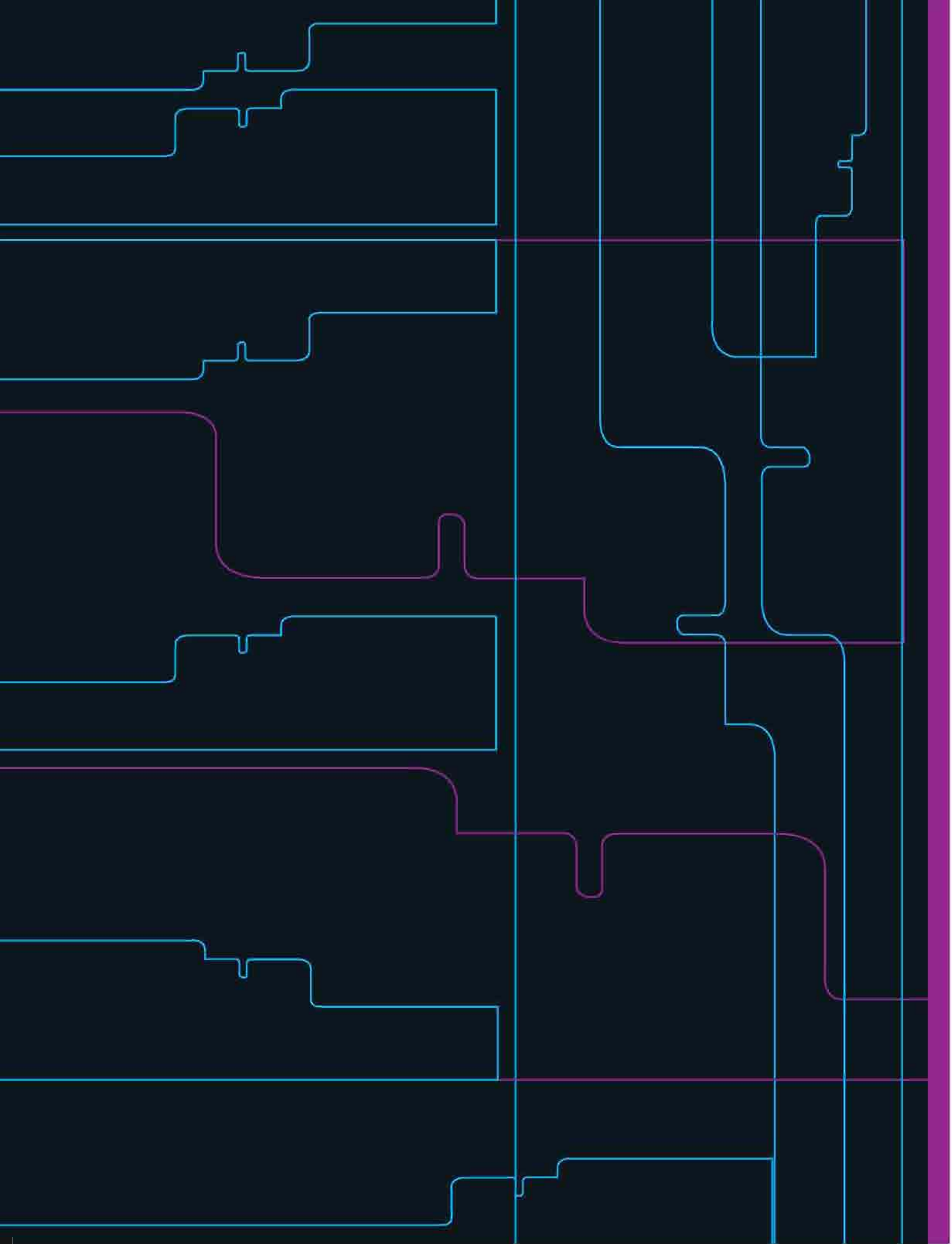
Seeing the unseen

sasken

ANNUAL REPORT 2008-2009



In the technology universe, ‘innovation’ is a largely ambiguous term. It is often interpreted to be the result of a bolt of inspiration that strikes when one is idly staring into the blue. Or a product of genius that is the sanctified domain of the few.

