique developmental activities carried out include testing for electromagnetic compatibility (EMC), specific absorption rate (SAR), drop tests, ingress protection against dust and water, which were carried out at our in-house test labs at Finland. Sasken support extended to identifying the ecosystem, vendors for different components and coordination of the contract management services.

Sasken Network Engineering Limited (SNEL), a 100 % subsidiary of Sasken Communication Technologies Limited, offers a comprehensive bouquet of services including Network Engineering, IT Infrastructure Management, Technical Support, Technical documentation and testing services. The offering portfolio of SNEL addresses the entire span of technical services including planning, design, deployment, integration and operations for Network Service Providers. SNEL has rich experience in executing several projects in India and globally in the areas of IT Infrastructure Management, Technical Support and Testing services. In addition, SNEL has carried out consulting and benchmarking projects for leading wireless service providers.

## Automotive Electronics

Innovations in the automotive electronic area continue at an unprecedented scale and speed. The focus areas for automotive vendors include diagnostics, body control, power, in-vehicle infotainment, navigation, connectivity, driver assistance and safety. In-vehicle infotainment systems have steadily matured and incorporate several features including the ability to turn the car into a hotspot. In-vehicle infotainment systems have become a hub for entertainment and information management within the car. Drivers and passengers can now experience user interface that is similar to what they have been accustomed to, while using their smart devices. Leading automotive OEMs have partnered with carriers who have a national LTE footprint to ensure the automobile is connected at all times. This connectivity will enhance the safety and navigation capabilities and also turn the automobile into what is being called a 'network on wheels'. Enhancements in entertainment systems have not been at the expense of safety as regulations have ensured that there is a good balance between infotainment for rear seat passengers and minimal distraction for the driver. Standards such as Mirror Link, CarPlay and Google's Open Automotive Alliance are vying for supremacy to ensure the integration of smartphone and in-vehicle infotainment systems and strike the right balance between functionality and safety.

Sasken's In-vehicle Infotainment solutions have been deployed in leading automotive brands by tier-1 OEMs. These projects have been executed across multiple sites in Asia, Europe and the Americas. Sasken's deep understanding of the multiple technologies to build an automotive infotainment system has helped OEMs keep pace with the rapid evolutions underlying platforms, connectivity, multimedia and automotive standards. Sasken services begin at the early development stage and encompass identification of suitable hardware platform, porting the latest operating system, accelerating development through pre-built solution accelerators and expertise in integrating third party components. Sasken services are available for new platform development or variations. Sasken assists in the development of customized applications and offers testing and validation prior to mass production.

Sasken's solutions are built using a well established and proven 'Service Discovery', 'Media Routing and Rendering' and Policy and Resource Management' Frameworks that help accelerate product development and reduce time to market.

## Enterprise Mobility

Enterprise IT is in the midst of tectonic shifts due to the nexus of three key forces including digitization, consumerization and SMAC. This has far reaching implications the way enterprises will approach their application development and maintenance and system integration needs. From books to music to hotel rooms to messaging to financial services, we see the proliferation of non-traditional players dominating well entrenched incumbents. Large enterprises, specifically in domains such as retail and insurance are actively involved in charting and piloting their digital strategies to retain their competitive advantage and face the onslaught of the new age companies. CIOs of enterprises are increasingly under pressure to keep pace with the demands of business and the new found autonomy of the departmental buyers. We believe this is the right time to bring in a fresh product development mindset to the IT industry as enterprises require dynamic, agile and scalable productized IT development services (PdIT). This will entail a paradigm shift in the way enterprises look at people, processes, technology and infrastructure to be able to respond to the forces of change.

Sasken has been successful in making an entry into indoor navigation and navigation services space. We are engaged in providing indoor navigation services using terrestrially-based transmitters for accurate location service with carrier-grade reliability. Providing such services in buildings located in urban areas is challenging as satellite-based GPS signals can't penetrate indoors. This is where our work in combining satellite and terrestrial based navigation assume significance as this hybrid approach will gain greater acceptance going forward.

This marks the establishment of our credentials in the application development space. Sasken is engaged in developing a field force application that allows an enterprise to track and manage its mobile work force and assets accurately both indoors and outdoors including geo-fencing. In addition, we are building consumer applications that assist consumers to effortlessly navigate within malls and large buildings, with full integration with SoLoMo (social, local & mobile) technologies.

We have partnered with a leading provider of supply chain management solutions to more than half of the top 100 retailers globally. We are engaged in mobilizing and enabling multiple workflows in store order management. This will enable store associates to use their own or company provided mobile device to manage the entire order management workflow. Our contributions have come to be valued by the customer who has extended the scope of work to now include advanced user interface/user experience design, visual design and technical architectural design.



# Ease Of Doing Business

To create the Concert Hall takes much thought and proficiency. It tells us that the audience, the listeners, take centre stage. For without an audience, there is no performance. The Concert Hall ensures that every member seated, no matter where in the hall, receives a gratifying experience. True customer centricity.

At Sasken, we work to delight our customers. No matter what her size, or where on the globe she is and no matter what her requirements are, we make it easy. Our models of engagement are customized; we readily offer smart-shoring options. Above all, every customer is given the same pleasant experience working with us.



# Sasken People

At Sasken, we have always believed that we are a knowledge Company and that people are our assets. The primary focus of our human resources management has been on developing the intellectual capacity of our people and supporting them with processes and policies that bring out the best in them. From the Chairman of our Company to our newest entrant, we take pride in internalizing and living our values which are epitomized under the banner of IRISE. Additionally, our CEO believes that accountability and fairness are the beacon lights that will guide us at all times.

To strengthen our status of being one of the pioneers in establishing a people brand with a rich heritage, we have identified four pillars which will serve us in talent acquisition, retention and engagement and renewal. The four pillars which have been articulated are:

🎵 Engage and Enjoy    🎵 Empowerment and Accountability    🎵 Trust and Verify    🎵 Respect and Differentiate

We strongly believe in work life facilitation and encourage people to seamlessly enjoy their work and family life with minimal distinction or barriers. We are constantly raising the bar on empowering our people and encourage them to be decision makers. Controls and guidelines in Sasken are tools that enable people to take a proactive approach to decision making. We have rigorous systems that facilitate clear and participative goal setting, periodic assessments and an objective review mechanism that establishes accountability. We strongly believe that empowerment and accountability are two sides of a coin and create a virtuous cycle that builds leadership qualities at all levels.

Trust is the glue that binds an organization. Integrity for us pervades all we do. This is what ensures that we keep customer promises that we make and delight them and have them coming back to us for more work. The trust our customers repose in us is reflected in the deep rooted commitment on the part of each Sasian to reciprocate by doing their best to serve customer interests. As we like to leave nothing to chance, we have built a culture that encourages people to trust but verify. This serves to help us be above board in all we do and deliver superior value to our customers. Our cherished principle of respect for individuals enables us to embrace people from different geographies, nationalities, age groups, responsibilities as well as abilities to work as one team or indeed, one family. The only differentiation we engage in, is based on the need to cater to the unique requirements of different groups of people.

In the course of this financial year, we executed a number of initiatives in employee development, including:

- 🎵 Enhancing their technical and behavioral skills
- 🎵 Participation in team building and leadership development skills
- 🎵 Initiatives that were focused on community development and social responsibility

As an organization that has pioneered the creation of intellectual property and other assets, we believe that innovation must be deeply engrained in our culture. To support this, we have a number of initiatives that actively encourage all employees to contribute ideas and proposals that can be taken up by the Company or individually, to a logical conclusion. One such initiative has resulted in one of our employees undertaking a noble endeavor to create a simple, yet invaluable system to better manage medical appointments, especially for people located in remote areas and have to travel a great distance to seek medical help.

Additionally, we conducted and participated in a number of events centered on entertainment, sport, vocation and the environmental sustainability. A team of volunteers from Sasken worked with a leading NGO in providing timely relief to the victims of the severe flooding in the State of Uttarakhand, India. We assisted the NGO in sorting and dispatching vital supplies including medicines and other household items to reach the needy in time. Showing solidarity to various community initiatives, Sasians including members of our leadership team, participated in events such as marathons in large numbers. Also, we helped raise funds for several beneficiary NGOs in these events. Sasians also took part in drives to keep the environment clean, by undertaking clean-up drives in and around several premises in which we operate. We conducted multiple events and campaigns that sensitized the need to conserve the fragile resources of our planet and encouraged people to reduce, recycle and reuse. At these events, various self-help groups were supported by providing them an opportunity to sell their merchandise and create sources of revenue for women and other entrepreneurs working in remote locations. Our employees have volunteered in large numbers to donate blood in camps organized by NGOs and readily respond to requests for blood from our employees and their extended circles. A ten member strong team from Sasken is working on building a cost effective solution for a large women's self help group to simply and manage the microfinancing needs of its constituent members.

On the policy front, we have made extensive efforts to simplify and streamline our policies keeping in mind, our credo of being a 'people first' Company. Our policies are a judicious blend of ensuring that employees have the best work environment, challenging, yet achievable goals, robust, yet fair performance management systems, equitable and appropriate compensation and the ability to do full justice to their work and home life. We take serious cognizance of the need to a workplace that is free from the scourge of sexual harassment and any other form of discrimination. All employees are taken through mandatory training in the areas of Company's Code of Conduct and Prevention of Sexual Harassment in the workplace.

During the course of the year, we periodically undertake promotion reviews and have put in place, rigorous assessment systems to identify and promote people to undertake higher levels of responsibility. Our annual salary appraisal cycle is also initiated at the beginning of each financial year and completed in the first quarter. Our compensation philosophy has ensured internal parity, external equity and differentiation based strictly on merit. In addition to this, we have instituted several rewards and recognition systems that include means of instantaneously and appreciation of performance to others which reward consistent performances of individuals and teams.

## 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, 2014.

### Result of Operations (Consolidated) - Extract

(Amount in ₹ lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>Revenues</b>	<b>45,802.93</b>	<b>47,483.08</b>
Expenses	41,718.40	45,232.57
<b>Net Operating Profit</b>	<b>4,084.53</b>	<b>2,250.51</b>
Interest Expenses	20.25	41.34
Non-operating Income, net	3,152.97	1,763.70
Profit before Income Taxes	7,217.25	3,972.87
Income Taxes Expense, net	2,070.08	776.94
<b>Profit after Tax</b>	<b>5,147.17</b>	<b>3,195.93</b>
<b>Appropriation:</b>		
Proposed Equity Dividend	319.16	939.61
Interim Dividend	1,168.89	601.11
Special Dividend	5,310.00	-
Dividend Tax	731.15	257.21

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

Your Company's revenues from operation for the financial year 2013-14 have decreased by 3.54% in rupee terms, from ₹47,483.08 lakhs in 2012-13 to ₹45,802.93 lakhs in 2013-14. In the current year, Software Services, including Network Engineering Services contributed 95.33% to the revenues, while the Software Products revenues contributed 4.20%. The net profits increased from ₹3,195.93 lakhs in FY13 to ₹5,147.17 lakhs during the year, an increase of 61.05%. This has translated to a Basic Earnings Per Share of ₹24.36 in 2013-14 vs. ₹13.26 in 2012-13.

### Dividend

In celebration of its 25th year since incorporation, your Company paid a Special Dividend of 250% (₹25 per equity share) in two tranches, viz. 25% (₹2.50 per equity share) in October 2013 and 225% (₹22.50 per equity share) in January 2014. Your Company had also paid two interim dividends of 25% (₹2.50 per equity share) in October 2013 and 30% (₹3 per equity share) in April 2014. The Board has now recommended a final dividend of 15% (₹1.50 per equity share), thus making the total dividend of 320% (₹32 per equity share) for the year.

### Industry Structure and Developments

Sasken continues to operate in the embedded research and development space, addressing verticals such as semiconductor, mobile devices, network equipment, data communication equipment, satellite, automotive and consumer electronics.

Building on our undisputed leadership in understanding mobility related technologies and track record of successfully executing several product development projects, we have made a modest but significant entry in the IT Services segment. The changing landscape in the IT world provides us an excellent opportunity to bring in fresh perspectives in the form of a productized approach to several areas including application development, data services and infrastructure management. The entire gamut of enterprises spanning from retail, insurance, independent software vendors among others are in the midst of piloting or implementing their digital strategies.

With effect from April 2014, Sasken has reorganized its business unit structure to better align with the market. It will now focus on two key business segments, Communication & Devices and IT Services and four practices consisting of ER&D Practice, Testing Practice, Applications and Data Services Practice and the Infrastructure Practice.

The Communication & Devices Business Unit will not only continue to focus on its traditional business of embedded communications through the ER&D practice capability, but expand the addressable market by bringing the capabilities of the new practices to this customer segment. This business unit will work with Tier 1 Device OEMs, Network OEMs, Semiconductor vendors and other enterprises in the communications and devices ecosystem.

The IT Services Business Unit will leverage Sasken's deep entrenchment in building products and devices and bring product development capability to the enterprise IT customers with cutting edge technology capabilities, particularly the tremendous depth in mobile technologies, combined with industry domain knowledge. This business unit will focus on the BFSI and Retail industry segments.

The ability to connect all the dots in complex product design, backed by our comprehensive range of hardware R&D services covering all lifecycle stages of the product development is unparalleled. These capabilities have been built and refined over two decades and enriched with partnerships to provide spec-to-product engineering services to customers. Sasken's customers have been able to reduce time-to-market and accelerate product development cycles and derive greater value from their ER&D outsourced dollars. We will continue to relentlessly focus on growing our domain knowledge to retain our technology leadership and the ability to offer the most comprehensive suite of ER&D services. For a more detailed discussion of our areas of business, please refer to the Technology and Markets section.

## Directors' Report (Contd.)

### Litigation

Sasken partnered with a Chinese chipset company, to jointly develop a TDSCDMA protocol stack under an Agreement signed in 2005 ('Agreement'). The TDSCDMA protocol stack is a vital software subsystem that manages the core communication aspects of mobile phones. This TDSCDMA stack was largely developed using the W-CDMA protocol stack, which is Sasken's IPR, and was very critical for the timely and successful development of the TDSCDMA protocol stack. This has resulted in significant time-to-market advantage, huge revenue and profitability for the customer. Pursuant largely to this contribution by Sasken, the customer has become a market leader with a significant portion of its business coming from the TDSCDMA chipset space. The company was acquired by a China state owned enterprise at a valuation of \$ 1.7bn.

The contractual arrangement between the parties required the customer to pay agreed royalties for every chipset sold. Accordingly, royalties were paid to Sasken from 2009 onwards; however the payments were abruptly stopped from the beginning of 2012. Whilst the customer contended that it no longer used TDSCDMA protocol stacks in the chipsets being sold, Sasken believed that the customer continued to rely on our software. Left with no option of recovering the royalty payments, Sasken was forced to tread the arbitration route to seek relief.

Sasken approached the American Arbitration Association's (AAA) International Centre for Dispute Resolution and the matter was heard by a single arbitrator appointed by the Parties before the AAA. The hearings have now been concluded on February 26, 2014 and Sasken is expecting to receive a favorable award.

### **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, 2014, there were 1,88,800 options outstanding with the employees including Directors. There are 15,91,200 unissued options as on March 31, 2014.

The details required under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme), Guidelines 1999, as on March 31, 2014 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, 2014.

### **Corporate Social Responsibility (CSR)**

Sasken has been sensitive to the needs of the community and the importance of being a good corporate citizen. For a number of years, Sasken has embarked upon several initiatives that support local communities in various spheres. Additionally, Sasken employees have on their own volition, worked towards ameliorating the quality of life and living conditions in the communities we work in.

The areas that we have actively engaged in, during the last year include supporting Non-Government Organizations in initiatives targeted to the welfare of child care, differently abled and victims of natural calamities and disasters. Recognizing the need for providing timely help to those in need of blood, we have organized site-wide blood donation drives. We have also put in place, a mechanism to respond and fulfill in a timely manner, any urgent requirements for blood. Some of the initiatives where we have made a difference include:

- Uttarakhand relief fund in association with Goonj: We drove a collection drive at our premise for clothing, footwear, food grains and medical supplies. This was sent to the victims of the recent floods in Uttarakhand.
- Uttarakhand on-the-ground support: A team of volunteers was sponsored by the Company to visit flood hit areas and provide timely and much needed assistance for rehabilitation of the victims.
- We participated in an 'Under the stars' in support of raising awareness and attracting funds towards several hundreds of homeless fellow citizens.
- In partnership with Sambhav Foundation and Karunalaya Social Welfare Society, we organized a week long initiative called 'Wish a Tree'. This initiative helped make dreams come true for orphan children by employees providing them with books, toys and clothes. Our employees also spent quality time interacting with these children.
- Sasken sponsored a cultural program for Snehadeep, an NGO for the visually challenged.

Our exuberant and youthful workforce participated in several public initiatives in support of various causes. They also raised substantial funds towards noble causes. Some of the initiatives include:

- At the TCS World 10K 2013, Sasken supported Vathsalya, an NGO which focuses on foster care for abandoned children.
- Employees participated in the Chennai Walkathon with National Federation of the Blind, to raise awareness of the needs of the visually challenged.
- At the Contour run, Sasken demonstrated its support to ASHA, a not-for-profit organization dedicated to supporting the education of underprivileged children.
- Our employees in Chennai participated in the Chennai Wipro Marathon and partnered with United way of Chennai, an organization that promotes volunteerism in community and social development projects.

Sasken continues to run the 'Prakruti Mela' through the year. This event provides a platform for environment friendly product vendors to showcase sustainable, eco-friendly and ethically produced products.

As a responsible Corporate Citizen, Sasken is committed to contributing to the society, environment and community. We committed to continuing the same and making a difference in a humble way.



## Directors' Report (Contd.)

### Awards

Sasken is always striving to be best in its category! We at Sasken cherish all our triumphs, be it internal or external, individual victories or those as an entire organization. One of the significant win in the year is that of Mr. Swami Krishnan, our Chief Marketing Officer was named one of India's 50 Most Talented CMO's, instituted by 'The Chief Marketing Officer (CMO) Council', India along with the World Brand Council.

Yet again, Sasken's Annual Report 2012 - 13 was recognized by the League of American Communications Professionals (LACP). Your Annual Report bagged the Platinum Award and was rated at number two, globally.

### Patents

	US	India	Other Countries	Acquired
Applied <sup>#</sup>	58	29	9	-
Granted	34	11	1	1
Abandoned	8	7	4	-
Pending	12	11	4	-
Sold	4	-	-	-
Owned	27	11	1	1
Granted since last report	1	1	-	-

<sup>#</sup> 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 25, 2014 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, 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

During the year, (a) Sasken Communication Technologies Oy, was merged with its wholly owned subsidiary, viz. Sasken Finland Oy effective April 1, 2014 and (b) Sasken Japan KK was liquidated on November 18, 2013.

As required under Accounting Standard 21, Consolidated Financial Statements incorporate the results of the following subsidiary companies, viz. (a) Sasken Network Engineering Limited (b) Sasken Network Solutions Inc., USA (c) Sasken Communication Technologies Mexico S.A. de C.V. (d) Sasken Communication Technologies (Shanghai) Co. Ltd., (e) Sasken Finland Oy and (f) Sasken Inc., USA.

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

Mr. Pranabh D. Mody and Mr. Krishna J. Jhaveri retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

It is also proposed to appoint Mr. Bansi S. Mehta, Prof. J. Ramachandran, Mr. Bharat V. Patel, Dr. Ashok Jhunjhunwala, Mr. Sanjay M. Shah and Mr. Kiran S. Karnik as Independent Directors under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for 5 consecutive years for a term up to the 31st Annual General Meeting of the Company to be held in the calendar year 2019.

### 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 and 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 Environmental Management System Standard -ISO 14001:2004 certified. 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 is Information Security Management System -ISO/IEC 27001:2005 certified. 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 certified for Quality Management System Standards -TL9000 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. LLP, 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 25, 2014

**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 2006
1. Number of Options outstanding as on April 1, 2013	8,30,800
2. Number of Options granted during the year	50,000
3. Number of Options vested (but not exercised) cumulative till March 31, 2014	1,29,800
4. Number of Options exercised during the year	4,00,400
5. Number of shares arising as a result of exercise of option	4,00,400
6. Number of Options lapsed (due to resignation, etc.) during the year ended March 31, 2014	2,91,600
7. Number of Options outstanding as on March 31, 2014	1,88,800
8. Money realized by the exercise of Options (in ₹)	2,35,35,300
9. Number of Options in force	1,88,800

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 2 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 (₹)
2006 - 07	July 2007 - July 2009	234 - 321
	Oct 2007 - Oct 2010	298 - 394
	Jan 2008 - Jan 2011	367 - 559
2007 - 08	Apr 2008 - Apr 2011	475 - 667
	July 2008 - July 2011	554 - 746
	Oct 2008 - Oct 2011	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
2012 - 13	July 2013 - April 2015	123
2013 - 14	Nov 2014 - July 2016	119

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

Name	No. of Options	Vesting Schedule	Price (₹)
Milind Sathe	50,000	Nov 2014 - July 2016	119

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) calculated in accordance with the Indian Accounting Standard 20 is ₹24.20 per share.

## Annexure to the Directors' Report (Contd.)

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	2013-14
Average risk free interest rate (%)	8.49%
Weighted average expected life of options granted (in years)	2.63
Expected dividend yield (%)	5.37%
Volatility (annualized)* (%)	49.87%
Weighted average market price (₹)	130.30
Exercise Price (₹)	119.00
Weighted average fair value of the options (₹)	41.98

\* 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, 2014, 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 state that the Company is in compliance with provisions stipulated under Clause 49 of the Listing Agreement existing as of March 31, 2014 *except clause 49 I (A) (i) on the composition of Board of Directors of the Company*. The Chairman of the company being an executive director, at least half of the Board shall consist of independent directors.

As on March 31, 2014, the Board of Directors of the Company comprises 13 directors out of which 8 are Non-Executive Directors (including 6 Independent Directors) and 5 are Executive Directors. The company also had an Alternate Director on its Board.

Mr. Anjan Lahiri was co-opted as an Additional Director and appointed as Whole-time Director and CEO of the Company on August 19, 2013 and his appointment as Director is subject to the approval of the shareholders in the forthcoming Annual General Meeting of the Company. Consequent upon his appointment as an additional Director, the company does not satisfy the requirement of clause 49 I (A) (i). However, the Company has intimated the same to the Stock exchanges regarding the same and is awaiting guidance to initiate the necessary steps.

We certify that the Company has complied with the other conditions of Corporate Governance as stipulated in Clause 49 of the 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

Place : Bangalore  
Date : April 25, 2014

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

### Annexure 3

#### A) Conservation of Energy - Environmental Management System (EMS)

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

Sasken, with its focus on concentrating 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 legislations
- Creating awareness on the consumption of environment's resources through various campaigns
- Recycling and re-using resources in Business operations
- Promoting environment friendly products

## Annexure to the Directors' Report (Contd.)

- Using Water Recycling Plant
- Continuously monitored metrics on power and water consumption
- Regular energy audits to find the gaps if any and take improvement steps

FY - 14 saw the reduction in electricity consumption and it is less than 1.8 Kwh per square feet against the benchmark of 2kwh/Sft, there is through constant awareness and proactive approach towards energy usage.

Further to the 'Save Paper' initiative which runs in the organization, Sasken took an initiative to reduce number of output devices, they were optimized from 43 to 32, thereby reducing paper consumption by 50,000 sheets per month and associated power consumption for the printers.

During the Q4 FY14 Sasken got an external expert assessment on wet and dry waste disposal mechanism. The assessment commended Sasken's procedure of wet and dry waste disposal. As an outcome of the assessment, Sasken has planned to deploy wet waste management system inside Sasken which could generate about 300 KG of compost which can be reused for the gardens/plants in corporate office. The work is on to deploy the wet waste management system inside Sasken campus.