What is more truer, is that it is the consequence of curiosity, stubborn commitment and a sharp insight into the subject under study.

It is the ability to see the simple in the complex.
To distinguish forms in the abstract. To make connections between seemingly random objects and create something new. This is the true nature of innovation. And in the increasingly complex world of communications technology, it is this skill that results in tangible solutions that customers can use and benefit from.

At Sasken we pride ourselves on our ability to see links between relatively different spaces and consistently deliver solutions that are at the forefront of technology, that change the market dynamic, and in doing so, shape the very future of communication.

It’s about finding a way where there doesn’t appear to be any

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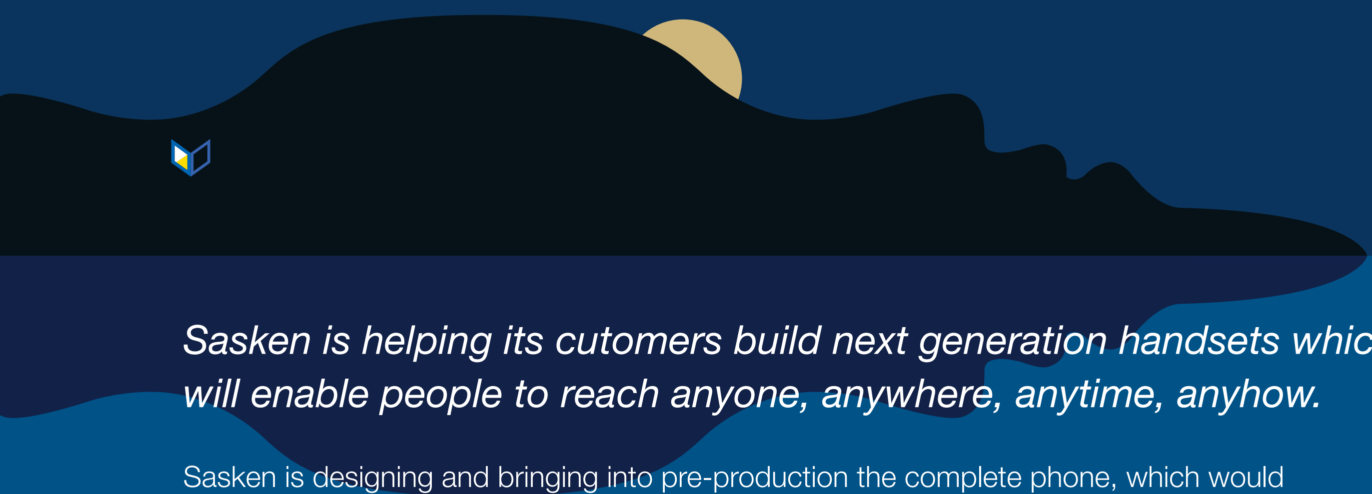
It’s recognising boundaries and then ensuring there aren’t any

The only boundaries that exist are the ones we recognise and accept. They are both a point of arrival and departure. Where old ideas come to a stop and new ones take off, eventually setting standards that turn into the next boundary to be crossed. At Sasken, it is the ability to do precisely this that we revel and take great satisfaction from.



Sasken is helping its cutomers build next generation handsets which will enable people to reach anyone, anywhere, anytime, anyhow.

Sasken is designing and bringing into pre-production the complete phone, which would include the hardware component comprising design, development & testing of antenna, RF and its mechanical elements along with the software component comprising protocol stacks, application framework and test lab offerings.

We are the first Indian company to be involved from the design phase up to producing pre-production units.

Satellite communication is an extension of the communication space and Sasken's pure play telecommunication strategy makes it a leading player delivering next generation solutions in this area. The new phone will offer voice services to remote parts of the world and the target customer segment will include field and aid operations, and other private and government agencies, in effect giving them reach and capability throughout the world.