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. Your Company has made further inroads into the automotive segment with another Japanese automotive customer for its rear seat entertainment solution. Apart from making the solution compliant to industry standards, your Company has focused on compliance to popular proprietary technologies: Dolby certification is completed 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. 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, 4 of the top 5 handset OEMs and niche product categories like ruggedized devices.

With Microsoft's focus, Windows Phone 7/8 is also emerging as a credible alternative to Android. Your Company has strengthened its position in Windows 8 activities in ruggedized devices segment and in addition is working closely with its semiconductor partners on Windows 8 device driver aspects.

Your Company is closely watching market developments in html5 and new operating systems such as Tizen, Firefox OS for Mobile (also known as B2G) and Sailfish OS from Jolla mobile. Company has started R&D activities and is building up internal competencies on both Tizen and B2G and is working on application enablement on these platforms leveraging Cloud services and new technologies such as WebRTC.

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 being selected as the preferred partner for design services for a reputed protocol stack licensing company. Your Company is working on solution Accelerators in IMS (Rich Communication suite) and Android Test Frameworks to accelerate the development of service applications for customers.

Your Company's R&D unit in Chennai has developed a proof of concept in the area of Healthcare and Video analytics in co-operation with a local hospital in Chennai.

### C) Foreign Exchange Earnings and Outgo

Amount in ₹ lakhs

Foreign exchange earnings	28,814.96
Foreign exchange expenditure	12,838.23

## Corporate Governance

Good corporate governance is the commitment and adoption of ethical practices by the Company across its entire value chain and in all of its dealings with a wide group of stakeholders encompassing employees, customers, vendors, regulators and shareholders, in both good and bad times. To achieve this, certain checks and practices are whole-heartedly embraced by your Company.

Transparency and accountability are the two basic tenets of Corporate Governance. Your Company has the practice of in time and adequate disclosure of information regarding the financial situation, performance, ownership and governance of the company which has improved public understanding of the structure, activities and policies of the Company. Consequently, your Company is able to attract investors, and enhance the trust and confidence of the stakeholders for over 25 years.

Your Company continuously strives to maintain the work environment based on its core values - 'IRISE' which stands for Integrity, Respect for Individual, Innovation, cuStomer Centricity and Excellence. 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 ensured certain checks like Code of Conduct for its employees and Directors, a Policy on Code of Conduct for Prevention of Insider Trading and an Information Security Policy that ensures proper utilisation 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, 2014 except on the composition of Board in the later part of the year and presents the following Corporate Governance Report for the year 2013 - 14 based on the said disclosure requirements.

### Board of Directors

The fundamental role of the members of the Board is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. They also oversee the operations of the management for a competent, ethical and sustainable operation of the Company. The Board ensures that the governance framework is created and followed diligently by them and executive management and any changes to these are made after due approval of the Board.

The Board is composed of individuals whose knowledge, background, experience and judgment are valuable to the Company, with the ability to provide advice to management. Members of the Board have access to management, Company's employees including the records and documents of the Company, thus helping the Board in advising, counseling and making decisions in order to monitor and manage potential conflicts of interests of Management, Board Members, shareholders, Government, etc.

As on March 31, 2014, the Board of Directors of your Company comprised of thirteen directors out of which eight are Non - Executive Directors (including six Independent Directors) and five are Executive Directors. An Alternate Director was also on the Board.

The Chairman of the Board is the leader of the Board, responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders.

Your Company has a new CEO on the Board who is committed to formulate corporate strategy, brand equity, planning and monitoring, external contacts, adherence to Company values and other management matters. He is also responsible for achieving the annual business targets and organic/inorganic growth, including operational/cultural integration.

The CEO, the other Executive Directors and senior management personnel are accountable for achieving targets as well as transparent scrutiny of means and ends. They make periodic presentations to the Board on their responsibilities, performance, action taken during each quarter as well as representations required under the Company's Code of Conduct.

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, their other directorships and shareholding in the Company are given below:

Director	Category	Shareholding as of March 31, 2014	No. of Directorship held*		Committees <sup>~</sup>	
			Public	Private	Chairman	Member
Mr. Rajiv C. Mody**	Executive	11,010	3	2	-	-
Mr. Anjan Lahiri <sup>^</sup>	Executive	10,823	1	-	-	-
Dr. Ashok Jhunjhunwala	Independent	36,970	6	1	1	4
Mr. Banshi S. Mehta	Independent	5,929	13	-	3	6
Mr. Bharat V. Patel	Independent	20,000	3	-	-	-
Mr. J. B. Mody**	Non - Executive	7,36,612	4	3	-	1
Prof. J. Ramachandran	Independent	7,200	6	2	1	4
Mr. Kiran S. Karnik	Independent	-	2	2	-	1
Mr. Pranabh D. Mody**	Non - Executive	3,18,506	3	3	-	-
Mr. Sanjay M. Shah	Independent	12,882	-	5	-	-
Dr. G. Venkatesh	Executive	3,30,556	1	1	-	-
Mr. Krishna J. Jhaveri**	Executive	-	-	-	-	-
Ms. Neeta S. Revankar	Executive	1,55,242	1	-	-	-
Mr. Bharat P. Mehta <sup>#</sup>	Alt. Director	1,250	3	2	-	-

\* Does not include directorships in Saskaen, foreign bodies corporate, alternate directorships and companies incorporated under Section 25 of the Companies Act, 1956.

\*\* Promoter

<sup>^</sup> Mr. Anjan Lahiri was appointed as an additional director w.e.f. August 19, 2013.

<sup>~</sup> Denotes membership in Audit and Investor Grievance Committees of public limited companies other than Saskaen.

<sup>#</sup> Mr. Bharat P. Mehta is the son-in-law of Mr. J. B. Mody.

## Corporate Governance (Contd.)

The Board meets at least once in each quarter and/or when necessary for an update and to review the business performance and financial results. The Board/Committee of the Board reviews the Company's annual financial plan. On an ongoing basis during the year, the Board monitors the performance of the Company as against its annual financial plan as well as resource allocation decisions made during the period. The Board also evaluates the Company's strategy and assesses progress against agreed milestones.

Independent directors are expected to attend at least four Board meetings in a year. However, it may not be possible for each one of them to be physically present at all the meetings. Your Company has enabled video/teleconferencing facilities to enable their participation.

The Company Secretary in consultation with the Chairman, CEO and CFO drafts the agenda for each meeting, along with notes, and distribute these in advance to all directors. Any Board member can suggest additional items for inclusion in the agenda.

During the year 2013 - 14, the Board of Sasken met on 6 occasions, i.e. on April 27, 2013, July 18, 2013, August 19, 2013, September 19, 2013, October 28, 2013 and January 20, 2014. 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 2013 - 14		Whether attended last AGM held on July 18, 2013	Sitting fee (In ₹ lakhs)**
	Held	Attended		
Mr. Rajiv C. Mody	6	6	Yes	-
Mr. Anjan Lahiri*	4	4	NA	-
Dr. Ashok Jhunjunwala	6	5	Yes	1.20
Mr. Bansi S. Mehta	6	3	Yes	0.90
Mr. Bharat V. Patel	6	5	Yes	0.80
Mr. J.B. Mody	6	-	-	-
Prof. J. Ramachandran	6	4	Yes	1.20
Mr. Kiran S. Karnik	6	4	Yes	0.50
Mr. Pranabh D. Mody	6	5	Yes	1.30
Mr. Sanjay M. Shah	6	5	Yes	0.50
Dr. G. Venkatesh	6	5	Yes	-
Mr. Krishna J. Jhaveri	6	4	-	-
Ms. Neeta S. Revankar	6	5	Yes	-
Mr. Bharat P. Mehta	6	2	-	0.20

\* Information relates to Board meetings held since the date of appointment of Mr. Lahiri.

\*\* Represents sitting fee paid for attending Board and other Committee meetings.

### Tenure

Except one of the Promoter Directors and Independent 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 appointed/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 in the Company's website, viz. [www.sasken.com](http://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 based upon percentage of profits in respect of performance parameters of the Company, as set by the Compensation Committee of the Board. The Compensation Committee reviews the performance of the Executive Directors for achieving the set targets for 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, Mr. Anjan Lahiri, 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.

## Corporate Governance (Contd.)

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, 2014. No Stock Options were granted to Directors during the year. The following table shows the remuneration paid/payable to the Directors for the year 2013- 14:

(₹ in lakhs)

Directors	Fixed Remuneration	Variable Performance Pay	Commission
Mr. Rajiv C. Mody	80.00	47.10	-
Mr. Anjan Lahiri	61.83	-	-
Dr. Ashok Jhunjhunwala	-	-	13.00
Mr. Banshi S. Mehta	-	-	13.00
Mr. Bharat V. Patel	-	-	7.00
Prof. J. Ramachandran	-	-	16.00
Mr. Kiran S. Karnik	-	-	6.00
Mr. Sanjay M. Shah	-	-	3.00
Dr. G. Venkatesh	32.54	11.77	-
Mr. Krishna J. Jhaveri	40.35	-	-
Ms. Neeta S. Revankar	65.03	23.55	-

The proposed remuneration to the Executive Directors for the financial year 2014 - 15 and a proposal for payment of commission to the Non - Executive Directors are also given in the notice convening the next Annual General Meeting, forming part of this Annual Report.

### Board Committees

In order to have a more focussed 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, 2014, your Company has the following committees of the Board of Directors:

- Audit Committee
- Compensation Committee
- Share Transfer and Investor Grievance Committee
- Governance and Nomination Committee
- Strategy, Business and Marketing Review Committee

### Audit Committee

This Committee provides oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in oversight of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications, independence and performance, (4) the Company's internal accounting and financial controls, and (5) Enterprise Risk Management Policy and adherence to approved policy.

Mr. Banshi 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:

- Regular review of accounts, accounting policies, disclosures, etc.
- Review of the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.
- Qualifications in the draft audit report.
- 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.
- Conducting post audit discussions with the independent auditors to ascertain any area of concern.
- Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.
- To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders and creditors.
- To look into the matters pertaining to the Directors' Responsibility Statement with respect to compliance with Accounting Standards and accounting policies.
- Compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
- 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.
- To recommend appointment and remuneration of statutory and internal auditors.
- To review the functioning of Whistle Blower mechanism.
- 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.

## Corporate Governance (Contd.)

The Audit Committee met five times during the year, i.e. on April 27, 2013, July 18, 2013, October 28, 2013, January 20, 2014 and March 14, 2014. 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. Banshi S. Mehta	5	4
Prof. J. Ramachandran	5	5
Dr. Ashok Jhunjhunwala	5	5
Mr. Pranabh D. Mody	5	5

Mr. Rajiv C. Mody, Chairman & Managing Director, Mr. Anjan Lahiri, Whole Time Director & CEO, Dr. G. Venkatesh, Whole Time Director and Chief Technology Officer, 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. S. Prasad, Company Secretary acts as Secretary to the Committee.

### Compensation Committee

This Committee of the Board evaluates compensation for the Company's Executive Directors and the Leadership Team to ensure it is appropriate. The Committee reviews and approves the Company's annual compensation revision plans and the variable compensation plans, including equity compensation for the Chief Executive Officer, the Executive Directors and the Leadership Team. Talent retention plans are reviewed by the Board periodically.

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

One of the key functions of the Committee is to review on periodic basis the compensation of the direct reports of the Executive Directors by approving their variable pay payments and compensation revision plans, before any changes or payments are made.

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:

- To review performance of the Directors and the Company to determine the remuneration payable to Executive Directors.
- To review the performance of the Leadership Team.
- 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.
- Establishment and administration of employee compensation and benefit plans and annual revisions.
- Such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended by the Compensation Committee.

The Compensation Committee met twice during the year, i.e. on April 26, 2013, and on June 21, 2013 to deliberate on the aforesaid matters. The minutes of the meetings are placed before the Board at the succeeding Board Meeting for information. Quorum was present at both the meetings. Whenever needed, decisions were also taken by the Committee by circulation process.

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

Director	No. of Meetings	
	Held	Attended
Prof. J. Ramachandran	2	2
Dr. Ashok Jhunjhunwala	2	1
Mr. Pranabh D. Mody	2	2

### 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, 2013, July 18, 2013, October 28, 2013 and January 20, 2014 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	4
Mr. Rajiv C. Mody	4	4
Dr. G. Venkatesh	4	4

## Corporate Governance (Contd.)

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

As on March 31, 2014, 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. S. Prasad, Company Secretary acts as the Compliance Officer.

### Governance and Nomination Committee

This Committee works with the Board to plan for an orderly succession of leadership within the Board, the Company and also for the top 10 executives of the Company, including the CEO. The Committee will also make contingency plans for succession in case of exigencies. This Committee also provides oversight to the recruitment of senior executives just below the Board level, who are expected to form the Management Committee of the Company, by whatever name called, including appointment or removal of the CFO and Company Secretary.

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

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; and
7. Serve in an advisory capacity on matters of organizational and governance structure and the conduct of the Board.

The Committee met twice during the year on April 5, 2013 and January 20, 2014 to deliberate on the aforesaid matters. The minutes of the meetings are placed before the Board at the succeeding Board Meeting for information. Quorum was present at both the meetings.

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

Director	No. of Meetings	
	Held	Attended
Mr. Kiran S. Karnik	2	1
Mr. Banshi S. Mehta	2	2
Mr. Bharat V. Patel	2	2

### 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.

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;
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; and
8. Serve in an advisory capacity on matters of importance on Strategy, Business and Marketing aspects.

The Committee met once during the year i.e. on November 12, 2013 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.



## Corporate Governance (Contd.)

### Sexual Harassment Redressal Committee

The Committee was constituted for the purpose of resolving employee grievances related to sexual harassment and any other form of harassment at workplace. The committee comprises senior employees of the Company including representatives from HR, other locations, a counsellor and a chairperson.

The chairperson is one amongst employees and is a senior level woman employee and the members of the committee comprises of not less than 50% being woman members. One member of the team at all times is from a third party, NGO or any other individual/body of social standing competent to deal with the issue of harassment.

The meetings are held as and when required and at least 3 members are required to be present to discuss about the concern.

Terms of reference are as follows:

1. To resolve employee grievances related to sexual harassment and any other forms of harassment at workplace.
2. Assisting aggrieved to get appropriate information, support and assistance in resolving the said grievance.
3. Preventing victimization for having raised a complaint or on account of being associated with a grievance.
4. Working towards closing the grievance as soon as possible after doing the required enquiry and providing the necessary resolution.

### 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
2013	Registered office of the Company	July 18, 2013	4.00 p.m.
2012	Registered office of the Company	July 23, 2012	4.00 p.m.
2011	Registered office of the Company	July 22, 2011	4.00 p.m.

All Directors, except two attended the last Annual General Meeting held on July 18, 2013.

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

### Postal Ballot

Postal Ballot was conducted during the year to obtain the approval of shareholders by way of Special Resolution under Section 81(1A) of the Companies Act, 1956 read with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for issuing 12,00,000 warrants on preferential basis with an option to convert into equal number of equity shares to Ms. Ira Bhaduri in her capacity as Trustee of Lahiri Family Trust, of which Mr. Anjan Lahiri, Whole-time Director and CEO of the Company is the Managing Trustee. Your Company had also enabled e-voting to facilitate wider participation of the shareholders in the decision making.

A Committee of Directors for Preferential Issue 2013 was constituted by the Board for the purpose of making the preferential issue. The Committee had authorised the 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 November 8, 2013. The communication regarding the same was issued to the Stock Exchanges, an advertisement was released in the newspapers on November 9, 2013 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, 2014 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.



## Corporate Governance *(Contd.)*

### Means of communication:

Following information is displayed at Company's website [www.sasken.com](http://www.sasken.com) from time to time:

1. Financial results at the end of each quarter of the year
2. Relevant Press Releases
3. Company Presentations
4. Shareholding Pattern
5. Annual Report

The quarterly audited financial results are published in Financial Express (National dailies) and in Kanada Prabha (a Kannada daily). The last four quarterly results were published in the above dailies on April 29, 2013, July 19, 2013, October 29, 2013 and January 21, 2014.

A letter together with select Financial Data on financial results for the half-year ended September 30, 2013 were sent by way of post/email to members of the Company.

All material information about the Company is promptly sent through email to the Stock Exchanges as well as submitted online on Stock Exchange websites 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 Release, and its website.

### 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.

Bangalore  
April 25, 2014

**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 September 22, 2014 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, 2014 to March 31, 2015:

Quarter ending	Likely Board Meeting Schedule
June 30, 2014	Second fortnight of July 2014
September 30, 2014	Second fortnight of October 2014
December 31, 2014	Second fortnight of January 2015
March 31, 2015	Second fortnight of April 2015
Year ending March 31, 2015	Likely Shareholder Meeting Schedule
Annual General Meeting	July 2015

#### Book Closure dates for the purpose of dividend

The Register of Members and Share Transfer Books will remain closed from September 15, 2014 to September 19, 2014 (both days inclusive) to determine the entitlement of shareholders to receive the dividend as may be declared for the year ended March 31, 2014.

#### Payment of Dividend

Dividend on equity shares as recommended by the Directors for the year ended March 31, 2014, when declared at the Annual General Meeting will be paid on or before October 10, 2014:

- 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 September 12, 2014 with the Company or the Share Transfer Agent - M/s. Karvy Computershare Pvt. Ltd.
- In respect of shares held in electronic form, to those 'deemed members' whose names are recorded in the Register of Members as at the opening hours of September 13, 2014.

#### 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 2014 - 15 have been paid to both the Stock Exchanges.

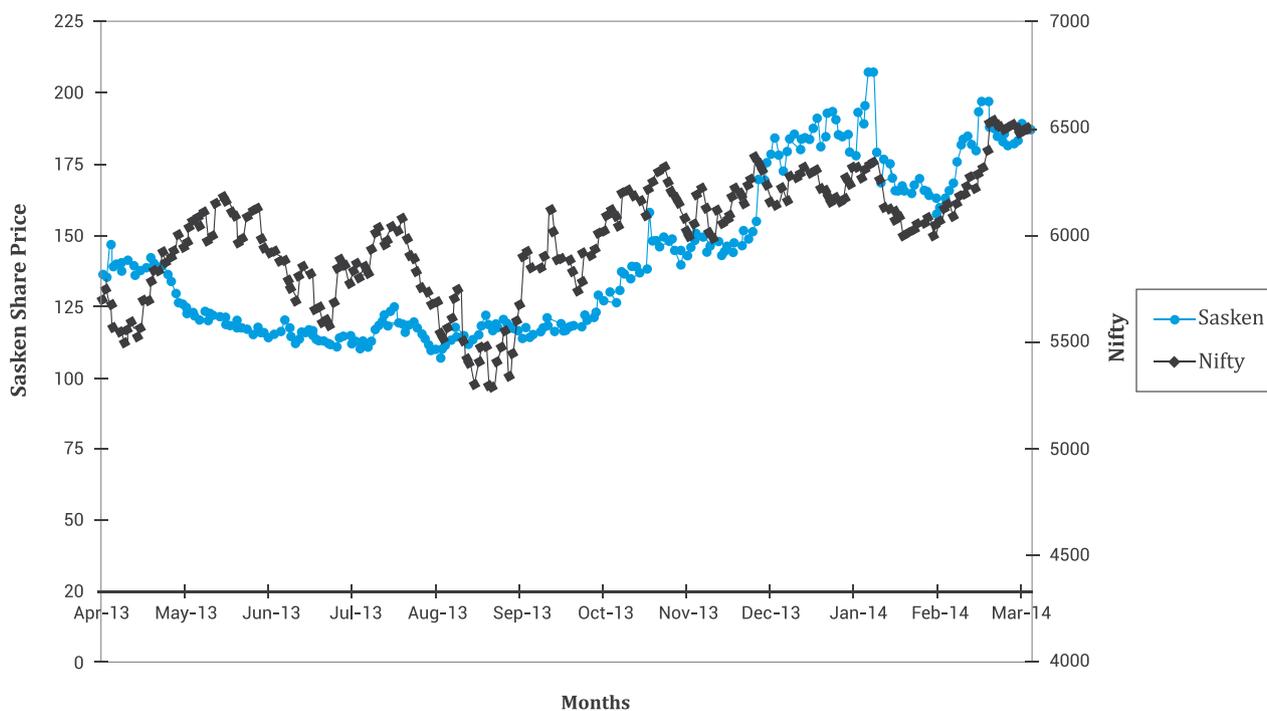
#### Stock Market Data

The monthly high and low stock quotations during the financial year 2013 - 14 and performance in comparison to broad based indices are given below:

Financial Year	Price @ NSE during each month (In ₹)		C & X Nifty Index during each month		Price @ BSE during each month (In ₹)		S & P BSE Sensex during each month	
	High	Low	High	Low	High	Low	High	Low
Apr - 13	159.00	129.00	5,962.30	5,477.20	159.50	129.00	19,622.68	18,144.22
May - 13	128.95	114.45	6,229.45	5,910.95	128.15	115.00	20,443.62	19,451.26
Jun - 13	128.00	110.80	6,011.00	5,566.25	120.95	110.00	19,860.19	18,467.16
Jul - 13	128.90	109.15	6,093.35	5,675.75	128.55	110.00	20,351.06	19,126.82
Aug - 13	123.40	106.00	5,808.50	5,118.85	123.30	105.15	19,569.20	17,448.71
Sep - 13	123.90	99.25	6,142.50	5,318.90	123.50	100.60	20,739.69	18,166.17
Oct - 13	166.55	117.20	6,309.05	5,700.95	166.30	118.40	21,205.44	19,264.72
Nov - 13	154.90	139.35	6,342.95	5,972.45	154.70	133.10	21,321.53	20,137.67
Dec - 13	192.00	145.10	6,415.25	6,129.95	192.00	146.00	21,483.74	20,568.70
Jan - 14	216.80	162.00	6,358.30	6,027.25	216.10	162.75	21,409.66	20,343.78
Feb - 14	187.50	156.65	6,282.70	5,933.30	187.05	156.30	21,140.51	19,963.12
Mar - 14	202.50	178.25	6,730.05	6,212.25	202.40	179.05	22,467.21	20,920.98

## Corporate Governance (Contd.)

Stock Price Movement in National Stock Exchange Ltd.  
Price Vs. S&P CNX Nifty Index



### Investor Correspondence

The Company Secretary  
Sasken Communication Technologies Limited,  
139/25, Ring Road, Domlur,  
Bangalore 560 071.  
Tel: 080 6694 3000 Extn. 4906  
Fax: 080 3981 3329/2535 1309  
Email: investor@sasken.com

### Registrar and Share Transfer Agent

(For share transfers and other communication relating to share certificates, dividend and change of address)

Karvy Computershare Pvt. Ltd.  
Plot No.17 -24, Vittalrao Nagar,  
Madhapur,  
Hyderabad 500 081.  
Tel: 040 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, 2014

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1 - 5,000	26,326	93.38	22,10,334	10.39
5,001 - 10,000	846	3.00	6,38,550	3.00
10,001 - 20,000	459	1.63	6,81,206	3.20
20,001 - 30,000	167	0.59	4,31,138	2.03
30,001 - 40,000	73	0.26	2,62,531	1.23
40,001 - 50,000	57	0.20	1,88,802	0.89
50,001 - 1,00,000	107	0.38	7,52,074	3.53
1,00,001 & Above	156	0.55	1,61,12,938	75.73
<b>Total</b>	<b>28,191</b>	<b>100.00</b>	<b>2,12,77,573</b>	<b>100.00</b>



## Corporate Governance (Contd.)

### Shareholding Pattern as at March 31, 2014

Category	No. of shares	%
Promoters & Promoter Group	77,69,235	36.51
<b>Public Shareholdings:</b>	-	-
Mutual Funds	-	-
Financial Institutions/Banks	6,255	0.03
Foreign Institutional Investors	2,59,610	1.22
Bodies Corporate	21,64,111	10.17
Trust	11,000	0.05
Non Resident Indians/Foreign Nationals	12,39,988	5.83
Directors & Relatives (other than Promoter Directors)	7,02,454	3.30
Indian Public & Others	91,24,920	42.89
<b>Total</b>	<b>2,12,77,573</b>	<b>100.00</b>

### Details of complaints:

Description	Received	Cleared
Non receipt of Dividend/Annual Report	61	61

There are no valid requests pending for share transfers as at March 31, 2014.