Board of Directors

Mr. Rajiv C. Mody	Chairman and Managing Director
Dr. G. Venkatesh	Whole Time Director
Mr. Krishna J. Jhaveri	Whole Time 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. Pranabh D. Mody	Director
Mr. Sanjay M. Shah	Director
Mr. Bharat P. Mehta	Alternate Director to Mr. J. B. Mody

Committees of the Board

Audit Committee

Mr. Bansi S. Mehta	Chairman
Prof. J. Ramachandran	Member
Dr. Ashok Jhunjhunwala	Member
Mr. Pranabh D. Mody	Member

Compensation Committee

Prof. J. Ramachandran	Chairman
Dr. Ashok Jhunjhunwala	Member
Mr. Pranabh D. Mody	Member

Share Transfer and Investor Grievance Committee

Prof. J. Ramachandran	Chairman
Mr. Rajiv C. Mody	Member
Dr. G. Venkatesh	Member

Enterprise Management and Governance Leadership Team

Mr. Rajiv C. Mody	Chairman and Chief Executive Officer
Dr. G. Venkatesh	CTO, Head World-wide Delivery and Capability
Ms. Neeta S. Revankar	CFO and Global Head - HR, IT and Admin.

CFO and Global Head - HR, IT and Administration

Ms. Neeta S. Revankar

Company Secretary & Compliance Officer

Mr. R. Vittal

Statutory Auditors

S.R. Batliboi & Co.
Chartered Accountants

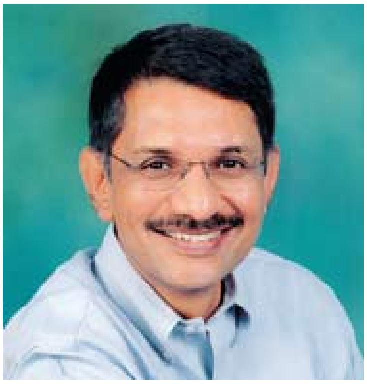
Bankers

Citibank N.A.
HDFC
Union Bank of India

Registered and Corporate Office

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

Letter to Shareholders



Rajiv C. Mody
Chairman & Managing Director

Dear Shareholder,

The past financial year posed the most significant challenge for us that most of us have seen in our lifetimes. All our key customers were significantly impacted by the economic downturn and this resulted in them tightening their R&D budgets which we depend on for our growth. While we reset our growth expectations, we would like to emphasize that your company has a strong DNA of being a pure play solutions provider in the communications sector. Our strong management and operational team will enable us to rebound quickly as we have done in the past by leveraging our long standing strategic relationships with our marquee customers.

Over the past year, network equipment manufacturers have continued to struggle in the wake of pressures on reduced share of network equipment spend by operators. As you are perhaps aware, Nortel, one of our top 5 customers has filed for creditor protection in US, Europe and Canada. In the near term, we have not been impacted by this due to the criticality of the services that we provide them. The short term challenges on the Networks business, notwithstanding, evolution of wireless networks to 3G/4G and LTE / WiMax etc. continue to be attractive for potential business opportunities in the near to medium term and we are making investments in these technologies to grow our Network offerings. Sasken is working on solutions that enable networking vendors to reduce capex and opex for their customers by deploying efficient technology solutions.

On the handset and semiconductor side, there are early signs of the market stabilizing and some opportunities are opening up. We have added customers with projects in new technology areas including Bluetooth, Mobile internet & Web runtime, antenna design and the Android platform, while continuing to strengthen our position in satellite communications segment given our IP and expertise in the mobile handset space.

The past year was a mixed bag for us on the handset side. While on the positive side we posted a 30% growth over FY 08, one of our key tier 1 customers made decisions on their product line that impacted us significantly. Motorola decided to exit the Symbian platform and this had significant volume impact for us. We expanded our set of offerings with a leading handset vendor by offering field testing solutions. The past year has seen a dramatic improvement in mobile browsers, and the range of content available for mobile devices. But the ability to quickly and easily search, discover, organize and navigate all of this content will be an exciting area over the next couple of years. With a view to exploit this trend, we are making some investments in this area which should yield results in the coming quarters.