### 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, 2014 the number reduced to 27 cases involving 675 shares that remained unclaimed. 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 owner of such shares claims the shares.

The current status:

Description	No. of Holders	No. of Shares in Suspense Account
At the beginning of the year	27	675
No. of shareholders that approached for transfer of shares from Suspense Account and to whom shares were transferred during the year	Nil	Nil
Status as of March 31, 2014	27	675

### Other information useful for Shareholders

During the year, the Company approved 2 requests for transfer of 5,300 shares in physical segment. Share transfer requests are acted upon within 7-10 days from the date of their receipt at the Registered Office/Registrar. In case no response is received within 15 days of lodgment 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 e-mail 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 17, 2006 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 30, 2008 may write to the Company and follow the procedure for claiming the amount.

## Corporate Governance (Contd.)

### 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 scrip less 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

On November 18, 2013, the Company allotted 12,00,000 convertible warrants to Ms. Ira Bhaduri in her capacity as Trustee of Lahiri Family Trust, of which Mr. Anjan Lahiri, Whole-time Director and CEO of the Company, is the Managing Trustee, on a preferential basis on such terms and conditions as contained in the Special Resolution passed by the Company through Postal Ballot on November 8, 2013. The warrant expires at the end of 18 months from the date of issue. The allottee shall be entitled for one equity share of ₹10 each of the Company for each such warrant at a price of ₹120.25 each. As per the terms of allotment, 25% of the application money has been paid, which has been recorded as "money received against share warrants" and on payment of the remaining 75% of consideration, proportionate number of shares will be allotted.

### General

- (a) Shareholders holding shares in physical form are requested to notify the Company/Registrar in writing, any change in their address and 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 a FIR/Complaint with the police and inform the Company/Registrar along with 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 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 72 of the Companies Act, 2013 provides facility for making nominations by shareholders in respect of their holding of all securities. 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 interests 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). 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 and register their E-mail IDs, Telephone/Fax numbers for prompt communication and notification from the Company.
- (k) Shareholders are informed that by the operation of the New Companies Act 2013, a notice may be sent through e-mail as a text or as an attachment to e-mail or as a notification providing electronic link or Uniform Resource Locator for accessing such notice. Shareholders are advised to update their email IDs with their DP. All future communication of the Company to shareholders who have registered their email ID with their DP or Company will be sent only by way of email. Shareholders are requested to check their emails at regular intervals. Such communication will also be made available in the Company's website [www.sasken.com](http://www.sasken.com).
- (l) Shareholders are also informed that under the New Companies Act, 2013 the company's obligation shall be satisfied when it transmits the e-mail and the company shall not be held responsible for a failure in transmission beyond its control. If a member entitled to receive notice fails to provide or update relevant e-mail address to the Company or to the Depository Participant as the case may be, the Company shall not be in default for not delivering notice via e-mail.
- (m) Green Initiative  
It is our endeavor to save the precious natural resources and achieve 100% environment friendly initiative to save trees and preserve environment. Many of the shareholders have supported us in this initiative and we look forward to the continued support and co-operation of all the shareholders in dematerializing their holding as well as updating their email address with the respective depositories if the shares are held in demat or send a mail to [memberemail@sasken.com](mailto:memberemail@sasken.com) if shares are held in physical form.
- (n) We solicit suggestions for improving the investor services.

## The Year at a Glance - Consolidated (Non GAAP)

For the year	March 31, 2014		March 31, 2013	
	₹ lakhs	K US \$	₹ lakhs	K US \$
Exports	35,074.84	58,972.16	32,430.93	61,069.61
Domestic Sales	10,728.09	18,037.39	15,052.15	28,344.20
Other Income and Exchange Gain/(Loss)	3,152.97	5,301.16	1,764.33	3,322.35
Profit Before Interest, Taxes, Depreciation and Amortization (PBIDTA)	5,338.75	8,976.17	4,191.33	7,892.55
PBIDTA as a Percentage of Revenue	12%	12%	9%	9%
Profit/(Loss) Before Taxes (PBT)	7,217.25	12,134.53	3,972.87	7,481.18
Profit/(Loss) After Tax (PAT)	5,147.17	8,654.06	3,195.93	6,018.15
Earnings Per Share ... Basic (in ₹/US \$) <sup>1</sup>	24.36	0.41	13.26	0.25
Earnings Per Share ... Diluted (in ₹/US \$) <sup>1</sup>	24.20	0.41	13.11	0.25
Equity Dividend Percentage (including Interim & Special Dividends)	320%	320%	70%	70%
Equity Dividend Amount (including Interim & Special Dividends)	6,798.05	11,429.72	1,540.72	2,901.28
Investment in Fixed Assets (Gross)	515.59	860.61	552.73	1,017.92
PBT as a Percentage of Average Net Worth	17%	17%	9%	9%
PAT as a Percentage of Average Net Worth	12%	12%	7%	7%
Revenue Per Person Year <sup>2</sup>	22.37	37.62	17.96	33.83
<b>At the end of the year</b>				
Total Assets	40,880.85	68,237.11	42,191.36	77,700.49
Fixed Assets (net)	12,686.55	21,176.01	12,298.72	22,649.58
Working Capital	13,725.63	22,910.42	14,889.48	27,420.77
Investment	13,350.96	22,285.03	13,914.25	25,624.77
Other Assets	1,117.71	1,865.65	1,088.91	2,005.37
Total Debt	122.68	204.77	234.48	431.82
Net Worth	40,758.17	68,032.34	41,956.88	77,268.67

<sup>1</sup> Face value of ₹10 per share

<sup>2</sup> Quarterly average of all employees including the support staff, numbers are in ₹ lakhs & US \$

Notes : 1) 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

2) 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	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>(1) Revenue Account</b>							
Sales/Revenue	57,017.71	69,781.33	57,419.31	54,637.97	51,995.83	47,483.08	45,802.93
PBIDTA	7,919.37	16,380.39	10,187.66	9,605.19	7,649.59	4,191.33	5,338.75
Provision for Diminution in Value of Investments	-	117.71	(85.35)	(45.30)	-	-	-
Depreciation & Amortization	4,178.50	3,739.02	3,166.01	3,216.58	2,235.43	1,941.45	1,254.22
PBIT & Exceptional Item	3,740.87	12,523.66	7,107.00	6,433.91	5,414.16	2,249.88	4,084.53
Other Income	2,342.66	(3,539.51)	2,446.58	1,800.22	2,640.99	1,764.33	3,152.97
Interest	402.58	381.77	261.35	113.35	60.36	41.34	20.25
Exceptional Item	-	1,519.70	-	-	-	-	-
Profit/(Loss) Before Tax (PBT)	5,680.95	7,082.68	9,292.23	8,120.78	7,994.79	3,972.87	7,217.25
Income Tax (Including withholding taxes and FBT)	1,742.52	2,852.27	1,740.50	792.59	1,593.99	776.94	2,070.08
Profit/(Loss) After Tax (PAT)	3,938.43	4,230.41	7,551.73	7,328.19	6,400.80	3,195.93	5,147.17
Dividend	1,142.43	1,084.44	1,636.36	1,845.42	1,795.05	1,540.72	6,798.05
<b>(2) Capital Account</b>							
Share Capital	2,856.08	2,711.11	2,711.11	2,618.58	2,601.13	2,095.99	2,127.76
Share Application Money (incl. share warrants)	-	-	132.00	150.54	13.26	30.16	360.75
Reserves and Surplus	43,027.73	45,579.20	49,515.01	39,884.97	43,332.69	39,830.73	38,269.66
Loan Funds	8,764.22	6,372.01	3,405.52	1,249.23	374.83	234.48	122.68
Deferred Tax Liability	-	-	-	-	-	-	-
Gross Block (Incl. Cap Work in Progress & Capital Advances)	45,980.74	49,910.27	48,353.55	48,634.42	49,073.88	49,164.20	53,149.29
Net Block (Incl. Cap Work in Progress & Capital Advances)	30,723.30	31,978.03	28,930.27	13,401.63	13,578.54	12,298.72	12,686.55
Capitalised Software Product Costs (net of amortization)	2,123.62	-	-	-	-	-	-
Investment	2,664.05	2,019.98	15,906.60	14,872.48	16,669.59	13,914.25	13,350.96
Deferred Tax Asset	125.30	216.66	404.51	828.00	1,007.20	1,088.91	1,117.71
Net Current Assets	19,011.76	20,447.65	10,522.26	14,801.21	15,066.58	14,889.48	13,725.63
<b>(3) Other Information</b>							
Total number of Shareholders	39,150	45,808	39,034	36,026	35,818	30,977	28,191



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

### In Retrospect - Consolidated (Non GAAP)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>4) Ratios</b>							
<b>(a) Profitability/Efficiency</b>							
Sales / Total Income (%)	96%	105%	96%	97%	95%	96%	94%
PBIDTA / Total Income (%)	13%	25%	17%	17%	14%	9%	11%
EBITDA / Sales (%)	14%	23%	18%	18%	15%	9%	12%
PBIT & Exceptional Items / Total Income (%)	6%	19%	12%	11%	10%	5%	8%
PBT / Total Income (%)	10%	11%	16%	14%	15%	8%	15%
PAT / Total Income (%)	7%	6%	13%	13%	12%	6%	11%
Return on Average Net Worth (%) (PAT / Average Net Worth) (%)	9%	9%	15%	15%	14%	8%	12%
Return on Average Capital Employed (pre - tax) (PBT+ Interest) / (Average Capital Employed) (%)	14%	16%	19%	17%	18%	10%	17%
Return on Average Capital Employed (post - tax) (PAT + Interest) / (Average Capital Employed) (%)	10%	10%	16%	16%	15%	8%	12%
Sales to Average Net Working Capital	3.4	3.5	3.7	4.3	3.5	3.2	3.2
Total Revenues to Average Total Assets	1.1	1.3	1.0	1.1	1.2	1.1	1.1
Fixed Assets Turnover	1.9	2.2	2.0	4.1	3.8	3.9	3.6
<b>(b) Liquidity</b>							
Net Working Capital to Total Assets	0.3	0.4	0.2	0.3	0.3	0.4	0.3
Average Collection Period (Days)	78	73	62	65	73	73	72
Current Ratio	2.8	2.5	1.9	2.4	2.6	2.8	2.6
<b>(c) Leverage</b>							
Debt - Equity Ratio	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Interest Cover	9.3	32.8	27.2	56.8	89.7	54.4	201.7
Total Assets / Net Worth	1.2	1.1	1.1	1.0	1.0	1.0	1.0
<b>(d) Growth</b>							
Growth in Sales (%)	20%	22%	-18%	-5%	-5%	-9%	-4%
Growth in PBITDA (%)	5%	107%	-38%	-6%	-20%	-45%	27%
Net profit Growth (%)	-11%	7%	79%	-3%	-13%	-50%	61%

## Independent Auditors' Report

To the Members of Sasken Communication Technologies Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Sasken Communication Technologies Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2014, and the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") 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, 2014;
- (b) in the case of the Statement of Profit and Loss, 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014



## Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Sasken Communication Technologies Limited ('the Company') for the year ended March 31, 2014. We report that:

- (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 Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (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 Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchase of certain fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, 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 Act.
- (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 Act 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 (₹ In lakhs)	Period	Forum where dispute is pending
Income Tax Act, 1961	Income taxes	54.03	AY 1999-00	Karnataka High Court
Income Tax Act, 1961	Income taxes	15.91	AY 1999-00	Supreme Court
Income Tax Act, 1961	Income taxes	17.69	AY 2000-01	Karnataka High Court
Income Tax Act, 1961	Income taxes	5.81	AY 2000-01	Supreme Court
Income Tax Act, 1961	Income taxes	70.57	AY 2001-02	Karnataka High Court
Income Tax Act, 1961	Income taxes	185.92	AY 2002-03	CIT (Appeals)
Income Tax Act, 1961	Income taxes	34.94	AY 2003-04	Karnataka High Court
Income Tax Act, 1961	Income taxes	3.96	AY 2004-05	CIT (Appeals)
Income Tax Act, 1961	Income taxes	41.82	AY 2004-05	Karnataka High Court
Income Tax Act, 1961	Income taxes	418.49	AY 2005-06	CIT (Appeals)
Income Tax Act, 1961	Income taxes	396.94	AY 2006-07	Karnataka High Court
Income Tax Act, 1961	Income taxes	35.33	AY 2006-07	CIT (Appeals)
Income Tax Act, 1961	Income taxes	579.13	AY 2008-09	Karnataka High Court
Income Tax Act, 1961	Income taxes	700.07	AY 2009-10	CIT (Appeals)
Income Tax Act, 1961	Income taxes	24.35	AY 2009-10 & AY 2010-11	Karnataka High Court
Income Tax Act, 1961	Income taxes	3,130.06	AY 2010-11	Pending appeal with Dispute Resolution Panel

## Annexure to the Auditors' Report (Contd.)

Name of the Statute	Nature of Dues	Amount (₹ In lakhs)	Period	Forum where dispute is pending
KST Act, 1957	KST	157.01	FY 2004 - 05	JCCT (Appeals)
KST Act, 1957	KST	118.72	FY 2004 - 05	Karnataka Appellate Tribunal
Finance Act, 1994	Service Tax	2,592.94	FY 2005 - 06 & FY 2006-07	CESTAT
Finance Act, 1994	Service Tax	123.84	FY 2009 - 10 & FY 2010 - 11	CESTAT
Finance Act, 1994	Service Tax	114.60	FY 2007 - 08 & FY 2008 - 09	CESTAT
Canadian Income Tax Laws	Income Tax for Branches	533.76	FY 2000 - 01 to FY 2007 - 08	Canadian Revenue Agency
Canadian Income Tax Laws	Income Tax for Branches	135.92	FY 2000 - 01 to FY 2007 - 08	Ministry of Revenue, Ontario
Canadian Income Tax Laws	Income Tax for Branches	1.44	FY 2010 - 11	Canadian Revenue Agency
Canadian Income Tax Laws	Income Tax for Branches	2.26	FY 2011 - 12	Canadian Revenue Agency
<b>Total</b>		<b>9,495.51</b>		

Of the above, ₹1,086.90 lakhs 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 Order 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 Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- (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) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014



## Report of the Independent Auditor on the Abridged Financial Statements

To the Board of Directors of Sasken Communication Technologies Limited

The accompanying abridged financial statements, which comprise the abridged Balance Sheet as at March 31, 2014, the abridged Statement of Profit & Loss and abridged Cash Flow Statement for the year then ended, and related notes, are derived from the audited financial statements of Sasken Communication Technologies Limited ('the Company') as at and for the year ended March 31, 2014. We expressed an unmodified audit opinion on those financial statements in our report dated April 25, 2014.

The abridged financial statements do not contain all the disclosures required by the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs and accounting principles generally accepted in India.

### Auditor's Responsibility

Our responsibility is to express an opinion on the abridged financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

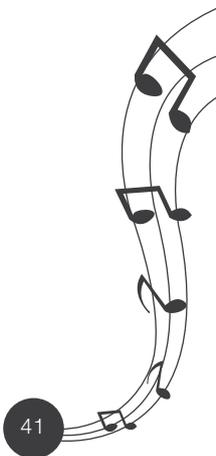
### Opinion

In our opinion, the abridged financial statements derived from the audited financial statements of the Company as at and for the year ended March 31, 2014 are a fair summary of those financial statements, in accordance with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs and accounting principles generally accepted in India.

For S.R. Battiboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014



## Abridged Balance Sheet

Amount in ₹ lakhs

	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>		
<b>(1) Shareholders' Funds</b>		
(a) Paid up, Equity Share Capital	2,127.76	2,095.99
(b) Reserves and Surplus		
(i) Capital Reserve	132.00	132.00
(ii) Capital Redemption Reserve	888.95	875.36
(iii) Securities Premium Account	6,393.07	6,202.40
(iv) Employee Stock Options Outstanding (Net of deferred compensation cost)	110.64	482.57
(v) General Reserve	2,701.92	2,136.20
(vi) Hedging Reserve	338.53	213.87
(vii) Surplus in Statement of Profit and Loss	22,573.20	24,794.52
(c) Money received against Share Warrants	360.75	-
<b>(2) Share Application Money Pending Allotment</b>	-	30.16
<b>(3) Non-Current Liabilities</b>		
(a) Long Term Provisions	712.29	600.37
<b>(4) Current Liabilities and Provisions</b>		
(a) Trade Payables	2,616.67	2,405.37
(b) Other Current Liabilities	966.20	884.44
(c) Short Term Provisions	3,048.56	2,792.19
<b>Total</b>	<b>42,970.54</b>	<b>43,645.44</b>
<b>II. ASSETS</b>		
<b>(1) Non Current Assets</b>		
(a) Fixed Assets		
(i) Tangible Fixed Assets (Original Cost less Depreciation)	4,833.13	5,324.09
(ii) Intangible Fixed Assets (Original Cost less Amortization)	64.72	115.99
(iii) Capital Work-in-Progress (Including Intangible Assets under Development)	0.17	25.27
(b) Non Current Investments		
(i) In Subsidiary Companies / Joint Ventures - Unquoted	6,313.98	7,613.56
(ii) Others	-	-
(c) Deferred Tax Asset	980.13	916.82
(d) Long Term Loans and Advances		
(i) To Subsidiary Companies	4,179.57	2,783.64
(ii) To Others	4,979.35	4,822.75
(e) Other Non Current Assets	-	-
<b>(2) Current Assets</b>		
(a) Current Investments		
(i) Unquoted	5,258.04	10,234.41
(ii) Quoted	4,680.00	615.00
(b) Inventories	82.44	167.14
(c) Trade Receivables	7,212.48	6,341.08
(d) Cash and Bank Balances		
(i) Cash & Cash Equivalents	1,311.90	1,459.83
(ii) Other Bank Balances	13.24	18.74
(e) Short Term Loans and Advances		
(i) To Subsidiary Companies	125.42	164.34
(ii) To Others	1,430.61	1,517.27
(f) Other Current Assets	1,505.36	1,525.51
<b>Total</b>	<b>42,970.54</b>	<b>43,645.44</b>

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. LLP  
ICAI Firm Registration Number: 301003E  
Chartered Accountants

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

per Navin Agrawal  
Partner  
Membership No.: 56102

Rajiv C. Mody  
Managing Director

G. Venkatesh  
Whole Time Director

Place : Bangalore  
Date : April 25, 2014

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer

S. Prasad  
Company Secretary

## Abridged Statement of Profit and Loss

Amount in ₹ lakhs

	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
<b>I. Income</b>		
Revenue from Operations:		
(a) Software Products	309.71	1,384.14
(b) Software Services	35,083.49	34,887.07
<b>Net revenue from Operations</b>	<b>35,393.20</b>	<b>36,271.21</b>
<b>II. Other Income</b>	<b>6,067.34</b>	<b>2,243.52</b>
<b>III. Total Income (I + II)</b>	<b>41,460.54</b>	<b>38,514.73</b>
<b>IV. Expenditure</b>		
(a) (Increase)/Decrease of Work-in-Progress	84.70	(37.67)
(b) Employee Benefits Expense	23,928.77	24,568.63
(c) Depreciation and Amortization Expense	953.32	1,187.80
(d) Other Expenses	7,863.40	8,724.49
<b>Total Expenditure (a to d)</b>	<b>32,830.19</b>	<b>34,443.25</b>
<b>V. Profit Before Exceptional Item and Tax (III - IV)</b>	<b>8,630.35</b>	<b>4,071.48</b>
<b>VI. Exceptional Item (refer Note 3)</b>	<b>1,197.39</b>	<b>-</b>
<b>VII. Profit Before Tax (V - VI)</b>	<b>7,432.96</b>	<b>4,071.48</b>
<b>VIII. Provision for Taxation</b>		
(a) Current Tax	1,754.09	758.00
(b) Deferred Tax (credit)	(63.31)	(84.69)
(c) Minimum Alternate Tax Credit entitlement	(50.95)	(206.54)
<b>Total (a to c)</b>	<b>1,639.83</b>	<b>466.77</b>
<b>IX. Profit After Tax (VII - VIII)</b>	<b>5,793.13</b>	<b>3,604.71</b>
<b>X. Earning Per Share</b>		
Earnings Per Equity Share (EPS) in Rupees (Equity Share par value ₹10 each)		
(a) Basic	27.42	14.95
(b) Diluted	27.24	14.79
<b>Weighted Average Number of Equity Shares used in computation of</b>		
(a) Basic EPS	21,125,993	24,108,492
(b) Diluted EPS	21,267,657	24,376,019

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. LLP  
ICAI Firm Registration Number: 301003E  
Chartered Accountants

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014

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

Rajiv C. Mody  
Managing Director

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer

G. Venkatesh  
Whole Time Director

S. Prasad  
Company Secretary

## Abridged Cash Flow Statement

Amount in ₹ lakhs

	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
1. Cash Flows from Operating Activities	2,239.59	3,574.27
2. Cash Flows from/(used in) Investing Activities	4,607.32	5,059.22
3. Cash Flows used in Financing Activities	(6,995.61)	(8,307.58)
4. Net Increase/(Decrease) in Cash and Cash Equivalents	(148.70)	325.91
5. Cash and Cash Equivalents at the beginning of the year	1,459.83	1,133.04
6. Effect of translation on closing Cash and Cash equivalents	0.77	0.88
7. Cash and Cash Equivalents at the end of the year	1,311.90	1,459.83

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

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

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014

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

Rajiv C. Mody  
Managing Director

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer

G. Venkatesh  
Whole Time Director

S. Prasad  
Company Secretary



## Notes to Abridged Financial Statements

### 1. Description of Business

Sasken Communication Technologies Limited ("Sasken / 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), South Korea and Japan.

### 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, 2014. 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 [read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs]. 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.

Note: - Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of revised Schedule VI to the Companies Act, 1956 are available at the Company's website [www.sasken.com](http://www.sasken.com).

### 3. Investments in Joint Ventures

- Sasken has a 46.29% (March 31, 2013, 46.29%) interest in a joint venture company called ConnectM Technology Solutions Pvt. Ltd. ("ConnectM"), incorporated in India, which focuses 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, 2014, the Company has invested ₹1,796.24 lakhs (March 31, 2013 ₹1,796.24 lakhs) in ConnectM. ConnectM has incurred losses since the date of incorporation. The Company has evaluated its investment in the Joint Venture for the purpose of determination of potential diminution in value, and based on such evaluation and determination, the Company has recognized a provision for diminution in the value of investment in ConnectM as at March 31, 2014 amounting to ₹1,796.24 lakhs (March 31, 2013 ₹1,550.00 lakhs) [Note 25 (a) of main financial statements].
- 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) ("TSAE") 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 Company has made full provision for diminution in the value of investments in TSAE amounting to ₹767.84 lakhs as on March 31, 2014 (March 31, 2013 ₹767.84 lakhs) [Note 25 (b) of main financial statements].
- The Company has evaluated its investment in Sasken Inc for the purpose of determination of potential diminution in value of investment and based on such evaluation and determination, the Company has recognized a provision for diminution in the value of investment as at March 31, 2014 amounting to ₹951.15 lakhs (March 31, 2013 ₹Nil) [Note 25 (c) of main financial statements].

### 4. Commitments and Contingencies

- Estimated amount of contracts remaining to be executed on capital account (net of advances) amounted to ₹15.83 lakhs (As at March 31, 2013 ₹106.12 lakhs) [Note 26 (a) of main financial statements].
- 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 outstanding 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, 2014		As at March 31, 2013	
		Amount (In Foreign Currency lakhs)	Avg. Forward Exchange Rate (₹)	Amount (In Foreign Currency lakhs)	Avg. Forward Exchange Rate (₹)
US Dollar (USD)	Sell	125.98	63.91	217.77	56.52
Euro (EUR)	Sell	21.01	88.83	13.99	74.07

The Company has also taken European style option contracts whereby it has option to sell USD 13.68 lakhs (As at March 31, 2013 USD 3.89 lakhs) at an average strike price ranging between ₹60.50 and ₹63.00, with maturity dates upto September 2014 and Euro Nil (As at March 31, 2013 Euro 3.77 lakhs) [Note 26 (b) of main financial statements].