On the semiconductor business front, we have acquired two key Tier 1 customers for our ICDS and software services offering and migrated one of our existing relationship to a full fledged offshore development centre. We expanded on our IC Design offering for a key semiconductor tier 1 vendor and are now offering software services for this vendor.

Sasken has been granted accreditation by the National Accreditation Board for Testing and Calibration laboratories (NABL) for the Electronics Testing Laboratory in accordance with ISO/IEC standards.

Letter to Shareholders *(Contd.)*

On the products side of the business, we continue to build on our successes in the Japanese market and our models are the latest in the lineup of rich media phones which have been well received by the discerning and demanding Japanese consumer.

In the last quarter, Sasken closed a deal with a leading mobile satellite communications provider to develop the next generation global dual-mode satellite phone. This engagement will be one of the largest projects that we have executed till date and will position us to deliver the complete phone design that would include hardware and antenna design, development and testing, software development comprising protocol stacks, application framework and test lab offerings. The new phone will offer voice and data services to remote parts of the world. The phone will evince interest from operators, private and government agencies who need global reach. This engagement also marks a first for an Indian company to be completely responsible for production ready design of complex terminals involving extensive hardware and software capabilities.

We completed the acquisition and integration of a 35 member R&D team of Nokia based in Bochum, Germany. This team has added certain key competencies for us on the handset side that positions us favourably with our leading customers. To increase traction with a key handset vendor, we have created a proximity centre in Beijing and we are continuing to align with their global delivery model. We continue to see the benefits of our proximity centers in Mexico, Finland and Germany. There are however challenges that we continue to work on pertaining to hardware business. We are making all efforts through our multi site strategy, focusing on creating and delivering cost optimal solutions.

Sasken has believed in striking the right balance to the commitments made to all stakeholders, viz, customers, employees and investors. Given the volatile and challenging environment, we wanted to ensure that as an organization we fortify ourselves suitably to overcome the challenges that we are beginning to face in our business. Over the last six months, we have taken several steps to control costs and make the organization agile.

We have restructured the organization to enhance the efficiencies and utilization of organization resources in line with the tough market conditions prevailing. We believe this will enable us to continue to focus on our ability to connect the dots in the communication value chain and provide robust end to end customer solutions aligned with our customer's strategic imperative to realize more value out of their investments.

Due to a slowdown in the automotive segment and keeping the current environment in mind both Sasken and TACO have decided to discontinue further investments and close down the joint venture TACO-Sasken.

We are glad to announce that CRISIL has assigned a rating of 'P1+' to the short-term bank facilities of Sasken. The rating reflects our comfortable financial risk profile marked by a low gearing, healthy debt protection measures and strong financial flexibility; and its established position in the telecom software services and products market.

In conclusion, I wish to state that we stay committed to the communication space and will go deeper penetrating more customers and I am confident that our pure play telecommunication strategy will place us ahead of our competitors and help us grow under stiff market conditions. I thank you all for your support and confidence in the Sasken management team.

Thanking you,

Rajiv C. Mody
Chairman & Managing Director

PeopleFirst

One Global family

Sasken has completed 20 years of its existence in the software industry. In this journey, Sasken has enriched the lives of several professionals from across the world. With over 3000 employees on board at the end of FY 2009, Sasken workforce comprises truly a global mix with people from Americas, Europe, Asia and other regions across the globe.

Driving Performance, Leanness & Agility

Following cues from a weak global economy, and shrinking business, Sasken took several steps to ensure efficient business operations. For a company that has been known for its people friendly culture, these actions were difficult ones albeit necessary from the perspective of ensuring organizational performance and longevity.

The organization structure was optimized, starting from the top. Thereafter, there was leadership consolidation, with leaders taking on larger roles. A part of the fixed salary was replaced with variable pay, thereby contributing to building a Performance Driven culture.

The staff composition was reviewed and optimized based upon a roadmap of the skills and competencies that would be required to meet the growth opportunities and all investments with regard to Learning & Development and Recruitment were channelized based on this roadmap. All employees gave up a part of their leave entitlement. Certain benefits were reviewed and brought in line with what was affordable in these difficult times.

Clearly, the organization showed its resilience, in these turbulent times.

Internal Communication

During these turbulent times with all actions appearing to be negatively impacting its employees, Sasken stepped up its Internal Communication initiatives with a clear focus to increase employee engagement and keep them well informed. CXO Speaks, a monthly newsletter, is one of the many mediums effectively used to keep our employees informed of the various steps that were being taken by our CXOs/ Leaders on a month-to-month basis to ensure the organization's viability and health.

Bottom-Up communication opportunities for employees were also increased and a number of internal surveys were rolled out, including opportunities for employees to share their moods and concerns via a tool called the Mood-o-Meter.

"KenPal", an Employee Assistance Program (EAP) that Sasken provides with the help of a third party vendor to offer free professional counseling for its employees, was also available for our employees during these tumultuous times.

Learning

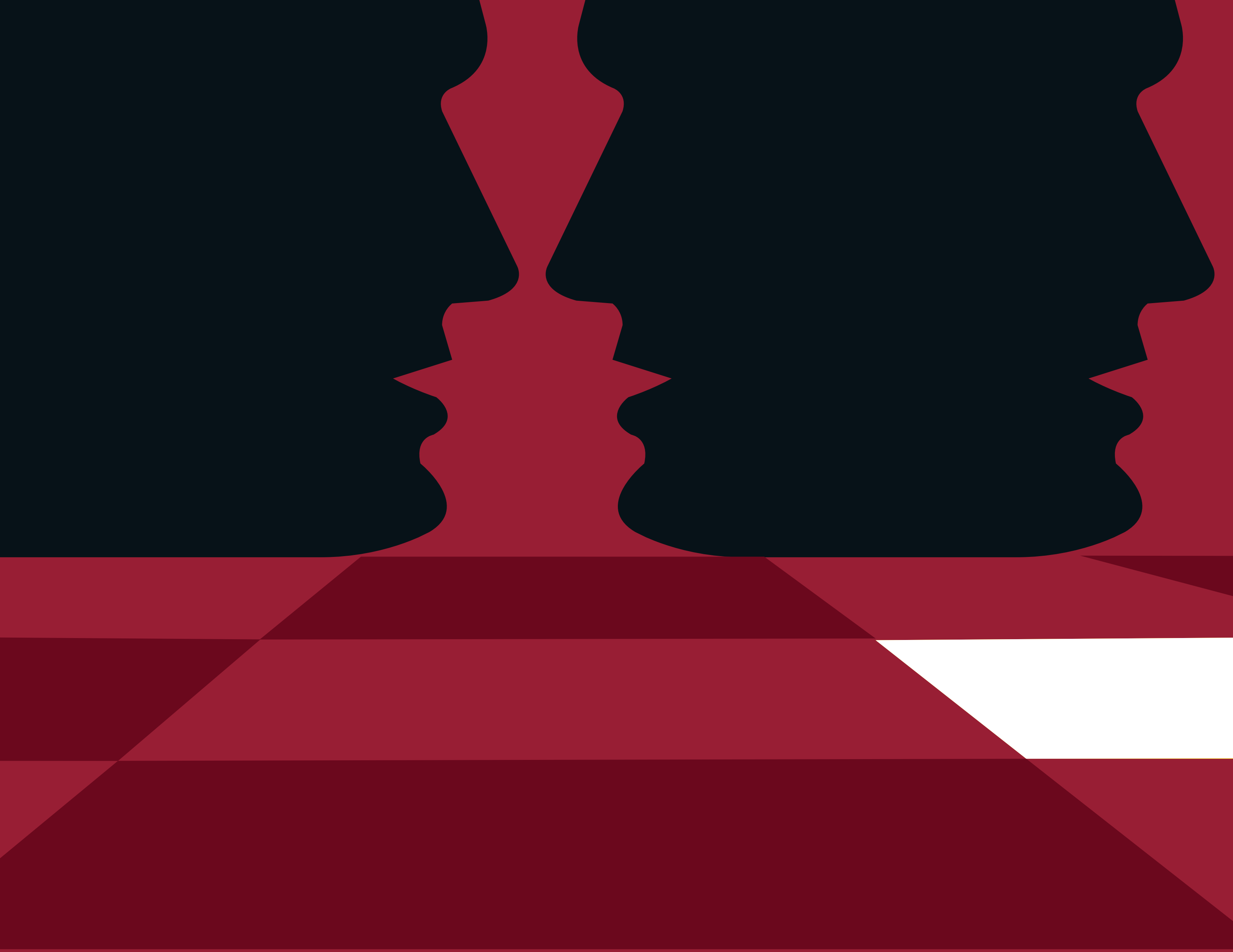
From the perspective of keeping our "Best Talent" actively engaged, in addition to the use of external trainers, the use of internal trainers to train the rest of the organization, both on Technical as well as Behavioral areas, was increased. In order to maximize knowledge sharing, several programs like Sasken "Sensei" Series, Sasken "Shikshana" Series were rolled out. Further innovative knowledge sharing media like KenShare, KenBlog were deployed to enable effective documentation and exchange of best practices and technical problems faced during work and thus arrive at optimum solutions.