## Notes to Abridged Financial Statements (Contd.)

- (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 by the lease arrangements. There are no sub leases [Note 42 of main financial statements].

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Rent expenses included in Statement of Profit and Loss towards operating leases	669.38	1,471.04

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

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Due within one year of the Balance Sheet date	245.78	230.04
Due between one to five years	31.90	112.79
Due more than five years	-	-

### (d) Contingent Liabilities

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Bank Guarantees	10.56	63.70
Income taxes*	6,381.29	2,649.04
Indirect taxes*	5,048.23	4,809.80

\* The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position.

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 [Note 27 of main financial statements].

## 5. Details of Cash and Bank balances [Note 17 of main financial statements]

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Cash on hand	0.60	0.81
Balances with banks - Current accounts	1,240.02	1,405.89
Balances with banks - Unpaid dividend accounts	71.28	53.13
	1,311.90	1,459.83
Other bank balances	13.24	18.74
<b>Total</b>	<b>1,325.14</b>	<b>1,478.57</b>

## 6. Other Notes

### (a) Buy-back of Equity Shares

Based on shareholders' approval on April 23, 2012 and pursuant to the Public Announcement dated April 25, 2012, the Company had commenced the Buy-back of equity shares from May 21, 2012. During the year ended March 31, 2014, the Company has bought back 135,903 (March 31, 2013 - 51,41,975) shares at an average price of ₹143.96 (March 31, 2013 - ₹125.07) utilizing a sum of ₹195.65 lakhs (March 31, 2013 - ₹6,431.00 lakhs) (excluding brokerage and other applicable taxes). The buy-back scheme got closed by efflux of time on April 22, 2013. In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy Back of Securities) Regulations 1998 (as amended), the Company has extinguished all shares bought back under the scheme [Note 3 of main financial statements].

- (b) 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 [Note 7 of main financial statements].

## Notes to Abridged Financial Statements (Contd.)

### 7. Related Party Disclosures [Note 37 of main financial statements]

#### (a) Following is the list of subsidiary/ joint venture companies where control exists:

Particulars	% of holding as at	
	March 31, 2014	March 31, 2013
<b>Subsidiaries</b>		
Sasken Network Engineering Limited (SNEL)	100.00	100.00
Sasken Network Solutions Inc., USA (SNSI) <sup>1</sup>	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
Sasken Finland Oy (Sasken Finland) <sup>2</sup>	100.00	100.00
Sasken Inc.	100.00	100.00
Sasken Japan KK (Sasken Japan) <sup>3</sup>	-	100.00
<b>Joint Ventures</b>		
TACO Sasken Automotive Electronics Limited (TSAE)	50.00	50.00
ConnectM Technology Solutions Pvt. Ltd (ConnectM)	46.29	46.29

<sup>1</sup> 100% subsidiary of Sasken Network Engineering Limited

<sup>2</sup> During the previous year, an application was made to Finland Trade Registry for merger of Sasken Communication Technologies Oy (wholly owned subsidiary of the Company) with Sasken Finland Oy (wholly owned subsidiary of Sasken Communication Technologies Oy). The Finland Trade Registry has approved the merger effective April 01, 2013. Pursuant to the merger, 20,197 shares of 1 euro each fully paid up in Sasken Finland Oy have been allotted to the Company in lieu of its holding in Sasken Communication Technologies Oy, Finland.

<sup>3</sup> Sasken Japan KK., a wholly owned subsidiary in Japan was liquidated on November 18, 2013 after obtaining necessary approvals from concerned authorities.

#### (b) Following is the list of Key Managerial Personnel

Name of the related party	Relationship
Rajiv C. Mody	Managing Director
Krishna J. Jhaveri	Whole Time Director
G. Venkatesh	Whole Time Director
Neeta S. Revankar	Whole Time Director and Chief Financial Officer
Anjan Lahiri (with effect from August 19, 2013)	Whole Time Director and Chief Executive Officer

#### (c) Remuneration paid to Key Managerial Personnel

Name of the related party	Amount in ₹ lakhs	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Rajiv C. Mody	127.10	80.00
Krishna J. Jhaveri	40.35	42.30
G. Venkatesh	44.31	66.22
Neeta S. Revankar	88.58	65.00
Anjan Lahiri	61.83	-
<b>Total</b>	<b>362.17</b>	<b>253.52</b>

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

## Notes to Abridged Financial Statements (Contd.)

### (d) Balances from subsidiary/joint venture companies:

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>(A) Investments:</b>		
<b>Equity Share Capital</b>		
- SNEL	305.00	305.00
- Sasken Mexico	176.75	176.75
- Sasken China <sup>1</sup>	706.96	706.96
- Sasken Oy <sup>2</sup>	-	18,466.13
- Sasken Finland Oy <sup>2</sup>	18,466.13	-
- Sasken Inc. <sup>3</sup>	951.15	951.15
- Sasken Japan	-	102.19
- TSAE <sup>4</sup>	520.04	520.04
- ConnectM <sup>5</sup>	1,796.24	1,796.24
<b>Preference Share Capital</b>		
- TSAE <sup>4</sup>	247.80	247.80
<b>(B) Loans outstanding from</b>		
- Sasken Inc. <sup>6</sup>	4,179.57	2,783.64
<b>(C) Other Receivable for reimbursement of expenses</b>		
- Sasken Finland	0.63	-
- Sasken China	38.88	35.24
- Sasken Inc.	85.91	128.90
- SNSI	-	0.20
<b>(D) Prepaid Expenses and other recoverables</b>		
- Sasken Inc.	3.22	-

<sup>1</sup> Provision for diminution in value of investments ₹282.48 lakhs (As at March 31, 2013 ₹282.48 lakhs).

<sup>2</sup> Provision for diminution in value of investments ₹13,058.38 lakhs (As at March 31, 2013 ₹13,058.38 lakhs).

<sup>3</sup> Provision for diminution in value of investments ₹951.15 lakhs (As at March 31, 2013 ₹Nil).

<sup>4</sup> Provision for diminution in value of investments ₹767.84 lakhs (As at March 31, 2013 ₹767.84 lakhs).

<sup>5</sup> Provision for diminution in value of investments ₹1,796.24 lakhs (As at March 31, 2013 ₹1,550.00 lakhs).

<sup>6</sup> There is no specific repayment schedule for loan granted to subsidiaries.

### (e) Trade receivables from, Unbilled Revenue, Trade payables and Deferred revenue for subsidiary companies

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>(A) Trade receivables outstanding</b>		
- Sasken Finland	18.63	19.91
- SNSI	0.11	-
- Sasken Inc.	607.12	521.91
<b>(B) Unbilled Revenue</b>		
- Sasken Finland	-	16.17
- Sasken Inc.	13.23	95.16
<b>(C) Trade Payables for goods, expenses and services</b>		
- Sasken Finland	68.45	14.79
- Sasken Mexico	1.71	1.56
- Sasken Japan	-	6.31
- Sasken China	165.40	185.53
- Sasken Inc.	3.51	18.16
- SNSI	-	81.52
- SNEL	270.55	130.39
<b>(D) Deferred Revenue</b>		
- Sasken Inc.	163.77	-

## Notes to Abridged Financial Statements (Contd.)

(f) The following table summarizes the transactions of the Company with subsidiary companies/joint ventures:

Particulars	Amount in ₹ lakhs	
	As at March 31, 2014	As at March 31, 2013
<b>(A) Cross charges for common administrative services, net</b>		
- SNEL	56.92	12.85
- Sasken Finland	8.68	15.43
- Sasken Inc.	21.74	30.51
- SNSI	(7.95)	(73.35)
<b>(B) Software Development Services rendered to</b>		
- Sasken Finland	235.56	234.78
- Sasken Inc.	1,587.04	703.39
<b>(C) Selling, Marketing &amp; Administrative expenses recovery</b>		
- Sasken Inc.	4.31	25.87
- SNSI	-	52.05
<b>(D) Network Support Services (IT Enabled) procured from</b>		
- SNEL	570.20	399.12
- SNSI	-	324.91
<b>(E) Software Development Services procured from</b>		
- Sasken Finland	78.14	113.50
- Sasken China	(35.08)	61.05
- Sasken Japan	-	60.91
- Sasken Inc.	-	36.09
<b>(F) Selling, Marketing &amp; Administration Services procured from</b>		
- Sasken Japan	-	211.47
<b>(G) Interest on Loan charged to</b>		
- Sasken Inc.	141.71	89.31
<b>(H) Dividend Received from</b>		
- Sasken Mexico	815.82	-
- Sasken Finland	2,571.72	-
- SNEL	620.68	549.00
<b>(I) Loans given during the year</b>		
- Sasken Inc.	1,117.76	1,003.55
<b>(J) Loans repaid during the year</b>		
- Sasken Inc.	-	27.95
<b>(K) Assets/Advances acquired</b>		
- SNSI	27.68	-
- Sasken Japan	131.15	-

### 8. Segment Reporting [Note 38 of main financial statements]

The business segmental information is given based on Software Services and Software Products offerings.

#### (a) Business Segment Information

Segmental Balance Sheet

Particulars	Amount in ₹ lakhs	
	As at March 31, 2014	As at March 31, 2013
<b>Segment Assets</b>		
Software Services	8,872.51	8,280.67
Software Products	1,022.74	947.07
Corporate and Others (Unallocated)	33,075.29	34,417.70
<b>Total</b>	<b>42,970.54</b>	<b>43,645.44</b>

## Notes to Abridged Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Segment Liabilities</b>		
Software Services	4,309.11	3,630.80
Software Products	18.65	42.49
Liabilities (Unallocated)	3,015.96	3,009.08
<b>Total</b>	<b>7,343.72</b>	<b>6,682.37</b>
<b>Capital Expenditure</b>		
Software Services	144.52	132.02
Software Products	0.31	1.32
Corporate & Others (Unallocated)	237.25	274.06
<b>Total</b>	<b>382.08</b>	<b>407.40</b>

### Segmental Statement of Profit and Loss

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>Revenues</b>	<b>35,393.20</b>	<b>36,271.21</b>
Software Services	35,083.49	34,887.07
Software Products	309.71	1,384.14
<b>Segment Profits</b>	<b>9,611.22</b>	<b>7,743.17</b>
Software Services	9,478.85	6,763.63
Software Products	132.37	979.54
Less :		
Corporate Expenses	7,048.21	5,915.21
<b>Profit from Operations</b>	<b>2,563.01</b>	<b>1,827.96</b>
Add : Other Income, including exchange gain/(loss)	6,067.34	2,243.52
Profit before exceptional item	8,630.35	4,071.48
Less : Exceptional item (refer note 26(a))	1,197.39	-
<b>Profit Before Taxes</b>	<b>7,432.96</b>	<b>4,071.48</b>
Income taxes including deferred tax	1,639.83	466.77
<b>Profit After Tax</b>	<b>5,793.13</b>	<b>3,604.71</b>
<b>Other information :</b>		
<b>Depreciation/Amortization</b>		
Software Services	734.44	958.63
Software Products	25.85	30.83
Corporate and Others	193.03	198.34
<b>Total</b>	<b>953.32</b>	<b>1,187.80</b>

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.

### (b) Geographic Segment Information:

Revenues:

Amount in ₹ lakhs

Region	Year Ended March 31, 2014	Year Ended March 31, 2013
North America (including Canada)	15,155.20	10,509.92
Europe (including Middle East)	9,535.49	10,436.20
Asia Pacific (other than India)	1,625.73	2,560.58
India	9,076.78	12,764.51
<b>Total</b>	<b>35,393.20</b>	<b>36,271.21</b>

## Notes to Abridged Financial Statements (Contd.)

Assets:

Trade receivables & Unbilled Revenue

Amount in ₹ lakhs

Region	As at March 31, 2014	As at March 31, 2013
North America (including Canada)	3,745.28	2,140.29
Europe (including Middle East)	2,261.08	1,877.36
Asia Pacific (other than India)	1,270.10	1,234.19
India	1,441.38	2,614.75
<b>Total</b>	<b>8,717.84</b>	<b>7,866.59</b>

Note: Other than above, rest of the assets are primarily located in India.

### 9. Earnings Per Share (EPS) [Note 40 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, 2014	Year Ended March 31, 2013
Profit for computation of basic and diluted EPS	5,793.13	3,604.71
Weighted average number of shares considered for basic EPS	2,11,25,993	2,41,08,492
Add: Effect of stock options/warrants	1,41,664	2,47,116
Add: Effect of share application money	-	20,411
Weighted average number of shares considered for diluted EPS	2,12,67,657	2,43,76,019

### 10. Provision for tax expenses

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 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 35 of main financial statements].

The components of deferred tax asset are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Differences in depreciation in block of fixed assets as per tax books and financial books	552.02	506.04
Effect of expenditure debited to Statement of Profit and Loss in the current year but allowed for tax purposes in following years on payment basis	428.11	410.78
<b>Total</b>	<b>980.13</b>	<b>916.82</b>

[Note 12 of main financial statements]

### 11. Research & Development

[Note 39 of main financial statements]

The Company's research and development unit at Chennai is 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	As at March 31, 2014	As at March 31, 2013
Capital expenditure	0.75	21.49
Revenue expenditure	175.95	253.56

12. On November 18, 2013, the Company allotted 12,00,000 convertible warrants to Ms. Ira Bhaduri in her capacity as Trustee of Lahiri Family Trust, of which Mr. Anjan Lahiri, Whole Time Director and CEO of the Company, is the Managing Trustee, on a preferential basis on such terms and conditions as contained in the Special Resolution passed by the Company through Postal Ballot on November 8, 2013. The warrant expires at the end of 18 months from the date of issue. The allottee shall be entitled for one equity share of ₹10 each of the Company for each such warrant at a price of ₹120.25 each. As per the terms of allotment, 25% of the application money has been paid, which has been recorded as "Money received against share warrants" and on payment of the remaining 75% of consideration, proportionate number of shares will be allotted [Note 33 of main financial statements].

## Notes to Abridged Financial Statements (Contd.)

13. Included in the revenue for the previous year is an item of royalty income of ₹880.52 lakhs in respect of Software Product License granted to a non - Indian Licensee, who has purportedly claimed non - usage of the licensed IPR after initial acceptance, which is being contested by the Company. Based on legal advice, the management is reasonably confident of collecting the dues from the customer for which necessary steps are being taken and hence no further adjustments are considered necessary at this stage [Note 41 of main financial statements].

### 14. Comparatives

[Note 43 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. LLP  
ICAI Firm Registration Number: 301003E  
Chartered Accountants

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014

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

Rajiv C. Mody  
Managing Director

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer

G. Venkatesh  
Whole Time Director

S. Prasad  
Company Secretary



## Independent Auditors' Report

To the Board of Directors of  
Sasken Communication Technologies Limited

We have audited the accompanying consolidated financial statements of Sasken Communication Technologies Limited ('the Company') and its subsidiaries and joint venture (collectively called 'Sasken Group'), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, 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.

### Other Matters

- (a) We did not audit the financial statements of two subsidiaries and a joint venture included herein, whose financial statements together reflect total assets of ₹3,073.81 lakhs as at March 31, 2014, total revenue (including other income) of ₹3,098.53 lakhs and cash inflow, net amounting to ₹288.87 lakhs for the year then ended.
- (b) We did not audit the 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 ₹3,174.94 lakhs as at March 31, 2014, total revenue (including other income) of ₹6,379.13 lakhs and cash outflow, net amounting to ₹320.05 lakhs for the year then ended. We have undertaken 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.

For S.R. Batliboi & CO. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014

## Consolidated Balance Sheet

Amount in ₹ lakhs

	Notes	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	2,127.76	2,095.99
(b) Reserves and Surplus	4	38,269.66	39,830.73
(c) Money received against Share Warrants	30 (d)	360.75	-
		40,758.17	41,926.72
<b>2. Share Application Money Pending Allotment</b>	5	-	<b>30.16</b>
<b>3. Non Current Liabilities</b>			
(a) Long Term Borrowings	6	-	92.58
(b) Long Term Provisions	7	770.97	706.26
		770.97	798.84
<b>4. Current Liabilities</b>			
(a) Trade Payables	8	2,632.58	2,706.35
(b) Other Current Liabilities	9	1,695.39	1,409.87
(c) Short Term Provisions	10	3,925.16	3,491.02
		<b>8,253.13</b>	<b>7,607.24</b>
<b>Total</b>		<b>49,782.27</b>	<b>50,362.96</b>
<b>ASSETS</b>			
<b>1. Non Current Assets</b>			
(a) Fixed Assets (net)	11		
(i) Tangible Fixed Assets	11(a)	5,019.40	5,686.22
(ii) Intangible Assets	11(b)	7,666.53	6,579.16
(iii) Capital Work - in - Progress		0.17	25.27
		<b>12,686.10</b>	<b>12,290.65</b>
(b) Non Current Investments	12	2,995.50	2,307.75
(c) Deferred Tax Assets	13	1,117.71	1,088.91
(d) Long Term Loans and Advances	14	5,707.26	5,789.69
(e) Other Non Current Assets	15	93.46	166.16
		<b>22,600.03</b>	<b>21,643.16</b>
<b>2. Current Assets</b>			
(a) Current Investments	16	10,355.46	11,606.50
(b) Inventories	17	209.39	345.42
(c) Trade Receivables	18	9,276.07	9,023.67
(d) Cash and Bank Balances	19	3,406.30	3,291.73
(e) Short Term Loans and Advances	20	1,795.44	1,788.07
(f) Other Current Assets	21	2,139.58	2,664.41
		<b>27,182.24</b>	<b>28,719.80</b>
<b>Total</b>		<b>49,782.27</b>	<b>50,362.96</b>

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. LLP  
ICAI Firm Registration Number: 301003E  
Chartered Accountants

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014

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

Rajiv C. Mody  
Managing Director

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer

G. Venkatesh  
Whole Time Director

S. Prasad  
Company Secretary

## Consolidated Statement of Profit and Loss

Amount in ₹ lakhs

	Notes	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
I. Revenue from Operations	22	45,802.93	47,483.08
II. Other Income	23	3,152.97	1,763.70
III. <b>Total Revenue (I+II)</b>		<b>48,955.90</b>	<b>49,246.78</b>
IV. Expenses:			
(Increase) / Decrease in Work-in-Progress	24	137.88	(74.43)
Purchase of Traded Goods		67.51	7.60
Consumption of Raw Materials	25	49.86	57.83
Employee Benefit Expense	26	30,604.38	32,431.63
Depreciation and Amortization Expense	11	1,254.22	1,941.45
Other Expenses	27	9,604.55	10,868.49
Finance Cost	28	20.25	41.34
Total Expenses		41,738.65	45,273.91
V. <b>Profit Before Tax (III - IV)</b>		<b>7,217.25</b>	<b>3,972.87</b>
VI. Tax Expense			
Current Tax		2,149.60	1,064.75
Deferred Tax Charge / (credit)		(28.57)	(81.27)
Minimum Alternate Tax Credit entitlement		(50.95)	(206.54)
<b>Total Tax Expense</b>		<b>2,070.08</b>	<b>776.94</b>
VII. <b>Profit for the year (V - VI)</b>		<b>5,147.17</b>	<b>3,195.93</b>
VIII. Earnings Per Equity Share (EPS) in Rupees (Equity Share par value ₹10 each)	36		
Basic		24.36	13.26
Diluted		24.20	13.11
Weighted average number of Equity Shares used in computation of			
Basic EPS		2,11,25,993	2,41,08,492
Diluted EPS		2,12,67,657	2,43,76,019

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. LLP  
ICAI Firm Registration Number: 301003E  
Chartered Accountants

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014

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

Rajiv C. Mody  
Managing Director

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer

G. Venkatesh  
Whole Time Director

S. Prasad  
Company Secretary

## Consolidated Cash Flow Statement

Amount in ₹ lakhs

	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
<b>A. Cash flows from Operating Activities:</b>		
<b>Profit Before Tax</b>	<b>7,217.25</b>	<b>3,972.87</b>
Adjustments for:		
Depreciation / Amortization	1,254.22	1,941.45
Other non - cash (writeback) / Charges	(323.51)	(284.23)
Unrealised Exchange (gain) / loss	(142.39)	(837.12)
Interest Expense	20.25	41.34
Other Income	(1,148.66)	(1,057.35)
Operating Profit before Working Capital Changes	6,877.16	3,776.96
Adjustments for:		
(Increase) / Decrease in Trade Receivables	277.76	1,179.66
(Increase) / Decrease in Inventories	136.03	(57.16)
(Increase) / Decrease in Other Assets	759.88	199.77
(Increase) / Decrease in Loans & Advances	67.30	1,450.85
Increase / (Decrease) in Liabilities	8.34	(810.07)
Increase / (Decrease) in Provisions	273.12	650.46
Cash generated from Operations	8,399.59	6,390.47
Taxes (Paid) / Received, net	(1,987.64)	(1,858.45)
<b>Net Cash from Operating Activities</b>	<b>6,411.95</b>	<b>4,532.02</b>
<b>B. Cash flows from Investing Activities:</b>		
Purchase of Fixed Assets	(464.88)	(592.88)
Sale of Fixed Assets	90.38	68.81
Dividend Received	-	24.24
Interest Received	16.03	163.19
Sale of Current Investments	-	7,852.05
Purchase of Current Investments	(4,764.36)	(615.00)
Sale / (Purchase) of Mutual Funds, net	6,635.84	(3,449.67)
Investment in Bank Deposits	(23.33)	-
Redemption of Bank Deposits	9.05	1,464.67
<b>Net cash from / (used in) Investing Activities</b>	<b>1,498.73</b>	<b>4,915.41</b>



## Consolidated Cash Flow Statement (Contd.)

Amount in ₹ lakhs

	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
<b>C. Cash Flows from Financing Activities:</b>		
Proceeds from Share Application Money	-	30.16
Buyback of Shares	(195.65)	(6,431.00)
Proceeds from issuance of share capital on exercise of stock options and share warrants	596.11	33.81
Repayment of Long Term Borrowings	(109.35)	(138.87)
Payment of Dividend Tax	(729.77)	(284.19)
Dividend paid during the year	(6,771.78)	(1,745.42)
Interest paid	(22.70)	(42.82)
<b>Net cash used in financing activities</b>	<b>(7,233.14)</b>	<b>(8,578.33)</b>
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	677.54	869.10
Effect of translation on closing Cash and Cash equivalents	(577.25)	51.00
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>3,226.17</b>	<b>2,306.07</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>3,326.46</b>	<b>3,226.17</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	1.92	1.88
Balances with banks - Current accounts	3,253.26	3,171.16
Balances with banks - unpaid dividend accounts*	71.28	53.13
<b>Total Cash and Cash Equivalents as per Note 19</b>	<b>3,326.46</b>	<b>3,226.17</b>
* The Company can utilize these balances only towards settlement of the respective unpaid dividend.		
<b>Supplementary non - cashflow information</b>		
Dividends received and re - invested in units of mutual funds	374.72	482.54

As per our report of even date.

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

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014

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

Rajiv C. Mody  
Managing Director

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer

G. Venkatesh  
Whole Time Director

S. Prasad  
Company Secretary

## Notes to Consolidated Accounts

### 1. Description of Business

Sasken Communication Technologies Limited (“Sasken” or “the Company”) and its subsidiaries and joint venture (hereinafter collectively referred to as “the Group”) is an embedded communications solutions Group that helps businesses across the communication value chain accelerate product development life cycles. The Group 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 consolidated 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, 2014	March 31, 2013
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
Sasken Finland Oy (Sasken Finland)**	Finland	100.00	100.00
Sasken Japan KK (Sasken Japan)***	Japan	-	100.00
Sasken Inc (Sasken USA)	USA	100.00	100.00

\* Fully held by SNEL

\*\* Refer note 29(d)

\*\*\* Refer note 29(e)

Name of Joint Venture	Country of Incorporation	% Holding	
		March 31, 2014	March 31, 2013
ConnectM Technology Solutions Pvt. Ltd. (ConnectM)	India	46.29	46.29

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 [read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs]. The financial statements have been prepared under the historical cost convention on an accrual basis, except in case of certain financial instruments which are measured at fair values and in case of assets for which impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the 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 Group 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.

## Notes to Consolidated Accounts (Contd.)

### (b) 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.

### (c) Inventories

#### (i) 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.

#### (ii) Raw materials and Components

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

### (d) Fixed Assets (including intangible assets)

Fixed assets including intangible assets are stated at cost, less accumulated depreciation / amortization 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. Cost of fixed assets not ready for their intended use before balance sheet date are disclosed under capital work-in-progress.

### (e) 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 - 33½	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 (not exceeding 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 Euro 5,000 or less are depreciated entirely in the period of acquisition.

## Notes to Consolidated Accounts (Contd.)

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.

### (f) 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 provided future economic benefit is probable and the Company has an intention and ability to complete and use or sell software and costs can be measured reliably. 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.

### (g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and net realizable value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### (h) Foreign Currency Translations

#### *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 Group 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 (Cash flow hedge).*

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 Statement of Profit and Loss.

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

## Notes to Consolidated Accounts (Contd.)

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

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.

### (i) 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 Group 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 Statement of Profit and Loss. 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 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 at the date of Balance Sheet. Contributions towards Provident Fund are charged to the Statement of Profit & Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Credit Method, as at Balance Sheet date. The Group presents the 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) Other employee benefits

The Group operates other long term benefit plan covering all eligible employees. The plan provide for lump sum payments at the end of agreed tenure. The cost of providing benefit under this plan is determined by the actuarial valuation, done as per Projected Unit Credit Method as at each Balance Sheet date.

## Notes to Consolidated Accounts (Contd.)

(vi) Superannuation

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

(vii) Actuarial gains / losses

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

**(j) 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. 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.

**(k) Warranty**

Provision 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.

**(l) 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.

**(m) 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. In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. 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 Statement of Profit and Loss 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.

## Notes to Consolidated Accounts (Contd.)

### (n) 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.

### (o) 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.

### (p) Provisions and Contingencies

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.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. A contingent asset is neither recognized nor disclosed in the financial statement.

### (q) 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 include general corporate income and expense items, which are not allocated to any business segment.

### (r) 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 Statement of Profit and Loss on a straight-line basis over the lease term.

### (s) 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.

## Notes to Consolidated Accounts (Contd.)

### (t) 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, 2014	As at March 31, 2013
Authorized Capital		
5,00,00,000 (As at March 31, 2013 : 5,00,00,000) Equity Shares of ₹10 each	5,000.00	5,000.00
Issued, Subscribed and Paid up Capital		
2,12,77,573 (As at March 31, 2013 : 2,09,59,876 ) Equity Shares of ₹10 each fully paid up	2,127.76	2,095.99

For details of shares reserved for issue under Employee Stock Option Plan (ESOP) 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, 2014, the Board of Directors have recommended a final dividend of ₹1.50 per equity share of ₹10 each (March 31, 2013 ₹4.50). This is subject to approval of shareholders and if so approved, the total dividend for the year will amount to ₹32.00 per equity share including interim dividend of ₹5.50 per equity share and special dividend of ₹25.00 per equity share (March 31, 2013 ₹7.00 per equity share)

#### Shareholders holding more than 5 percent shares in the Company:

Name of the shareholder*	As at March 31, 2014	
	No of shares	% holding
Ashish Dhawan	20,50,344	9.64%
Chandrakant Jamiyatram Mody	14,86,532	6.99%
Bajaj Allianz Life Insurance Company Ltd.	11,40,294	5.36%

Name of the shareholder*	As at March 31, 2013	
	No of shares	% holding
Ashish Dhawan	22,32,630	10.65%
Chandrakant Jamiyatram Mody	3,59,971	1.72%
Bajaj Allianz Life Insurance Company Ltd.	12,67,679	6.05%

\*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 year:

Particulars	As at March 31, 2014	
	No. of Shares	Amount in ₹ lakhs
Outstanding at the beginning of the year	2,09,59,876	2,095.99
Add: Issued during the year - ESOP	4,53,600	45.36
Less: Bought back during the year	(1,35,903)	(13.59)
<b>Outstanding at the end of the year</b>	<b>2,12,77,573</b>	<b>2,127.76</b>

Particulars	As at March 31, 2013	
	No. of Shares	Amount in ₹ lakhs
Outstanding at the beginning of the year	2,60,11,351	2,601.13
Add: Issued during the year - ESOP	90,500	9.05
Less: Bought back during the year	(51,41,975)	(514.19)
Outstanding at the end of the year	2,09,59,876	2,095.99

The Company has issued 16,06,400 shares (As at March 31, 2013: 11,52,800) 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.

## Notes to Consolidated Accounts (Contd.)

### Buy - back of Equity Shares

Particulars	As at March 31, 2014	As at March 31, 2013
Aggregate number of equity shares bought back by the Company during the period of five years immediately preceding the Balance sheet date.	74,39,878	87,53,717

Based on shareholders' approval on April 23, 2012 and pursuant to the Public Announcement dated April 25, 2012, the Company had commenced the Buy - back of equity shares from May 21, 2012. During the year ended March 31, 2014, the Company has bought back 1,35,903 (March 31, 2013 - 51,41,975) shares at an average price of ₹143.96 (March 31, 2013 - ₹125.07) utilizing a sum of ₹195.65 lakhs (March 31, 2013 - ₹6,431.00 lakhs) (excluding brokerage and other applicable taxes). The buy - back scheme got closed by efflux of time on April 22, 2013. In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy Back of Securities) Regulations 1998 (as amended), the Company has extinguished all shares bought back under the Scheme.

### 4. Reserves and Surplus

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Capital Reserve</b>		
Opening Balance	132.00	132.00
<b>Total</b>	<b>132.00</b>	<b>132.00</b>
<b>Capital Redemption Reserve</b>		
Opening Balance	875.36	361.17
Add: Transferred during the year	13.59	514.19
<b>Total</b>	<b>888.95</b>	<b>875.36</b>
<b>Securities Premium</b>		
Opening Balance	6,202.40	12,061.21
Add: Receipts on exercise of employee stock options	372.73	57.99
Less: Premium on equity shares bought back	(182.06)	(5,916.80)
<b>Total</b>	<b>6,393.07</b>	<b>6,202.40</b>
<b>Employee Stock Options Outstanding (Refer Note 32)</b>		
Employee Stock Options Outstanding	125.60	495.40
Less : Deferred Employee Compensation Cost Outstanding	(14.96)	(12.83)
<b>Total</b>	<b>110.64</b>	<b>482.57</b>
<b>General Reserve</b>		
Opening Balance	2,190.35	2,289.92
Add: Transferred from Statement of Profit and Loss	613.38	414.62
Less: Transferred to Capital Redemption Reserve	(13.59)	(514.19)
<b>Total</b>	<b>2,790.14</b>	<b>2,190.35</b>
<b>Hedging Reserve</b>		
Opening Balance	216.75	(604.20)
Changes during the year:		
Loss / (gain) transferred to Statement of Profit and Loss on occurrence of forecasted hedge transaction	(220.76)	606.12
Net changes in the fair value of effective portion of outstanding cash flow derivatives	342.54	210.82
Net derivative gains related to a discontinued cash flow hedge	-	4.01
<b>Total</b>	<b>338.53</b>	<b>216.75</b>
<b>Foreign Exchange Translation Reserve</b>		
Opening Balance	753.98	456.84
Movements during the year	891.86	297.14
<b>Total</b>	<b>1,645.84</b>	<b>753.98</b>

## Notes to Consolidated Accounts (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Surplus in the Statement of Profit and Loss</b>		
Opening Balance	28,977.32	27,970.87
Add: Profit for the year	5,147.17	3,195.93
Less: Transferred to General Reserve	(613.38)	(414.62)
Less: Proposed Dividend	(319.16)	(939.61)
Less: Interim Dividend	(6,478.89)	(601.11)
Less: Dividend Tax	(731.15)	(257.21)
Add: Excess / (short) dividend provision adjustment	(9.76)	19.85
Add: Excess / (short) dividend tax provision reversed	(1.66)	92.28
Less: Dividend tax on dividend declared by Subsidiary	-	(89.06)
<b>Total</b>	<b>25,970.49</b>	<b>28,977.32</b>
<b>Total</b>	<b>38,269.66</b>	<b>39,830.73</b>

### 5. Share Application Money Pending Allotment

As at March 31, 2013, 53,200 options were exercised pursuant to the ESOP plan and pending allotment, the amount paid on exercise was lying as Share application pending allotment. Of the above, 43,200 options were granted on April 6, 2009 and each option was exercisable for an equity share of ₹10 each at an exercise price of ₹52 and 10,000 options were granted on June 15, 2009 and each option was exercisable for an equity share of ₹10 each at an exercise price of ₹77. During the year, shares were allotted against these options and securities premium thereon amounting to ₹40.05 lakhs was recognized.

### 6. Long Term Borrowings

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured Term Loans from others</b>		
Loan from SVB India Finance Pvt. Ltd.	-	92.58
<b>Total</b>	<b>-</b>	<b>92.58</b>

The above represents long term portion of the Group'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 ₹NIL (March 31, 2013: ₹237.50 lakhs), 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 ₹NIL (March 31, 2013: ₹262.50 lakhs), 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.

### 7. Long Term Provisions

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Gratuity	38.28	74.13
Pension	395.82	250.43
Warranty*	17.46	31.76
Other employee benefits	223.79	240.31
Employee compensated absences	95.62	109.63
<b>Total</b>	<b>770.97</b>	<b>706.26</b>

### 8. Trade Payables

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
For Goods, Services and Expenses		
- Dues to Micro and Small Enterprises	-	-
- Dues to other creditors	2,632.58	2,706.35
<b>Total</b>	<b>2,632.58</b>	<b>2,706.35</b>



## Notes to Consolidated Accounts (Contd.)

### 9. Other Current Liabilities

Amount in ₹ lakhs

Particulars	Amount in ₹ lakhs	
	As at March 31, 2014	As at March 31, 2013
Current Maturities of Long Term Borrowings*	122.10	138.87
Interest Accrued but not due on Borrowings	0.58	3.03
Deferred Revenues	384.81	210.39
Advance Received from Customers	73.04	69.67
Unpaid Dividend	71.28	53.13
Capital Creditors	20.39	21.09
Statutory Liabilities	1,023.19	913.69
<b>Total</b>	<b>1,695.39</b>	<b>1,409.87</b>

\* Current maturities of long term borrowings include

- ₹122.10 lakhs (March 31, 2013 – ₹138.87 lakhs) payable to SVB India Finance Pvt. Ltd., towards loan taken by ConnectM. (Also Refer Note 6)

### 10. Short Term Provisions

Amount in ₹ lakhs

Particulars	Amount in ₹ lakhs	
	As at March 31, 2014	As at March 31, 2013
Employee compensated absences	1,537.42	1,562.15
Gratuity	34.12	96.70
Warranty*	139.38	14.05
Onerous contract*	-	39.81
Other employee benefits	525.49	215.74
Dividend	957.49	939.61
Dividend Tax	162.73	159.69
Income Tax (net of advance tax)	568.53	463.27
<b>Total</b>	<b>3,925.16</b>	<b>3,491.02</b>

\* 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, 2014	As at March 31, 2013
Opening Balance	45.81	49.75
Additions during the year	194.97	19.34
Less: Amounts used during the year	(49.65)	(8.12)
Less: Reversals during the year	(34.29)	(15.16)
<b>Closing Balance</b>	<b>156.84</b>	<b>45.81</b>

It is expected that most of the cost will be incurred in the next financial year.

Amount in ₹ lakhs

Particulars	Provision for Onerous Contract	
	As at March 31, 2014	As at March 31, 2013
Opening Balance	39.81	39.81
Additions during the year	-	-
Less: Amounts used during the year	-	-
Less: Reversals during the year	(39.81)	-
<b>Closing Balance</b>	<b>-</b>	<b>39.81</b>

## 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
<b>Gross Block</b>										
As at April 1, 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
Additions during the year	-	-	3.06	233.91	1.73	73.34	24.54	78.69	-	415.27
Deletions during the year	-	-	145.69	284.70	62.99	296.97	131.98	219.74	-	1,142.07
Foreign currency translation adjustments	-	-	0.42	13.09	10.71	15.40	(10.75)	61.56	-	90.43
<b>As at March 31, 2013</b>	<b>2,287.67</b>	<b>3,310.98</b>	<b>732.80</b>	<b>5,596.50</b>	<b>551.89</b>	<b>2,280.11</b>	<b>2,327.36</b>	<b>4,077.13</b>	<b>0.01</b>	<b>21,164.45</b>
Additions during the year	-	3.90	65.43	127.88	51.45	26.74	37.30	115.04	-	427.74
Deletions during the year	-	-	102.49	1,054.80	182.78	283.23	22.71	363.34	-	2,009.35
Foreign currency translation adjustments	-	-	0.69	45.58	22.87	104.65	0.98	343.10	-	517.87
<b>As at March 31, 2014</b>	<b>2,287.67</b>	<b>3,314.88</b>	<b>696.43</b>	<b>4,715.16</b>	<b>443.43</b>	<b>2,128.27</b>	<b>2,342.93</b>	<b>4,171.93</b>	<b>0.01</b>	<b>20,100.71</b>
<b>Depreciation</b>										
As at April 1, 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
Charge for the year	-	167.80	111.32	482.63	71.34	101.52	107.48	174.19	-	1,216.28
Deletions during the year	-	-	127.65	283.54	57.21	227.97	123.66	219.68	-	1,039.71
Foreign currency translation adjustments	-	-	0.42	11.58	7.14	11.06	(4.18)	52.80	-	78.82
<b>As at March 31, 2013</b>	<b>-</b>	<b>1,966.17</b>	<b>439.00</b>	<b>4,833.09</b>	<b>396.65</b>	<b>1,907.50</b>	<b>2,121.30</b>	<b>3,814.51</b>	<b>0.01</b>	<b>15,478.23</b>
Charge for the year	-	167.84	76.98	377.57	76.18	105.01	105.17	175.54	-	1,084.29
Deletions during the year	-	-	102.49	1,049.96	181.68	271.30	13.75	350.71	-	1,969.89
Foreign currency translation adjustments	-	-	0.69	44.91	20.27	92.57	0.58	329.66	-	488.68
<b>As at March 31, 2014</b>	<b>-</b>	<b>2,134.01</b>	<b>414.18</b>	<b>4,205.61</b>	<b>311.42</b>	<b>1,833.78</b>	<b>2,213.30</b>	<b>3,969.00</b>	<b>0.01</b>	<b>15,081.31</b>
<b>Net Block</b>										
<b>As at March 31, 2013</b>	<b>2,287.67</b>	<b>1,344.81</b>	<b>293.80</b>	<b>763.41</b>	<b>155.24</b>	<b>372.61</b>	<b>206.06</b>	<b>262.62</b>	<b>-</b>	<b>5,686.22</b>
<b>As at March 31, 2014</b>	<b>2,287.67</b>	<b>1,180.87</b>	<b>282.25</b>	<b>509.55</b>	<b>132.01</b>	<b>294.49</b>	<b>129.63</b>	<b>202.93</b>	<b>-</b>	<b>5,019.40</b>

## Notes to Consolidated Accounts (Contd.)

### 11. Fixed Assets

#### (b) Intangible Assets

Amount in ₹ lakhs

	Computer Software	Goodwill on Consolidation	Acquired Goodwill	Technical Knowhow	Contract Rights	Total
<b>Gross Block</b>						
As at April 1, 2012	4,349.62	21,717.00	414.48	43.65	748.31	27,273.06
Additions during the year	137.46	-	-	-	-	137.46
Deletions during the year	22.33	-	-	-	-	22.33
Foreign currency translation adjustments	3.04	530.11	27.95	-	50.46	611.56
<b>As at March 31, 2013</b>	<b>4,467.79</b>	<b>22,247.11</b>	<b>442.43</b>	<b>43.65</b>	<b>798.77</b>	<b>27,999.75</b>
Additions during the year	87.85	-	-	-	-	87.85
Deletions during the year	10.63	-	-	-	-	10.63
Foreign currency translation adjustments	15.42	4,956.19	-	-	-	4,971.61
<b>As at March 31, 2014</b>	<b>4,560.43</b>	<b>27,203.30</b>	<b>442.43</b>	<b>43.65</b>	<b>798.77</b>	<b>33,048.58</b>
<b>Amortization</b>						
As at April 1, 2012	4,053.55	-	-	43.65	748.31	4,845.51
Charge for the year	280.81	-	-	-	-	280.81
Deletions during the year	20.26	-	-	-	-	20.26
Foreign currency translation adjustments	2.51	-	-	-	50.46	52.97
<b>As at March 31, 2013</b>	<b>4,316.61</b>	<b>-</b>	<b>-</b>	<b>43.65</b>	<b>798.77</b>	<b>5,159.03</b>
Charge for the year	169.93	-	-	-	-	169.93
Deletions during the year	6.49	-	-	-	-	6.49
Foreign currency translation adjustments	15.20	-	-	-	-	15.20
<b>As at March 31, 2014</b>	<b>4,495.25</b>	<b>-</b>	<b>-</b>	<b>43.65</b>	<b>798.77</b>	<b>5,337.67</b>
<b>Impairment loss</b>						
As at April 1, 2012	-	15,442.19	-	-	-	15,442.19
Charge for the year	-	-	444.36	-	-	444.36
Deletions during the year	-	-	-	-	-	-
Foreign currency translation adjustments	-	376.94	(1.93)	-	-	375.01
<b>As at March 31, 2013</b>	<b>-</b>	<b>15,819.13</b>	<b>442.43</b>	<b>-</b>	<b>-</b>	<b>16,261.56</b>
Charge for the year	-	-	-	-	-	-
Deletions during the year	-	-	-	-	-	-
Foreign currency translation adjustments	-	3,782.82	-	-	-	3,782.82
<b>As at March 31, 2014</b>	<b>-</b>	<b>19,601.95</b>	<b>442.43</b>	<b>-</b>	<b>-</b>	<b>20,044.38</b>
<b>Net Block</b>						
<b>As at March 31, 2013</b>	<b>151.18</b>	<b>6,427.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,579.16</b>
<b>As at March 31, 2014</b>	<b>65.18</b>	<b>7,601.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,666.53</b>

## Notes to Consolidated Accounts (Contd.)

### 12. Non Current Investments

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>A. Investment in Equity Instruments (Non-Trade, unquoted, at cost less provision for diminution)</b>		
<b>i. Investment in Joint Ventures</b>		
TACO Sasken Automotive Electronics Ltd.		
52,00,403 (As at March 31, 2013: 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)
	-	-
<b>ii. Other Investments</b>		
3,92,285 (As at March 31, 2013: 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>B. Investment in Preference Shares (Non-Trade, unquoted at cost less provision for diminution)</b>		
<b>Investment in Joint Ventures</b>		
TACO Sasken Automotive Electronics Ltd.		
24,78,000 (As at March 31, 2013: 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)
	-	-
<b>C. Investment in Limited Liability Partnerships</b>		
Omni Capital LLP, USA	2,995.50	2,307.75
Aggregate amount of unquoted investments	2,995.50	2,307.75
Aggregate provision for diminution in value of investments	(1,007.84)	(1,007.84)

### 13. Deferred Tax Assets

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

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Asset</b>		
Depreciation		
- Sasken	552.02	506.04
- SNEL	87.06	86.62
On expenditure allowed for tax purposes on payment basis		
- Sasken	428.11	410.78
- SNEL	50.52	85.47
<b>Total</b>	<b>1,117.71</b>	<b>1,088.91</b>

### 14. Long Term Loans and Advances

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unsecured, considered good</b>		
Capital Advances	0.45	8.07
Security Deposits	370.03	576.04
Advances recoverable in cash or in kind or for value to be received		
- Prepaid Expenses	4.09	1.42
- Advances to employees	10.01	12.31
- Balances with Government Authorities	1,086.90	950.27
Advance Income Tax	3,761.57	3,759.12
MAT Credit Entitlement	474.21	482.46
<b>Unsecured considered doubtful</b>		
Security Deposits	13.55	12.16
Less: Provision for doubtful security deposits	(13.55)	(12.16)
<b>Total</b>	<b>5,707.26</b>	<b>5,789.69</b>

## Notes to Consolidated Accounts (Contd.)

### 15. Other Non Current Assets

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unsecured, considered good</b>		
Long term trade receivables	93.46	166.16
<b>Unsecured considered doubtful</b>		
Long term trade receivables	0.80	0.80
Less: Provision for doubtful debts	(0.80)	(0.80)
<b>Total</b>	<b>93.46</b>	<b>166.16</b>

### 16. Current Investments

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Unquoted, at lower of cost or net realizable value, Investment in Mutual Funds		
Nil (As at March 31, 2013: 1,03,142) units of ₹1,221.61 each of DSP BlackRock Strategic Bond Fund - Institutional Plan - Growth Plan	-	1,260.00
Nil (As at March 31, 2013: 1,12,01,881) units of ₹10.04 each of Axis Short Term Fund Institutional Regular Dividend Reinvestment	-	1,124.62
Nil (As at March 31, 2013: 26,75,217 ) units of ₹10.36 each of SBI SHDF Short Term Institutional Plan - Weekly Dividend	-	277.19
Nil (As at March 31, 2013: 79,58,266) units of ₹17.59 each of Birla Sun Life Dynamic Bond Fund - Retail - Growth Plan	-	1,400.00
Nil (As at March 31, 2013: 28,91,907) units of ₹21.61 each of HDFC Short Term Plan - Growth Plan	-	625.00
Nil (As at March 31, 2013: 86,37,307) units of ₹13.89 each of SBI Dynamic Bond Fund - Growth Plan	-	1,200.00
Nil (As at March 31, 2013: 56,73,298) units of ₹20.89 each of Reliance Short Term Fund - Growth Plan	-	1,185.00
Nil (As at March 31, 2013: 31,14,771) units of ₹31.95 each of Kotak Bond (Regular) - Growth Plan	-	995.00
Nil (As at March 31, 2013: 16,48,393) units of ₹22.45 each of HDFC High Interest Fund Short Term Plan - Growth	-	370.00
Nil (As at March 31, 2013: 11,90,054) units of ₹10.01 each of JP Morgan India Treasury Fund Super Institutional Daily Dividend Reinvestment	-	119.11
Nil (As at March 31, 2013: 45,55,460) units of ₹15.61 each of Reliance Dynamic Bond Fund - Growth	-	711.00
Nil (As at March 31, 2013: 89,65,669) units of ₹10.04 each of DWS Treasury Fund - Institutional Plan - Daily Dividend Reinvestment	-	900.31
Nil (As at March 31, 2013: 3,10,509) units of ₹10.22 each of DWS Treasury Fund - Investment Regular Plan - Daily Dividend Reinvestment	-	31.74
Nil (As at March 31, 2013: 15,35,187) units of ₹10.06 each of IDFC Money Manager Fund - Investment Plan - Inst Plan B - Daily Dividend Reinvestment	-	154.56
Nil (As at March 31, 2013: 10,84,853) units of ₹10.02 each of Templeton India Ultra Short Bond Fund - Institutional Plan - Dividend	-	108.67
Nil (As at March 31, 2013: 10,26,061) units of ₹23.94 each of ICICI Prudential ST - Regular Plan - Growth	-	243.00
Nil (As at March 31, 2013: 5,985) units of ₹10.56 each of SBI - Short Term Debt Fund - Regular Plan Weekly Dividend	-	0.63
Nil (As at March 31, 2013: 2,32,400) units of ₹10.95 each of SBI SHDF - Short Term - Retail Plan Weekly Dividend	-	25.31
75,733 (As at March 31, 2013: Nil) units of ₹100.20 each of Birla sun life Floating Rate Fund - Long term growth - Direct Plan	75.88	-
54,220 (As at March 31, 2013: Nil) units of ₹1,000.10 each of Axis Liquid Fund - Daily Dividend Reinvestment	542.25	-