Strengthening the Foundation, and… rebuilding a Performance Driven Organization!

In order to strengthen its HR practices, Sasken undertook an extensive exercise (aptly dubbed Project Clarity) towards documenting Job Descriptions across the organization. In addition to bringing about role clarity, the purpose was to help ensure that the compensation and career growth mechanisms were aligned with the jobs.

Moreover, implementation of a new ERP system, was undertaken, in order to strengthen the Human Resource Management Systems, including the Employee Compensation Management System and the Performance Management System.

As we continue to build on these initiatives and projects, in the coming year, we will be well positioned to support business growth with HR practices that will lead to a more motivated and productive workforce, whose rewards and growth are more closely aligned with their individual and team performance.



It's simplifying technology in a way that liberates everyone

Technology isn't an end in itself. As technology moves forward, expands, mutates and evolves, it changes the way we experience life itself. At Sasken, it is our constant endeavour to ensure that this experience is less about being dependent and more about being free.

Sasken is enabling digital home networking through Digital Living Network Alliance and helping people experience true freedom!

Everywhere we see, consumers are acquiring, viewing and managing an increasing amount of digital media (photos, music, and video) on devices in the Consumer Electronics, Mobile Device and Personal Computer domains. The Digital Living Network Alliance (DLNA) answers this challenge by taking the initiative to develop a workable framework for interoperable product design. In the DLNA digital home, it will be common for consumers to:

- Easily acquire, store and access digital music from almost anywhere in the home
- Effortlessly manage, view, print and share digital photos
- Carry favourite content anywhere to enjoy while on the road
- Enjoy distributed, multi-user content recording and playback

Sasken has already executed a DLNA project in which Media Player and Media Gallery Applications were enhanced to support various DLNA use cases, integrated with third party DLNA stack and tested end-to-end on mobile platforms.

Technology and Market

Global overview

The telecom industry projection by Pyramid Research claims that the telecom services market will generate US $1.4 trillion in 2009, posting only 1% year-on-year growth compared with the 10-11% historic annual growth due to a grim economic outlook and substantial currency fluctuations. However, the global telecom market is expected to recover in 2010 driven by a combination of factors such as the increased availability of multi-play bundles, versatility, competitively priced devices, with emerging markets providing much-needed dynamism to the industry.

On the global mobile penetration, it lies at about 60%. India and China markets will together add 829 million mobile subscriptions from 2009 to 2013, 44% of the world's total net additions during that period. Any major player in telecom now needs to have a footprint in the emerging markets to be able to succeed on a global scale.