## Notes to Consolidated Accounts (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
10,69,777 (As at March 31, 2013: Nil) units of ₹100.20 each of Birla Sun Life Cash Plus - Daily Dividend - Direct Plan - Reinvestment	1,071.86	-
72,342 (As at March 31, 2013: Nil) units of ₹1,528.74 each of Reliance Liquid Fund - Treasury Plan - Direct - Daily Dividend - Option Dividend Reinvestment	1,105.92	-
99,663 (As at March 31, 2013: Nil) units of ₹1,000.26 each of Taurus Liquid Fund - Direct Plan - Super Institutional - DDR	996.89	-
61,005 (As at March 31, 2013: Nil) units of ₹1,000.63 each of Baroda Pioneer Liquid Fund Direct - DDR	610.43	-
6,40,004 (As at March 31, 2013: Nil) units of ₹100.05 each of ICICI Prudential Liquid - Direct Plan - DDR	640.35	-
29,00,468 (As at March 31, 2013: Nil) units of ₹10.01 each of JP Morgan India Liquid Fund - DDR	290.34	-
5,463 (As at March 31, 2013: Nil) units of ₹1,675.03 each of SBI Magnum Insta Cash Fund - Direct Plan - Daily Dividend Reinvestment	91.51	-
	5,425.43	10,731.14
ii. Quoted at lower of cost or net realizable value, Investment in Mutual Funds		
61,50,000 (As at March 31, 2013: 61,50,000) units of ₹10 each of L&T FMP - VII (February 419DA) Direct Plan Growth	615.00	615.00
10,00,000 (As at March 31, 2013: 78,359) units of ₹10.00 each of Kotak FMP Series 110 - 370 Days	100.00	74.19
Nil (As at March 31, 2013: 18,61,682) units of ₹10.00 each of DWS Fixed Maturity Plan - Series 27 - Regular Plan - Growth	-	186.17
50,00,000 (As at March 31, 2013: Nil) units of ₹10 each of Tata Fixed Maturity Plan Series 44 - Scheme B - Direct Plan - Growth	500.00	-
45,00,000 (As at March 31, 2013: Nil) units of ₹10 each of Tata Fixed Maturity Plan Series 43 - Scheme A - Direct Plan - Growth	450.00	-
43,50,000 (As at March 31, 2013: Nil) units of ₹10 each of Tata Fixed Maturity Plan Series 43 - Scheme D - Direct Plan - Growth	435.00	-
26,00,000 (As at March 31, 2013: Nil) units of ₹10 each of HDFC FMP 370D - Sept 2013 - 14 - Direct Growth	260.00	-
40,00,000 (As at March 31, 2013: Nil) units of ₹10 each of Kotak FMP Sept 114 Direct - Growth	400.00	-
70,00,000 (As at March 31, 2013: Nil) units of ₹10 each of Baroda Pioneer FMP Series G Plan B (Direct) (369 days) - Growth	700.00	-
20,00,000 (As at March 31, 2013: Nil) units of ₹10 each of IDBI FMP - Series III - 370 days (Aug 2013) - I Plan B Direct Plan - Growth	200.00	-
25,00,000 (As at March 31, 2013: Nil) units of ₹10 each of ICICI FMP - Series 68 - 369 Days Plan K Direct Plan Cumulative	250.00	-
7,50,000 (As at March 31, 2013: Nil) units of ₹10 each of Tata Fixed Maturity Plan series 43 scheme D (370 days maturity)	75.00	-
72,00,000 (As at March 31, 2013: Nil) units of ₹10 each of HDFC FMP - 370D October 2013(5) Series 28 - Direct Plan - Growth	720.00	-
15,00,000 (As at March 31, 2013: Nil) units of ₹10 each of Reliance Fixed Horizon Fund - XXIV - Series 23 - Direct Plan - Growth	150.00	-
7,50,279 (As at March 31, 2013: Nil) units of ₹10 each of UTI Fixed Term Income Fund Series	75.03	-
	4,930.03	875.36
<b>Aggregate amount of Current investments</b>	<b>10,355.46</b>	<b>11,606.50</b>
<b>Aggregate market value of quoted investments</b>	<b>5,230.33</b>	<b>884.00</b>

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

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Raw materials and components	61.91	60.06
Work - in - Progress (Also refer Note 24)	147.48	285.36
<b>Total</b>	<b>209.39</b>	<b>345.42</b>

## Notes to Consolidated Accounts (Contd.)

### 18. Trade Receivables

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unsecured considered good</b>		
Outstanding for more than six months from due date	1,064.47	1,177.64
Outstanding for less than six months from due date	8,211.60	7,846.03
<b>Unsecured considered doubtful</b>		
Outstanding for more than six months from due date	131.20	218.80
Outstanding for less than six months from due date	21.88	-
Less: Provision for doubtful debts	(153.08)	(218.80)
<b>Total</b>	<b>9,276.07</b>	<b>9,023.67</b>

### 19. Cash and Bank Balances

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Cash and Cash Equivalents</b>		
Cash on Hand	1.92	1.88
Balances with banks - Current Accounts	3,253.26	3,171.16
Balances with banks - Unpaid dividend accounts*	71.28	53.13
	3,326.46	3,226.17
<b>Other Bank Balances</b>		
Fixed Deposits	23.33	-
Bank balances held as margin money / security against guarantees	56.51	65.56
<b>Total</b>	<b>3,406.30</b>	<b>3,291.73</b>

\* 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, 2014	As at March 31, 2013
<b>Unsecured, considered good</b>		
Security Deposits	218.18	592.37
Advances recoverable in cash or in kind or for value to be received:		
- Advance to Suppliers	229.43	293.74
- Advances to Employees	196.95	130.25
- Balances with Government Authorities	159.06	90.63
- Prepaid expenses / Other recoverables	991.82	681.08
<b>Total</b>	<b>1,795.44</b>	<b>1,788.07</b>

### 21. Other Current Assets

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Unbilled Revenues	2,139.58	2,664.41
<b>Total</b>	<b>2,139.58</b>	<b>2,664.41</b>

### 22. Revenue from Operations

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Revenue from Software Products	1,922.91	2,744.37
Revenue from Software Services	41,207.62	41,334.79
Revenue from Network Engineering Services	2,380.07	3,161.24
Revenue from Automotive, Utilities and Industrial Services	215.10	226.77
Revenue from sale of Traded Goods	77.23	15.91
<b>Total</b>	<b>45,802.93</b>	<b>47,483.08</b>

## Notes to Consolidated Accounts (Contd.)

### 23. Other Income

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Dividend on current investments	374.72	506.78
Net gain on sale of current investments	695.05	420.88
Interest Income:		
- on Bank Deposits	16.03	102.94
- on Income Tax refund	14.82	0.10
- on Others	9.52	7.17
Write back of unclaimed balances / provisions	97.72	182.03
Profit on Sale of Fixed Assets	62.86	26.75
Write back of Provision for doubtful debts, deposits and other loans and advances	76.10	-
Exchange gain / (loss)	1,733.23	469.73
Miscellaneous Income	72.92	47.32
<b>Total</b>	<b>3,152.97</b>	<b>1,763.70</b>

### 24. (Increase) / Decrease in Work-in-Progress

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Opening balance of Work-in-Progress	285.36	210.93
Closing balance of Work-in-Progress	147.48	285.36
<b>Total</b>	<b>137.88</b>	<b>(74.43)</b>

Amount in ₹ lakhs

Details of Work-in-Progress	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Software Services	82.44	167.14
Network Engineering Services	65.04	118.22
<b>Total</b>	<b>147.48</b>	<b>285.36</b>

### 25. Consumption of Raw Materials & Components

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Opening balance of Raw Materials & Components	60.06	77.33
Add: Purchases	51.71	40.56
	<b>111.77</b>	<b>117.89</b>
Closing balance of Raw Materials & Components	61.91	60.06
<b>Total</b>	<b>49.86</b>	<b>57.83</b>

### 26. Employee Benefit Expense

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Salaries & Bonus	27,502.00	28,920.94
Contribution to Provident and Other Funds	2,299.42	2,706.12
Staff Welfare	697.01	626.89
Recruitment and Relocation	325.31	340.02
Employee Stock Option Compensation cost (net)	(219.36)	(162.34)
<b>Total</b>	<b>30,604.38</b>	<b>32,431.63</b>



## Notes to Consolidated Accounts (Contd.)

### 27. Other Expenses

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Rent	1,101.32	2,000.55
Repairs and Maintenance		
- Plant and Machinery	481.87	447.83
- Building	446.10	551.18
- Others	105.51	89.13
Communication Expense	403.48	541.39
Travel Expense	1,774.77	2,287.75
Electricity and Water Charges	522.78	712.23
Professional, Legal and Consultancy Charges	2,393.33	1,121.68
Insurance	166.93	147.96
Contract Staff Cost	1,013.54	1,638.15
Software Expense	238.81	137.51
Training and Conference Expense	208.47	261.19
Warranty Expense	145.31	19.34
Installation and Commissioning Charges	5.94	34.73
Selling expenses - others	49.74	94.24
Provision for doubtful deposits and other Loans and Advances	-	12.18
Provision for doubtful debts	36.40	48.03
Bad Debts	33.26	-
Auditor's Remuneration		
- Audit Fees (including fees for consolidated financials)	28.00	28.00
- Other Services	3.75	5.74
- Reimbursement of expenses	2.31	1.65
Rates and Taxes	114.48	201.84
Directors' Sitting Fees and Commission	66.60	56.20
Donations	41.31	18.65
Printing & Stationery	71.32	96.10
Miscellaneous Expense	149.22	315.24
<b>Total</b>	<b>9,604.55</b>	<b>10,868.49</b>

### 28. Finance Cost

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Interest Expense on Term Loans	20.25	41.34
<b>Total</b>	<b>20.25</b>	<b>41.34</b>

### 29. Joint Ventures and Subsidiaries

#### (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. ("ConnectM") 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, 2014, the Company and IDG Ventures each hold 46.29% (As at March 31, 2013-46.29%) of the equity in ConnectM. In accordance with Accounting Standard 27 on "Financial Reporting of Interest in Joint Venture", the group has consolidated the results of ConnectM in proportion to its interest in the Joint Venture.

## Notes to Consolidated Accounts (Contd.)

- (b) The proportionate share of assets and liabilities and income and expenditure for the year, in respect of the jointly controlled entity:

Amount in ₹ lakhs

Particulars	ConnectM	
	As at March 31, 2014	As at March 31, 2013
Reserves and Surplus	(1,770.74)	(1,758.40)
Fixed Assets, net	3.18	7.02
Inventories	61.91	60.06
Trade Receivables	177.19	323.27
Cash and Bank	29.08	37.20
Other Current Assets	20.81	6.31
Other Non Current Assets	93.46	166.16
Loans and Advances	31.40	40.62
Liabilities and Provisions	305.39	516.64

Amount in ₹ lakhs

Particulars	Year Ended	
	March 31, 2014	March 31, 2013
Revenue	215.10	226.77
Expenses	290.38	384.89
Other Income including Exchange Gain / (Loss)	83.19	26.05
Interest	20.25	41.34
Profit / (Loss) before Tax	(12.34)	(173.41)
Provision for Tax	-	-
Profit / (loss) After Tax	(12.34)	(173.41)

- (c) **TACO Sasken Automotive Electronics Limited ("TSAE") (Formerly known as TACO Sasken Automotive Electronics Private Limited)**

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) ("TSAE") 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.

- (d) During the previous year, an application was made to Finland Trade Registry for merger of Sasken Communication Technologies Oy (wholly owned subsidiary of the Company) with Sasken Finland Oy (wholly owned subsidiary of Sasken Communication Technologies Oy). The Finland Trade Registry has approved the merger effective April 01, 2013. Pursuant to the merger, 20,197 shares of 1 euro each fully paid up in Sasken Finland Oy have been allotted to the Company in lieu of its holding in Sasken Communication Technologies Oy, Finland.
- (e) Sasken Japan KK., a wholly owned subsidiary in Japan was liquidated on November 18, 2013 after obtaining necessary approvals from concerned authorities.
- (f) The Board of Directors and Shareholders of Sasken Network Solutions Inc., USA at the joint special meeting held on March 12, 2014 approved the plan for liquidation of the company (SNSI), for which necessary steps are being taken by the Company.

### 30. Other Notes

- (a) **Capital and other Commitments**

- (i) Estimated amount of contracts remaining to be executed on capital account (net of advances) amounted to ₹15.83 lakhs. (As at March 31, 2013 ₹106.12 lakhs).
- (ii) Sasken Inc. is committed to contribute to the capital (net of investments already made) in Omni Captial, a limited liability partnership in USA amounting to USD Nil lakhs. [As at March 31, 2013 USD 7.50 lakhs (equivalent ₹407.25 lakhs)].
- (iii) SNEL has commitment towards hire of laptops amounting to ₹10.70 lakhs. (As at March 31, 2013 ₹16.37 lakhs).
- (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 and Euro.



## Notes to Consolidated Accounts (Contd.)

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, 2014		As at March 31, 2013	
		Amount (In Foreign Currency lakhs)	Avg Forward Exchange Rate (₹)	Amount (In Foreign Currency lakhs)	Avg Forward Exchange Rate (₹)
US Dollar (USD)	Sell	125.98	63.91	220.77	56.52
Euro (EUR)	Sell	21.01	88.83	13.99	74.07

The Company has also taken European style option contracts whereby it has option to sell USD 13.68 lakhs (As at March 31, 2013 USD 3.89 lakhs) at an average strike price ranging between ₹60.50 and ₹63.00, with maturity dates upto September 2014 and Euro Nil (As at March 31, 2013 Euro 3.77 lakhs).

- v) For commitments relating to lease arrangements, refer Note 38.

### (b) Contingent Liabilities

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Bank Guarantees	53.72	104.94
Income Taxes*	6,390.34	2,658.09
Indirect Taxes*	5,052.42	4,813.99

\* The Group is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities / courts. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position.

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.

### (c) Unhedged exposure

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

As at March 31, 2014

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)	-	0.16	(0.16)	-	8.87	(8.87)
Canadian Dollar (CAD)	-	0.12	(0.12)	-	6.52	(6.52)
Euro (EUR)	0.35	2.25	(1.90)	28.79	185.10	(156.31)
Hongkong Dollar (HKD)	-	0.34	(0.34)	-	2.63	(2.63)
Great Britain Pound (GBP)	0.48	0.14	0.34	47.81	13.94	33.86
Japanese Yen (JPY)	-	3.11	(3.11)	-	1.82	(1.82)
US Dollar (USD)	8.41	4.49	3.91	503.62	269.27	234.35
Singapore Dollar (SGD)	-	0.17	(0.17)	-	8.08	(8.08)
Arab Emirates Dirham (AED)	5.41	0.75	4.66	88.30	12.22	76.08

As at March 31, 2013

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)	-	0.17	(0.17)	-	9.61	(9.61)
Chinese Yuan (CNY)	-	0.15	(0.15)	-	1.31	(1.31)
Euro (EUR)	0.43	1.85	(1.42)	29.91	128.70	(98.79)
Hongkong Dollar (HKD)	-	0.34	(0.34)	-	2.38	(2.38)
Great Britain Pound (GBP)	0.62	0.22	0.40	50.90	18.06	32.84
Japanese Yen (JPY)	-	6.90	(6.90)	-	3.97	(3.97)
US Dollar (USD)	4.30	4.01	0.29	233.49	217.74	15.75
Taiwan Dollar (TWD)	-	0.62	(0.62)	-	1.13	(1.13)
Singapore Dollar (SGD)	-	0.10	(0.10)	-	4.37	(4.37)
Arab Emirates Dirham (AED)	3.00	0.02	2.98	44.35	0.30	44.05

## Notes to Consolidated Accounts (Contd.)

- (d) On November 18, 2013, the Company allotted 12,00,000 convertible warrants to Ms.Ira Bhaduri in her capacity as Trustee of Lahiri Family Trust, of which Mr. Anjan Lahiri, Whole Time Director and CEO of the Company, is the Managing Trustee, on a preferential basis on such terms and conditions as contained in the Special Resolution passed by the Company through Postal Ballot on November 8, 2013. The warrant expires at the end of 18 months from the date of issue. The allottee shall be entitled for one equity share of ₹10 each of the Company for each such warrant at a price of ₹120.25 each. As per the terms of allotment, 25% of the application money has been paid, which has been recorded as "Money received against share warrants" and on payment of the remaining 75% of consideration, proportionate number of shares will be allotted.

(e) **Employee Benefits:**

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

Particulars	Amount in ₹ lakhs	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Superannuation Fund	27.17	28.82
Other Social Security Contributions	1,545.84	1,640.34

- (ii) Defined Benefit Plans:

(a) **Gratuity**

Net employee benefit expense (in the Statement of Profit and Loss under the head Salaries and Bonus):

Particulars	Amount in ₹ lakhs	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Current Service Cost	111.95	231.60
Interest Cost	95.84	75.42
Expected return on Plan Assets	(84.22)	(77.30)
Actuarial (Gain) / Loss	(65.27)	46.63
<b>Total</b>	<b>58.30</b>	<b>276.35</b>

Liability / (Asset) recognized in the Balance Sheet:

Particulars	Amount in ₹ lakhs	
	As at March 31, 2014	As at March 31, 2013
Present value of the Defined Benefit Obligation	1,129.37	1,157.75
Plan Assets at the end of the year, at fair value	1,118.51	986.92
Liability / (Asset) recognized in the Balance Sheet	10.86	170.83

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

Particulars	Amount in ₹ lakhs	
	As at March 31, 2014	As at March 31, 2013
Defined Benefit Obligations (DBO) at beginning of the year	1,157.75	1,104.34
Current Service Cost	111.95	231.60
Interest Cost	95.84	75.42
Benefits Paid	(175.37)	(318.84)
Actuarial (gain) / loss	(60.80)	65.23
Defined Benefit Obligations (DBO) at the end of the year	1,129.37	1,157.75



## Notes to Consolidated Accounts (Contd.)

Changes in the fair value of plan assets are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Plan Assets at the beginning of the year at fair value	986.92	945.61
Contributions	218.27	264.25
Expected return on Plan Assets	84.22	77.30
Actuarial Gain / (Loss)	4.47	18.60
Benefits Paid	(175.37)	(318.84)
Plan Assets at the end of the year at fair value	1,118.51	986.92
Actual Return on Plan Assets	88.69	95.90

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

Particulars	As at March 31, 2014	As at March 31, 2013
Interest Rate for discount (p.a.)	8.97%	7.98%
Salary increase (p.a.)	5.00%	5.00%
Estimated rate of Return on Plan Assets (p.a.)	8.00%	8.00%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined Benefit Obligation	1,129.37	1,157.75	1,104.34	982.22	963.05
Plan Assets	1,118.51	986.92	945.61	844.88	973.48
(Surplus) / Deficit	10.86	170.83	158.73	137.34	(10.43)
Experience (Gain) / Loss adjustments on Plan Liabilities	16.10	(16.20)	(179.66)	(8.92)	(118.91)
Experience Gain / (Loss) adjustments on Plan Assets	4.47	12.41	31.79	(28.42)	213.55

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

Particulars	As at March 31, 2014	As at March 31, 2013
Investment with insurers managed funds	100.00%	100.00%

### (b) Pension

Net Employee Benefit Expense (in Statement of Profit and Loss under the head Contribution to Provident and other funds):

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Current Service Cost	-	-
Interest Cost	35.75	27.13
Expected return on Plan Assets	(24.52)	(22.34)
Actuarial (Gain) / Loss	101.52	154.33
Exchange (Gain) / Loss	43.23	0.22
<b>Total</b>	<b>155.98</b>	<b>159.34</b>

## Notes to Consolidated Accounts (Contd.)

Liability / (Asset) recognized in the Balance Sheet:

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Present value of the Defined Benefit Obligation	1,070.42	797.25
Plan Assets at the end of the year, at fair value	674.60	546.82
Liability / (Asset) recognized in the Balance Sheet	395.82	250.43

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

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Defined Benefit Obligations at beginning of the year	797.25	611.51
Current Service Cost	-	-
Interest Cost	35.75	27.13
Benefits Paid	-	-
Actuarial (Gain) / Loss	237.42	158.61
Defined Benefit Obligations at the end of the year	1,070.42	797.25

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

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Plan Assets at the beginning of the year at fair value	546.82	511.52
Contributions	10.59	8.90
Expected return on Plan Assets	24.52	22.34
Actuarial Gain / (Loss)	92.67	4.06
Benefits Paid	-	-
Plan Assets at the end of the year, at fair value	674.60	546.82
Actual return on Plan Assets	117.19	26.40

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

Particulars	As at March 31, 2014	As at March 31, 2013
Interest rate for discount (p.a.)	3.35%	3.70%
Estimated Rate of Return on Plan Assets (p.a.)	3.35%	4.20%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined Benefit Obligation	1,070.42	797.25	611.51	571.99	558.08
Plan Assets	674.60	546.82	511.52	454.21	457.44
(Surplus) / Deficit	395.82	250.43	99.99	117.78	100.64
Experience (Gain) / Loss adjustments on Plan Liabilities	237.42	258.58	-	(132.47)	81.58
Experience Gain / (Loss) adjustments on Plan Assets	92.68	4.06	-	(68.00)	(26.48)



## Notes to Consolidated Accounts (Contd.)

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

Particulars	As at March 31, 2014	As at March 31, 2013
Investment with insurers managed funds	100.00%	100.00%

### (c) Provident Fund

The Guidance note 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 actuary has 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 no shortfall as at March 31, 2014.

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Current Service Cost	512.14	601.27
Interest Cost	601.00	575.39
Expected Return on Plan Assets	(675.43)	(660.87)
Actuarial (Gain) / Loss	74.43	37.80
<b>Total</b>	<b>512.14</b>	<b>553.59</b>

Liability / (Asset) recognized in the Balance Sheet:

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Present value of the Defined Benefit Obligation	8,324.41	8,021.50
Plan Assets at the end of the year, at fair value	8,324.41	8,021.50
Liability / (Asset) recognized in the Balance Sheet	-	-

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

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Defined Benefit Obligations at beginning of the year	8,021.50	7,846.81
Current Service Cost	512.14	601.27
Contribution by Plan Participants	809.00	1,085.21
Interest Cost	601.00	575.39
Benefits Paid	(1,713.97)	(1,968.06)
Actuarial (Gain) / Loss	94.74	(119.12)
Defined Benefit Obligations at the end of the year	8,324.41	8,021.50

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

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Plan Assets at the beginning of the year, at fair value	8,021.50	7,799.13
Contributions	1,321.14	1,686.48
Expected return on Plan Assets	675.43	660.87
Actuarial Gain / (Loss)	20.31	(156.92)
Benefits Paid	(1,713.97)	(1,968.06)
Plan Assets at the end of the year, at fair value	8,324.41	8,021.50
Actual return on Plan Assets	695.74	503.95

## Notes to Consolidated Accounts (Contd.)

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

Particulars	As at March 31, 2014	As at March 31, 2013
Interest rate for discount (p.a.)	8.96%	7.98%
Estimated rate of Return on Plan Assets (p.a.)	8.25%	8.61%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined Benefit Obligation	8,324.41	8,021.50	7,846.81
Plan Assets	8,324.41	8,021.50	7,799.13
(Surplus) / Deficit	-	-	47.68
Experience (Gain) / Loss adjustments on Plan Liabilities	8.29	59.24	115.05
Experience Gain / (Loss) adjustments on Plan Assets	-	-	(81.01)

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

Particulars	As at March 31, 2014	As at March 31, 2013
Government of India Securities	26.96%	27.94%
State Government Securities	18.74%	20.69%
PSU Securities	48.78%	49.79%
Others (including Bank Balances)	5.52%	1.58%

Notes:

- Assumptions relating to future salary increases, attrition, etc. have been considered based on relevant economic factors such as inflation, market growth, etc.
- The Group expects to contribute ₹Nil lakhs (March 31, 2013 ₹96.70 lakhs) to gratuity, ₹9.00 lakhs (March 31, 2013 ₹8.89 lakhs) to pension and ₹750.00 lakhs (March 31, 2013 ₹600.00 lakhs) to provident fund in the subsequent year.
- 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 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 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 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. Compensation Committee of the Board administers the scheme. The terms of each issuance would be determined by the Compensation Committee. The Options vest 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 one to three years except options issued on April 21, 2008 which carries 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 which have an exercise period of three months from the date of vesting.



## Notes to Consolidated Accounts (Contd.)

### Details of Option Plans

Date of issue	No. of options issued	Exercise Price (₹)
17 - Jun - 2006	1,38,750	234 - 394
18 - Oct - 2006	1,50,000	234 - 394
1 - Jan - 2007	5,000	367 - 559
1 - Apr - 2007	2,35,000	475 - 667
1 - Jul - 2007	90,000	554 - 746
1 - Oct - 2007	10,000	410 - 602
21 - Apr - 2008	87,000	120
6 - Apr - 2009	18,60,000	52
15 - Jun - 2009	10,000	76
17 - Jul - 2009	80,000	52
19 - Sep - 2009	80,000	108
1 - Oct - 2009	60,000	155
21 - Jan - 2010	60,000	52
21 - Jan - 2010	30,000	155
30 - Apr - 2010	20,000	188
30 - Apr - 2010	70,000	190
26 - May - 2010	70,000	195
1 - Jul - 2010	3,90,000	200
30 - Jul - 2010	70,000	201
1 - Jan - 2011	50,000	207
1 - Oct - 2011	50,000	138
1 - Jul - 2012	50,000	123
1 - Nov - 2013	50,000	119

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

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Total accounting value of options outstanding (A)	125.60	495.40
Deferred Compensation Cost	125.60	495.40
Less: Amortized	110.64	482.57
Net Deferred Compensation Cost (B)	14.96	12.83
<b>(A) - (B)</b>	<b>110.64</b>	<b>482.57</b>

The following table summarizes the Company's stock options activity for Saska ESOP 2006:

Particulars	March 31, 2014			March 31, 2013		
	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	8,30,800	495.40	110.65	12,97,942	715.47	110.21
Granted during the year	50,000	20.99	119.00	50,000	24.16	123.00
Forfeited during the year	2,91,600	238.22	153.86	3,98,942	224.25	127.55
Exercised during the year	4,00,400	152.57	58.78	1,18,200	19.98	54.03
Outstanding at the end of the year	1,88,800	125.60	156.13	8,30,800	495.40	110.65
Exercisable at the end of the year	1,29,800		171.68	7,32,200		106.17
Weighted average remaining contractual life (in years)	1.42		-	0.68		-

The weighted average market price of the Company's shares during the year ended March 31, 2014 was ₹143.62 per share (March 31, 2013 : ₹125.41 per share).

## Notes to Consolidated Accounts (Contd.)

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	2013-14	2012-13
Average risk free interest rate	8.49%	8.09%
Weighted average expected life of options granted (in years)	2.63	2.63
Expected dividend yield	5.37%	5.39%
Volatility (annualized) *	49.87%	63.82%
Weighted average market price (₹)	130.30	129.85
Exercise Price (₹)	119.00	123.00
Weighted average fair value of the options (₹)	41.98	48.31

\* 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, 2014			As at March 31, 2013		
	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	57,200	2.81	110.57	4,60,800	0.20	56.98
120 - 225	1,31,600	0.81	175.93	3,70,000	1.28	177.49

### 33. Related Party Disclosures

#### (a) Following is the list of Key Managerial Personnel

Name of the related party	Relationship
Rajiv C. Mody	Managing Director
Krishna J. Jhaveri	Whole Time Director
G. Venkatesh	Whole Time Director
Neeta S. Revankar	Whole Time Director and Chief Financial Officer
Anjan Lahiri (with effect from August 19, 2013)	Whole Time Director and Chief Executive Officer

#### (b) Remuneration paid to Key Managerial Personnel

Amount in ₹ lakhs

Name of the related party	Year Ended March 31, 2014	Year Ended March 31, 2013
Rajiv C. Mody	127.10	80.00
Krishna J. Jhaveri	40.35	42.30
G. Venkatesh	44.31	66.22
Neeta S. Revankar	88.58	65.00
Anjan Lahiri	61.83	-
<b>Total</b>	<b>362.17</b>	<b>253.52</b>

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Also refer note 30(d).

### 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.

## Notes to Consolidated Accounts (Contd.)

### (a) Business Segment Information

#### Segment Balance Sheet

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Segment Assets</b>		
Software Services	19,997.23	18,712.62
Software Products	1,257.92	1,435.15
Network Engineering Services	1,398.06	1,604.34
Automotive, Utilities & Industrial	392.56	628.18
Corporate Assets (Unallocated)	26,736.50	27,982.67
<b>Total</b>	<b>49,782.27</b>	<b>50,362.96</b>
<b>Segment Liabilities</b>		
Software Services	4,834.59	4,187.09
Software Products	243.00	59.42
Network Engineering Services	475.95	531.67
Automotive, Utilities & Industrial	181.22	280.39
Corporate Liabilities (Unallocated)	3,289.34	3,347.51
<b>Total</b>	<b>9,024.10</b>	<b>8,406.08</b>
<b>Capital Expenditure</b>		
Software Services	241.22	221.00
Software Products	0.31	1.51
Network Engineering Services	3.27	74.19
Automotive, Utilities & Industrial	0.82	0.14
Corporate and others (Unallocated)	237.25	274.03
<b>Total</b>	<b>482.87</b>	<b>570.87</b>

#### Segment Results

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>Revenues</b>		
Software Services	42,327.65	41,647.42
Software Products	1,922.91	2,744.38
Network Engineering Services	2,465.15	3,460.82
Automotive, Utilities & Industrial	215.10	226.77
<b>Gross Revenues</b>	<b>46,930.81</b>	<b>48,079.39</b>
Less: Inter Segmental Revenue	(1,127.88)	(596.31)
<b>Net Revenues</b>	<b>45,802.93</b>	<b>47,483.08</b>
<b>Segmental Profit</b>		
Software Services	10,984.10	8,306.84
Software Products	1,179.11	1,664.08
Network Engineering Services	550.08	628.49
Automotive, Utilities & Industrial	2.15	(22.71)
<b>Total</b>	<b>12,715.44</b>	<b>10,576.70</b>
<b>Less:</b>		
Corporate Expenses (Unallocated)	8,630.91	8,326.19
Profit from Operations	4,084.53	2,250.51
<b>Less: Finance Costs</b>	<b>20.25</b>	<b>41.34</b>
Add: Other Income including Exchange Gain / (Loss), net	3,152.97	1,763.70

## Notes to Consolidated Accounts (Contd.)

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>Profit Before Taxes</b>	<b>7,217.25</b>	<b>3,972.87</b>
Income Taxes	2,070.08	776.94
<b>Profit After Taxes</b>	<b>5,147.17</b>	<b>3,195.93</b>
<b>Other Information:</b>		
<b>Depreciation / Amortization</b>		
Software Services	935.48	1,143.97
Software Products	25.96	476.13
Network Engineering Services	95.13	116.26
Automotive, Utilities & Industrial	4.63	6.73
Unallocated Depreciation	193.02	198.36
<b>Total</b>	<b>1,254.22</b>	<b>1,941.45</b>

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.

### (b) Geographic Segment Information:

#### Revenues:

Amount in ₹ lakhs

Region	Year Ended March 31, 2014	Year Ended March 31, 2013
North America (including Canada)	15,041.88	11,338.85
Europe (including Middle East)	16,822.63	16,483.18
Asia Pacific (other than India)	3,996.24	5,487.39
India	9,942.18	14,173.66
<b>Total</b>	<b>45,802.93</b>	<b>47,483.08</b>

#### Assets:

Amount in ₹ lakhs

Region	As at March 31, 2014	As at March 31, 2013
North America (including Canada)	6,943.20	4,909.85
Europe (including Middle East)	5,486.75	11,959.42
Asia Pacific (other than India)	2,217.42	2,393.15
India	35,134.90	31,100.54
<b>Total</b>	<b>49,782.27</b>	<b>50,362.96</b>

#### Capital Expenditure:

Amount in ₹ lakhs

Region	As at March 31, 2014	As at March 31, 2013
North America (including Canada)	13.72	11.33
Europe (including Middle East)	96.09	87.43
Asia Pacific (other than India)	18.47	2.32
India	354.59	469.79
<b>Total</b>	<b>482.87</b>	<b>570.87</b>



## Notes to Consolidated Accounts (Contd.)

### 35. Research & Development

The Company's research and development unit at Chennai is 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, 2014	Year Ended March 31, 2013
Capital Expenditure	0.75	21.49
Revenue Expenditure	175.95	253.56

### 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, 2014	Year Ended March 31, 2013
Profit for computation of basic and diluted EPS	5,147.17	3,195.93
Weighted average number of shares considered for basic EPS	21,125,993	24,108,492
Add: Effect of stock options	141,664	247,116
Add: Effect of share application money	-	20,411
Weighted average number of shares considered for diluted EPS	21,267,657	24,376,019

37. Included in the revenue for the previous year is an item of royalty income of ₹880.52 lakhs in respect of Software Product License granted to a non-Indian Licensee, who has purportedly claimed non-usage of the licensed IPR after initial acceptance, which is being contested by the Company. Based on legal advice, the management is reasonably confident of collecting the dues from the customer for which necessary steps are being taken and hence no further adjustments are considered necessary at this stage.

### 38. Operating Lease

The Group has operating leases for office premises that are (a) renewable on a periodic basis and are cancelable by giving a notice period ranging from 1 month to 6 months and (b) renewable on a periodic basis and are non-cancelable 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, 2014	Year Ended March 31, 2013
Rent expenses included in Statement of Profit and Loss towards Operating Leases	1,101.32	2,000.55

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

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Due within one year of the Balance Sheet date	321.22	417.21
Due between one to five years	65.25	135.41
Due more than five years	-	-

### 39. Comparatives

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

As per our report of even date.

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

per Navin Agrawal  
Partner  
Membership No.: 56102

Place : Bangalore  
Date : April 25, 2014

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

Rajiv C. Mody  
Managing Director

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer

G. Venkatesh  
Whole Time Director

S. Prasad  
Company Secretary

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 Finland Oy	Sasken Inc.	Sasken Network Solutions Inc.
Financial year / period of the Subsidiary ended on	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
1. Holding Company's interest	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 500 Mexican Peso each fully paid up)		(20,197 equity shares of 1 Euro each fully paid up)	(22,50,000 equity shares of USD 0.01 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 holding company						
- For the financial year of the subsidiary	3,40,63,113	27,28,421	(2,09,99,924)	10,80,92,644	1,10,06,116	(57,46,619)
- For the previous financial year of the subsidiary since it became its subsidiary	5,41,50,419	(1,16,81,992)	1,29,87,869	2,29,72,202	(1,49,82,722)	24,08,975
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	-	-	-	-	-	-
- For the previous financial year of the subsidiary since it became its subsidiary	-	-	-	-	-	-
4. Capital	3,05,00,000	1,76,74,619	7,06,96,054	12,08,925	9,51,154	9,11,400

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 Finland Oy	Sasken Inc.	Sasken Network Solutions Inc.
Financial year / period of the Subsidiary ended on	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
5. Reserves	17,99,55,326	72,87,865	(3,04,45,449)	25,45,58,201	(16,05,28,374)	11,64,046
6. Total Assets	26,51,23,181	2,95,94,657	11,17,39,901	38,43,62,169	35,52,07,675	23,55,229
7. Total Liabilities	5,46,67,855	46,32,173	7,14,89,296	12,85,95,043	51,47,84,895	2,79,783
8. Details of Investments (except Investment in Subsidiary)	4,17,41,804	-	-	-	29,95,50,000	-
9. Turnover	27,85,39,870	-	8,10,36,036	66,17,12,041	21,84,31,876	3,49,29,434
10. Profit Before Taxation	4,86,54,919	27,28,421	(2,01,01,645)	13,58,96,924	1,04,43,603	(55,50,286)
11. Provision for Taxation	1,45,91,806	-	8,98,279	2,78,04,280	(5,62,513)	1,96,333
12. Profit After Taxation	3,40,63,113	27,28,421	(2,09,99,924)	10,80,92,644	1,10,06,116	(57,46,619)
13. Proposed Dividend	6,20,67,500	6,26,70,331	-	18,94,58,588	-	25,06,900
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, 2014 is provided below:-						
Local currency	INR	Pesos	CNY	Eur	USD	USD
Exchange rate as at March 31, 2014 to INR	1.000	4.579	9.743	82.268	59.910	59.910

Note: Refer Note 29(d) and 29(e) of Notes to consolidated financial statements for the year ended March 31, 2014.

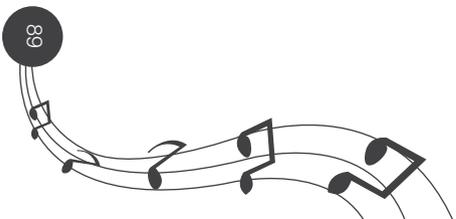
Rajiv C. Mody  
Managing Director

G. Venkatesh  
Whole Time Director

Place : Bangalore  
Date : April 25, 2014

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer

S. Prasad  
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.

### Company brief

With Product Development DNA at its core, Sasken has helped global leaders impel product development, commercialization, customization and maintenance. We are deeply entrenched in verticals like semiconductors, consumer electronics, smart devices, automotive electronics, enterprises and network equipment.

Recent trends like mobility, social media, cloud, analytics and other technologies have spurred Sasken to make segue into independent software vendors, insurance and retail industries. Today, our portfolio of offerings includes embedded R&D services, comprehensive testing services, IT infrastructure services and application development & data services.

### Outlook

According to the International Monetary Fund (IMF), the economic outlook for 2014-15 will improve, owing to the recovery of advanced economies. Data suggests that there has been a strong global growth since the second half of 2013 and will continue into 2014, buoyed by improved domestic demand in the developed economies and the Euro area turning the corner from recession to recovery.

Global Engineering R&D (ER&D) has witnessed a compounded annual growth rate of around 10% in the last couple of years, as estimated by NASSCOM and Booz & Co. the motivation for outsourcing ER&D services is much stronger than before and has moved from cost arbitrage to one of collaborative development. Access to talent, localization requirements, the need for an ecosystem to innovate and local market access drive many Trans National Corporations to both established local Global Innovation Centres and work with outsourced India partners for product development and engineering services. The verticals that have the highest propensity and maturity to outsource include automotive, consumer electronics, telecommunications and semiconductors.

### Business environment

In less than seven years, smart devices have infused a new dynamism in the market place. From being a personal device, they have become the hub for social and business interactions. The centrality of smart devices in our lives is only going to increase with the advent of wearables and the internet of things (IoT). Significant enhancements in several enabling technologies including processors, display, memory, imaging, sensors are expected to make future smart devices offer functionality seen as only desirable today become common place tomorrow.

The evolution of wireless networks and the robust application ecosystem will move smart devices well and truly beyond the realm of mobility. The upsurge in data traffic has resulted in wireless carriers investing in accelerating the deployment of 4G/LTE networks. The entrenchment of disruptive players who have cannibalized service provider revenue by offering Over the Top services has pushed the need for operators to explore new sources of revenue through greater value add.

Automotive electronics continues to be the innovation driver in the automotive industry. Without exception, auto majors are bringing to market, new products that enhance driver safety, passenger infotainment, navigation and connectivity. The automobile is increasingly being viewed as a 'network on wheels'. The convergence of technology is making it difficult to draw the line between smart devices and consumer electronic products. Software platforms such as Android flourish on any conceivable device category from smartphones, tablets, cameras, ruggedized devices, TVs and so on. Software has taken centre stage in the consumer electronic devices space where merely having sophisticated hardware is no longer sufficient. Without exception, consumer electronic products that win in the market place are supported by an application ecosystem. The integration of these devices as home and work to seamlessly share media, segregate personal and business content and comply with privacy and security norms will be the key development areas.

These trends largely auger well for a robust demand for engineering R&D service providers, an area in which we have been specializing for over two decades now. In addition, technology is increasingly being viewed as a business enabler that can significantly shape the way an enterprise creates and distributes its products and engages its employees and customers. The forces of digitization have emerged as a real game changer. Business boundaries have blurred and the ways in which enterprises create and appropriate value have changed beyond recognition. The nexus of these forces is transforming the IT landscape and placing new demands on the CIO. Therefore, we see the broad basing of our market canvas to address the IT space as most appropriately timed.

### Growth opportunities for Sasken

The global ER&D spending has been growing at a modest rate in the last five years despite an uncertain economic environment. The rapid churn in technology makes it necessary for companies to continually pursue innovation to retain their competitive edge in developed markets and gain entry into emerging markets. In addition to the traditional sectors like automotive, consumer electronics, telecommunications and semiconductors that have the highest propensity and requisite governance structures to outsource ER&D services, newer sectors like medical, energy and infrastructure are increasing their ER&D spends. What augers well for Sasken is ER&D spend is largely governed by trends such as increasing software content in products and the need to provide communications and connectivity as an integral part of multiple product categories. The convergence of technology has resulted in the ability to create smart devices that are multifunctional and have become the hub of all our social and business activities. All these pointers indicate as to why industry observers have revised upwards, the estimate of ER&D spending and off-shoring to India.



## Management Discussion and Analysis Report (Contd.)

Over the years, we have built a strong portfolio of offerings, invested in creating and constantly building on our domain competence. These investments will help us respond to the demands of customers who expect their partners to provide full product development capability to design from products. Sustenance and maintenance of existing product lines are critical services that have been traditionally outsourced. Our testing practice which has a suite of test assets including test automation frameworks will be an invaluable resource for companies seeking to optimize the cost of maximizing their investments through the product development lifecycle.

We are one of the early movers to identify technology as a key business enabler. We have a long history of strong linkages with academia and industry bodies. Our internal systems have matured to foster asset creation, knowledge sharing and continuous improvement. We have a number of initiatives that encourage our talent pool to keep pace with state-of-the-art technology by actively experimenting with technologies that will shape today and the future.

In the course of this financial year, we have judiciously identified and embarked upon a program to expand the portfolio of our offerings to cover IT services. We have attracted talent from the best in the industry to build a suite of offerings including application and data services and IT infrastructure services, especially targeted at independent software vendors and the retail and insurance industries.

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

- **Application and data services**  
Application and data are at the core of today's digital enterprise. We are building solutions for customer segments in the insurance and retail industries that will leverage our deep embedded and devices expertise. Our offerings will address the application lifecycle of development-transformation-sustenance. Enterprise architecture is a core capability within the practice, enabling us to envision robust, scalable and optimized solutions to our customers' problems. Our product development approach to enterprise IT will enable us to build next-generation enterprise applications for our customers.
- **IT infrastructure services**  
Today, IT occupies a key place in any enterprise and is increasingly seen as a business partner and not just a support function. However, the increase in complexity in the IT landscape, the coexistence of cutting edge and legacy systems has brought about immense pressure to the CIO organization. Given the fact that IT services and applications are mission critical, businesses cannot afford any outage in these systems. Sasken is building a portfolio of transformation, cloud based services, automation amongst others in the IT infrastructure space. We have a presence in telecom infrastructure domain and IT infrastructure business for several years through our subsidiary Sasken Network Engineering Ltd. which we will leverage. We are establishing Centers of Excellence (CoE) that showcases our competencies in the automation and cloud space.
- **Testing Services**  
Testing is termed to be "ITs Invisible giant" as it accounts for a fourth of IT Spend. Hyper competition is driving organizations to deliver systems and platforms to customers faster without any compromise on quality. As testing is a highly specialized function, we have established a CoE that is dedicated to the Software testing market. We are building on the wealth of experience we have obtained in successfully executing a range of testing services including, field and inter-operability testing (IOT), conformance, network simulation testing. Additionally, we have an automated test framework for Android Conformance Testing including application and system testing. Our Testing practise will add services like Cloud Based Testing, System and Product Testing. These services will cover the need of ER&D services, Independent Software Vendors and the Insurance and Retail Industries.

With these services, Sasken is well poised to gain customers who are independent software vendors, retail and insurance industries.

In summary, we are confident that we have the ability to be a mutually significant partner to customers seeking to engage with us for a broad spectrum of ER&D and IT Services. Our governance practices, flexible engagement models, domain competency and our ability to adapt are our key differentiators. We have executed projects of both strategic and tactical importance for over 100 customers so far. With a clearly articulated strategy and a team in place, Sasken is poised to address opportunities from a much larger and evolving canvas that includes both ER&D and IT services.

For a more detailed summary of the business segments we operate in, please refer to the Technology and Markets section.

### Financial results for the Year Ended March 31, 2014

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013		Increase / Decrease
	(In ₹ lakhs)	(%)	(In ₹ lakhs)	(%)	
<b>Revenue from Operations</b>	<b>45,802.93</b>	<b>100.0</b>	<b>47,483.08</b>	<b>100.0</b>	<b>-3.5</b>
Employee Benefits Expense	30,604.38	66.8	32,431.63	68.3	-5.6
Inventory Related Expenses	255.25	0.6	(9.00)	0.0	-2,936.1
Other Expenses	9,604.55	21.0	10,868.49	22.9	-11.6
Total Expenditure	40,464.18	88.3	43,291.12	91.2	-6.5
<b>Profit before Interest, Taxes, Depreciation and Amortization</b>	<b>5,338.75</b>	<b>11.7</b>	<b>4,191.96</b>	<b>8.8</b>	<b>27.4</b>
Interest & Borrowing Expenses	20.25	0.0	41.34	0.1	-51.0
Depreciation and Amortization Expense	1,254.22	2.7	1,941.45	4.1	-35.4
Other Income	3,152.97	6.9	1,763.70	3.7	78.8
<b>Profit before Taxes</b>	<b>7,217.25</b>	<b>15.8</b>	<b>3,972.87</b>	<b>8.4</b>	<b>81.7</b>
Income Tax Expense (Including deferred tax benefit and MAT credit entitlement)	2,070.08	4.5	776.94	1.6	166.4
<b>Net profit for the year</b>	<b>5,147.17</b>	<b>11.2</b>	<b>3,195.93</b>	<b>6.7</b>	<b>61.1</b>

## Management Discussion and Analysis Report (Contd.)

### Revenue from Operations

Consolidated revenues for FY 2014 were ₹45,802.93 lakhs, a decrease of 3.5%, from ₹47,483.08 lakhs in FY 2013.

Software Services revenues, Network Engineering Services revenues, Software Product revenues and Automotive, Utilities and Industrial revenues net off inter segmental revenues were ₹41,207.61 lakhs, ₹2,457.29 lakhs, ₹1,922.91 lakhs and ₹215.12 lakhs respectively, for FY 2014.

In FY 2014, in INR terms, Services revenue contributed 95.3% of the overall revenues. It was at ₹43,664.90 lakhs as against ₹44,511.94 in FY 2013, lower by 1.9%.

The services revenue by project type is as follows:

Particulars	In %	
	FY 2014	FY 2013
Time and Material	80.2	77.5
Fixed Price	19.8	22.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

As some large ownership projects have come to a closure in the current year, the proportion of fixed price projects has reduced compared to previous year.

Services revenue (including Network Engineering segment) derived from services performed in development centers and customer locations in India are categorized as offshore revenues and revenues from other locations are categorized as onsite revenues. During the year, the proportion of onsite work has been increased with a view to improve collaborative efforts with the customer. The offshore-onsite mix of revenues was as follows:

Particulars	In %	
	FY 2014	FY 2013
Onsite	41.8	31.8
Offshore	58.2	68.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

In FY 2014, in INR terms, software product revenue contributed 4.2% of the overall revenues. It was at ₹1,922.91 lakhs as against ₹2,744.38 lakhs in FY 2013, lower by 29.9%

Details of software product revenue was as follows:

Particulars	In %	
	FY 2014	FY 2013
License fees	10.4	32.3
Royalties	33.3	63.1
Customization	56.3	4.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Product revenues are generally not predictable and significantly dependent on shipment volumes of devices of our customers.

### Employee benefits expenses

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

The total employee costs for FY 2014 were ₹30,604.38 lakhs compared to ₹32,431.63 lakhs in FY 2013- lower by ₹1,827.25 lakhs. In percentage terms, the cost in FY 2014 is 66.8% of revenues, as against 68.3% in the earlier year.

The employee benefits cost has been lower in the current year as compared to previous year on account of lower headcount. Further though the rupee depreciated by 10.3% during the year, the benefit of rupee depreciation is offset by increases in compensation and significant investments in leadership team during the later part of the financial year. The employee strength at the end of FY 2014 was at 1,906, which was lower by 385 employees as compared to FY 2013 end. We had taken a conscious decision to monitor the demand, utilization levels, and appropriately accelerate hiring to ensure we are able to service all business requirements.

Employee stock option compensation cost (net) for the current year has been lower than last year on account of lower amortization rate and reduction in the outstanding options as some of them lapsed with efflux of time, without being exercised.

## Management Discussion and Analysis Report (Contd.)

### 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.

In FY 2014, inventory related expenses are higher as compared to FY 2013 on account of consumption of inventory towards completion of some of the large fixed price ownership projects.

### Other expenses

Other expenses for FY 2014 were ₹9,604.55 lakhs as against ₹10,868.49 lakhs for FY 2013 - an decrease of ₹1,263.94 lakhs.

During the year, we had consolidated some of the facilities to improve the space utilization, resulting in overall reduction in facility cost as compared to last year. However, the savings on account of this has been negated as there has been an increase in legal expenses in the current year on account of an ongoing litigation. This litigation relates to one of our non - Indian licensees having breached its obligations in the prior year, inter alia, to report shipment and royalty numbers and to pay for the same. The said licensee has claimed non - usage of licensed IPR, while it continues to use the same. Break up of other expenses into major head is as follows:

Amount in ₹ lakhs

Particulars	FY 2014	FY 2013
Facility costs	2,772.06	4,002.76
Outsourcing & Consultancy costs	3,440.93	2,795.22
Travel costs	1,774.77	2,287.75
Communication & IT costs	713.61	775.00
Training costs	208.47	261.19
Other costs	694.71	746.57
<b>Total</b>	<b>9,604.55</b>	<b>10,868.49</b>

### Interest & Borrowing expenses

ConnectM, which is a Joint Venture of Saskaen has borrowed from SVB Finance India Pvt. Limited, which is a Non Banking Finance Company (NBFC). The interest expense relates to interest on secured long term borrowing from this NBFC.

### Depreciation and amortization expense

Depreciation and amortization charge has decreased to ₹1,254.22 lakhs in FY 2014 from ₹1,941.45 lakhs in FY 2013. The depreciation has been lower as certain assets including intangible assets have reached the end of useful life.

### Other Income

Other Income comprises of Interest earned on Fixed Deposits, Dividend on Mutual Funds including FMPS, Gain on sale of Investments, profit on sale of fixed assets, write back of unclaimed balances and provisions, exchange gains and other miscellaneous receipts.

Other income was ₹3,152.97 lakhs in FY 2014, an increase of ₹1,389.27 lakhs over the other income in FY 2013 amounting to ₹1,763.70 lakhs. This increase is mainly on account of the volatile exchange rates in FY 2014, net exchange gains, were higher by ₹1,263.50 lakhs as compared to FY 2013. This increase is mainly on account of

- the favorable exchange rates due to depreciation of rupee against US Dollar in the current year
- realization of dividend declared by subsidiaries from accumulated profits, at an exchange rate higher than at which they were earned. This is a non regular event and occurs when there is significant difference in the exchange rate at which the profit is earned and repatriated from overseas subsidiaries.

We use a combination of foreign exchange forward contracts and foreign exchange options to hedge our exposure to movements in foreign exchange rates. 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.

Returns from our treasury investments in FY 2014 have been ₹1,085.80 lakhs, higher by ₹55.20 lakhs as compared to FY 2013.

### 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 income tax expense was ₹2,070.08 lakhs in FY 2014, an increase of ₹1,293.14 lakhs as compared to the tax expense of ₹776.94 lakhs in FY 2013. The tax charges are higher in the current year, due to improved profitability, lower tax exemption for one of the SEZ on completing 5 years and tax on dividends received from overseas subsidiaries.

### Profit after taxation

Consolidated Profit After Tax (PAT) has increased by 61.1%, to ₹5,147.17 lakhs in FY 2014 from ₹3,195.93 lakhs in FY 2013. In absolute terms, the PAT increased by ₹1,951.24 lakhs in FY 2014. The PAT margins for FY 2014 were 11.2% as against 6.7% in FY 2013.

## Management Discussion and Analysis Report (Contd.)

	FY14 (Amount in ₹ lakhs)	FY13 (Amount in ₹ lakhs)	Change over YTD FY13 (%)
<b>Revenues</b>	<b>45,802.93</b>	<b>47,483.08</b>	<b>-3.5</b>
Services	43,664.91	44,511.94	-1.9
Products	1,922.91	2,744.37	-29.9
Automotive, Utilities and Industrial	215.11	226.77	-5.1
<b>EBITDA</b>	<b>5,338.75</b>	<b>4,191.33</b>	<b>-27.4</b>
Services	5,929.45	3,057.63	93.9
Products	(520.07)	1,285.08	-140.5
Automotive, Utilities and Industrial	(70.63)	(151.38)	-53.3
<b>EBITDA %</b>	<b>11.7%</b>	<b>8.9%</b>	<b>-</b>
Services	13.6%	6.9%	-
Products	-27.0%	46.8%	-
Automotive, Utilities and Industrial	-32.8%	-66.8%	-

EBITDA margins from Services business, in the current year, were 13.6% as against 6.9% in FY 2013. The increase in margins in FY 2014 was due to significant churn in the revenue volumes. Our services utilization has improved from 69.5% in Q4 FY 2013 to 75.0% in Q4 FY 2014. Interventions in the resource management process, favorable exchange rates and appropriate measures taken to control other expenses has helped us improve.

EBITDA margins from Software products, in the current year, decreased to -27.0% from 46.8% in FY 2013. The investments in to newer products have been minimal and the royalty from existing software products have gradually declined over time.

### Financial Position

Particulars	As at March 31, 2014		As at March 31, 2013	
	(In ₹ lakhs)	(%)	(In ₹ lakhs)	(%)
<b>EQUITY AND LIABILITIES</b>				
1. Shareholders' Funds				
(i) Share Capital	2,127.76	4.3	2,095.99	4.2
(ii) Reserves and Surplus	38,269.66	76.9	39,830.73	79.1
(iii) Money received against share warrants	360.75	0.7	-	0.0
2. Share application money pending allotment	-	0.0	30.16	0.1
3. Non - Current Liabilities				
(i) Long Term Borrowings	-	0.0	92.58	0.2
(ii) Long Term Provisions	770.97	1.5	706.26	1.4
4. Current Liabilities and Provisions				
(i) Trade Payables	2,632.58	5.3	2,706.35	5.4
(ii) Other Current Liabilities	1,695.39	3.4	1,409.87	2.8
(iii) Short Term Provisions	3,925.16	7.9	3,491.02	6.9
<b>Total</b>	<b>49,782.27</b>	<b>100.0</b>	<b>50,362.96</b>	<b>100.0</b>
<b>ASSETS</b>				
1. Non - Current Assets				
(i) Net Fixed Assets including Capital Work-in-Progress	12,686.10	25.5	12,290.65	24.4
(ii) Non Current Investments	2,995.50	6.0	2,307.75	4.6
(iii) Deferred Tax Assets (net)	1,117.71	2.2	1,088.91	2.2
(iv) Long Term Loans and Advances	5,707.26	11.5	5,789.69	11.5
(v) Other Non Current Assets	93.46	0.2	166.16	0.3
2. Current Assets				
(i) Current Investments	10,355.46	20.8	11,606.50	23.0
(ii) Inventories	209.39	0.4	345.42	0.7
(iii) Trade Receivables	9,276.07	18.6	9,023.67	17.9
(iv) Cash and Bank Balances	3,406.30	6.8	3,291.73	6.5
(v) Short Term Loans and Advances	1,795.44	3.6	1,788.07	3.6
(vi) Other Current Assets	2,139.58	4.3	2,664.41	5.3
<b>Total</b>	<b>49,782.27</b>	<b>100.0</b>	<b>50,362.96</b>	<b>100.0</b>



## Management Discussion and Analysis Report (Contd.)

### 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, 2014 were 2,12,77,573 and these are fully paid up. The issued, subscribed and paid up capital as on March 31, 2014 stood at ₹2,127.76 lakhs, higher by ₹31.77 lakhs as compared to March 31, 2013.

Based on shareholders' approval on April 23, 2012 and pursuant to the Public Announcement dated April 25, 2012, the Company had commenced the Buy-back of equity shares from May 21, 2012. During the year ended March 31, 2014, the Company has bought back 1,35,903 shares at an average price of ₹143.96 per share utilizing a sum of ₹195.65 lakhs (excluding brokerage and other applicable taxes). This scheme was closed due to efflux of time on April 22, 2013.

#### Reserves and Surplus

Reserves and Surplus as at March 31, 2014 was ₹38,269.66 lakhs as against ₹39,830.73 lakhs as at March 31, 2013, decrease of ₹1,561.07 lakhs. This decrease over the last year is due to the following movements:

1. On account of buy-back of shares, ₹13.59 lakhs has been credited to capital redemption reserve towards the face value of 1,35,903 shares of ₹10/- each by way of appropriation against General Reserve.
2. During FY 2014, securities premium was utilized to the extent of ₹182.06 lakhs, for the purpose of buy-back of shares. Also securities premium increased by ₹372.73 lakhs on issue of shares on exercise of options by employees.
3. The employee stock option outstanding (net of deferred compensation cost) stood at ₹110.64 lakhs as at March 31, 2014. During FY 2014, the Company issued 50,000 options, which have a vesting period of ranging from one year to three years, at an average exercise price of ₹119.00 per share. Further, during the year while 4,00,400 options were exercised, 2,91,600 options have been lapsed and forfeited.
4. Increase in General Reserve of ₹599.79 lakhs at the end of FY 2014, is due to transfer from Profit and Loss account.
5. Closing balance of hedging reserve as at March 31, 2014 showed a gain of ₹338.53 lakhs as against a gain of ₹216.75 lakhs as at March 31, 2013. 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'.
6. Decrease in Profit & Loss account balance by ₹3,006.83 lakhs due to profit for the year as reduced by appropriations towards dividend and transfer to General Reserve. The balance retained in the Profit and Loss account as at March 31, 2014 was ₹25,970.49 lakhs after providing the interim dividend of ₹5,840.56 lakhs, proposed final dividend of ₹957.49 lakhs and dividend tax of ₹731.15 lakhs.

#### Money received against share warrants

On November 18, 2013, the Company allotted 12,00,000 convertible warrants to Ms. Ira Bhaduri in her capacity as Trustee of Lahiri Family Trust, of which Mr. Anjan Lahiri, Whole-time Director and CEO of the Company, is the Managing Trustee, on a preferential basis on such terms and conditions as contained in the Special Resolution passed by the Company through Postal Ballot on November 8, 2013. The warrant expires at the end of 18 months from the date of issue. The allottee shall be entitled for one equity share of ₹10 each of the Company for each such warrant at a price of ₹120.25 per warrant. As per the terms of allotment, 25% of the application money has been paid, which has been recorded as "Money received against share warrants" and on payment of the remaining 75% of consideration, proportionate number of shares will be allotted.

#### 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 Company 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 made, representing 1.5% of the Balance Sheet, were at ₹770.97 lakhs as at March 31, 2014, as against ₹706.26 lakhs as at March 31, 2013. The increase is mainly on account of the higher provisions towards long term employee benefits, due to changes in the interest rates, etc.

#### Trade Payables

Trade payables includes amount due on account of goods purchased or services received in the normal course of business.

As at March 31, 2014, Trade payables representing 5.3% of the Balance Sheet, were at ₹2,632.58 lakhs, as against ₹2,706.35 lakhs as at March 31, 2013. The reduction in the trade payables is mainly on account of change in size of operations and rationalization of facilities.

#### 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 consist primarily of advance billings on customers for fixed price contracts, for related costs are yet to be incurred. Advance received from customers represents amount received for customers for the delivery of services in future. Unpaid dividend represents dividend paid, but not encashed by shareholders and is 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.



## Management Discussion and Analysis Report (Contd.)

Other current liabilities constituting 3.4% of the Balance Sheet, as at March 31, 2014 were at ₹1,695.39 lakhs, as against ₹1,409.87 lakhs as at March 31, 2013. The increase in current liabilities is mainly on account of increase in deferred revenues and statutory liabilities at the end of the 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 7.9% of the Balance Sheet, and as at March 31, 2014 were at ₹3,925.16 lakhs as against ₹3,491.02 lakhs as at March 31, 2013. Provisions made towards tenure based incentive plans and warranty provisions on ownership projects delivered during the year has resulted in increase of short term provisions in 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 25.5% of the total assets. The Fixed Assets, as at March 31, 2014, were at ₹12,686.10 lakhs as against ₹12,290.65 lakhs as at March 31, 2013.

Additions to fixed assets during FY 2014 were ₹515.59 lakhs mainly on account of investments in computing equipment and software. During the year, we deducted ₹2,019.98 lakhs (March 31, 2013: ₹1,164.40 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. Investments which the management intends to hold for a period more than one year from the Balance Sheet date are classified as non-current investments. Under this category, Sasken has made several strategic investments aimed at procuring business benefits and operation efficiencies.

The non-current investments, representing 6.0% of the total assets, were ₹2,995.50 lakhs, as at March 31, 2014 as against ₹2,307.75 lakhs as at March 31, 2013. The non-current investment is primarily the investment in Omni Capital Fund LLP, a limited liability partnership in USA. During FY 2014, further investment US\$ 0.75 million was made in Omni Capital Fund LLP taking the total investment as at March 31, 2014 to US \$ 5.00 million.

#### Deferred Tax Assets (net)

Deferred income taxes represent 2.2% of total assets. This reflects the tax impact of timing differences between taxable income and accounting income for the year and reversal of tax due to 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, 2014 were ₹1,117.71 lakhs as against ₹1,088.91 lakhs as at March 31, 2013, an increase of ₹28.80 lakhs. The increase in deferred tax assets in FY 2014 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 and advances which are non-current and not expected to be settled within twelve months from the Balance Sheet date has been classified as long term loans & advances. This represents 11.5% of the Balance Sheet, and as at March 31, 2014 was ₹5,707.26 lakhs, as against ₹5,789.69 lakhs as at March 31, 2013, an decrease of ₹82.43 lakhs. The decrease is primarily due to reduced security deposits on facilities offset by increase in balances with Government Authorities.

#### 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 0.2% of the total assets, and as at March 31, 2014 was at ₹93.46 lakhs, as against ₹166.16 lakhs as at March 31, 2013, a decrease of ₹72.70 lakhs. This decrease pertains to decrease in ConnectM's long term trade receivables.

#### Current Investments

Investment in treasury products which are readily realizable, and that are intended to be held for not more than a year are classified under this head. These investments, representing 20.8% of the total assets, were ₹10,355.46 lakhs, as at March 31, 2014 as against ₹11,606.50 lakhs, as at March 31, 2013.



## Management Discussion and Analysis Report (Contd.)

The guiding principle of the Company's treasury investment is safety, liquidity and return. The Company deploys its surplus funds primarily in debt mutual funds and bank fixed deposits. The breakup of current investments in mutual fund by plan type is as follows:

In %

Particulars	As on March 31, 2014	As on March 31, 2013
Fixed Maturity Plan	47.6	6.9
Medium Term Plan	0.0	9.4
Short Term Plan	0.0	56.1
Income Plan	0.0	25.0
Liquid Plan	52.4	0.0
Ultra Short Term Plan	0.0	2.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

During FY 2014 the composition of the investments has undergone change considering rate of returns on various instruments in the current market scenario. To celebrate our 25th year since incorporation, special dividend of ₹25.00 per equity share of face value ₹10 was paid in two tranches, viz. in October, 2013 and January 2014 as a result, the surplus available for investment reduced during the second half of the year.

### Inventories

Inventories, which are 0.4% 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, 2014 was at ₹209.39 lakhs, as against ₹345.42 lakhs as at March 31, 2013. The Work-in-Progress will be charged off to Profit and 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, 2014 was at ₹61.91 lakhs, as against ₹60.06 lakhs as at March 31, 2013.

### Trade Receivables

Trade receivables, representing 18.6% of the total assets, as at March 31, 2014 were at ₹9,276.07 lakhs as against ₹9,023.67 lakhs as at March 31, 2013. We periodically review the quality of receivables and make provision where necessary. Accordingly, the provisions for doubtful debts as at March 31, 2014 were ₹153.08 lakhs.

Trade receivables including long term trade receivables were 72 days (March 31, 2013: 73 days) in terms of days of sales outstanding (DSO) as at March 31, 2014.

### Cash and Bank Balances

Cash and Bank balances, representing 6.9% of the total assets, as at March 31, 2014 were at ₹3,406.30 lakhs, as against ₹3,291.73 lakhs as at March 31, 2013. 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.

Amount in ₹ lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Cash in Hand	1.91	1.88
With Indian Banks		
In Current Accounts	1,508.30	1,315.88
Others	112.06	82.07
With Foreign Banks (including Remittance in Transit)	1,784.03	1,891.90
<b>Cash and Bank Balances</b>	<b>3,406.30</b>	<b>3,291.73</b>

### Short Term Loans and Advances

Loans and advances consist of security deposits, prepaid expenses, advance to employees and suppliers, balances with Government Authorities. This represents 3.6% of the Balance Sheet, and as at March 31, 2014 was ₹1,795.44 lakhs, as against ₹1,788.07 lakhs as at March 31, 2013, an increase of ₹7.37 lakhs. Decrease in security deposit on facilities has been offset by increase on discount on forward covers.

### Other Current Assets

This represents interest accrued on fixed deposits and unbilled revenue and these constitute 4.3% 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. In line with our endeavor to improve our working capital, unbilled revenues is lower by ₹524.83 lakhs in FY 2014 as compared FY 2013.

### Threats, Risks and Concerns

#### Business Risks

We are in a highly competitive environment as several companies vie for market share in the attractive software 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. Increase in employment costs

## Management Discussion and Analysis Report (Contd.)

in developing economies exerts pressure on operating margins. Mobility of global workforce on account of immigration restrictions in key markets is another challenge faced by the industry. 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 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. 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 Group ensures that the employees, clients, prospects, subcontractors, advisors, consultants, vendors, prospective investors who are exposed to any of the confidential information of Sasken, are contractually bound to keep it confidential.

#### Contracting Process 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 customer/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 revenues are derived from its global customers and are generally denominated in US Dollars and Euros. Large portion of the delivery center of the Company 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 2014, rupee continued to be volatile and depreciated against all major currencies. The rupee depreciated by 10.3% against USD and 18.3% against Euro from March 31, 2013 till March 31, 2014. The rupee closed at ₹59.91 to a US Dollar for FY 2014.

With 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.

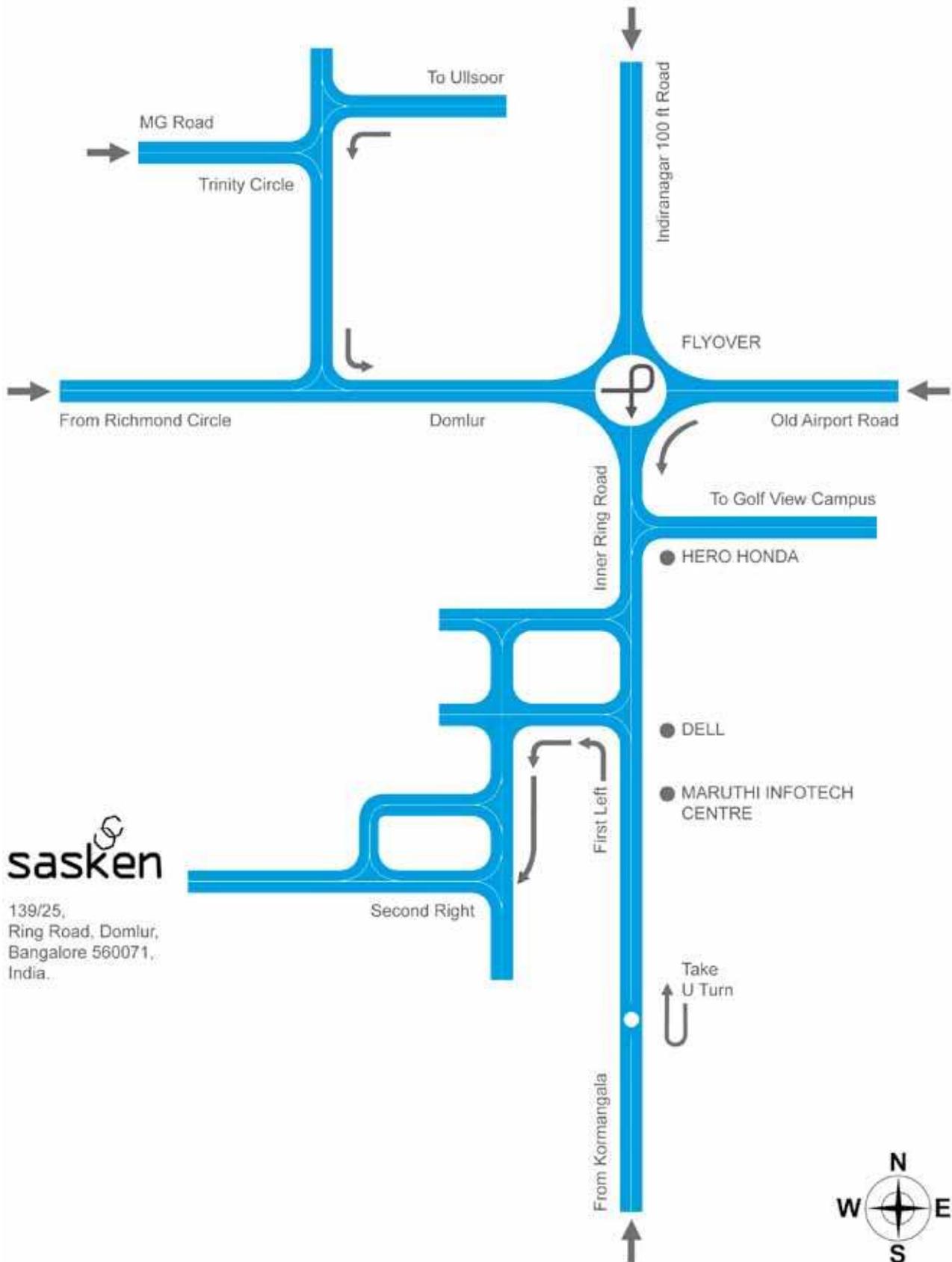
##### Liquidity Risk

The Board reviews the liquidity position periodically and determines the need for infusion of equity and debt capital into the business. The Company and its subsidiaries have 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 CXO's.

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 has been reported to the Audit Committee and the Company's Statutory Auditors.



**sasken**

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