Network equipment segment

The network equipment industry continues to go through a difficult phase due to the operators focus on their cash flows and operating expenditures rather than on new capital expenditure. Consolidation continues in this space, with Nortel deciding to exit and sell off its telecom assets to its rivals. We are likely to see only three or four companies left standing in the next two to three years.

In terms of technology development, investments continue to be made in WiMax and LTE RAN equipment (which should start seeing growth from 2010), in Femto cells (that are being trialed across the world) and in creating a converged core around the IP platform. To address these future needs, we have been making limited investments in Pico & Femto cell technology and on WIMAX / LTE.

A niche area that we have recently started targeting with our network capabilities is the Satellite RAN segment, which is typically based on standard RAN equipment, but requires substantial customization and testing.

Our subsidiary Sasken Network Engineering Limited continues to see strong growth in the network deployment services, primarily driven by the expansion in the India market. With 3G coming into play we see a lot more opportunities that we could tap. We also continue our focus on RF planning and benchmarking and see a big opportunity in managed services.

Handsets segment

Handset shipments will decline in 2009, but the long term trend continues to be positive primarily due to increased subscribers in the emerging markets and the growing popularity of smartphones. With new players like Apple and Google entering the smartphone space, the excitement has only increased. Apple has also introduced a new source of revenues for mobile phone manufacturers through the concept of Application Stores from which users can download applications. There are now at least four smart phone operating systems vying for marketshare – Symbian, Windows Mobile, Android and Apple's OSX. With a number of Linux based OSes entering the market, the market will only get further fragmented.

It is due to this that some of the leading handset players have actually increased their R&D spends in spite of the global recession. R&D outsourcing by all players continues to increase due to the need to reduce R&D costs. Sasken is well placed to take advantage of these increased R&D outsourcing spends as we have preferred vendor status with all the leading handset players. We expect the forthcoming year to be a very exciting one.

Semiconductor segment

The wireless semiconductor segment, which is where we have been traditionally present, has seen considerable consolidation and exits during the last year. STM, NXP and EMP put their wireless divisions together to create ST-Ericsson. TI and Freescale announced their decision to exit the wireless baseband solutions business. This has had an impact on the quantum of our business with these customers. However, the reduced competition has left some of the original players like Qualcomm much stronger, and has provided

Technology and Market *(Contd.)*

more space for players like Infineon and Broadcom to grow. We have made good inroads into Qualcomm and Infineon and expect to grow with them through the future years.

Semiconductor companies have begun to look at their core business and are refocusing on non wireless segments and diversifying beyond these. Texas Instruments, for example, is increasing its focus on non wireless segments. Sasken has complementary capabilities where it can follow its semi partners into newer verticals like consumer electronics, automotive, health care etc. We are strongly entrenched with the leading players across multiple capabilities which will help us to scale up when the industry recovers. This is also helped by our good track record of offering multimedia technologies and platform solutions to semiconductor companies targeting consumer devices in Japan and Europe.

Multi-site execution

We now have a global footprint of development centres in China, Finland, Germany, India and Mexico. Through these centres we are able to execute multi-site projects and deliver end to end solutions to customer, which we believe is a truly unique capability.

A testimony to this capability is the project we are carrying out for Inmarsat, where we will design and bring into pre-production a complete satellite phone. The hardware component comprising design, development & testing of antenna, RF and mechanical elements is being done at Finland. The software component comprising protocol stacks, application framework and test lab offerings is being done out of India. The system design for the phone is being co-ordinated out of our Germany centre.

"Sasken offers expertise in communications technology along with their capability and experience in wireless terminal development. They will make a strong partner; we will work closely with Sasken in the design and development of our satellite phone to offer a new and compelling product in our broad portfolio of services over the Inmarsat network."

Perry Melton
Chief Operating Officer
Inmarsat

This engagement is a first for an Indian company to be involved from the design phase up to producing pre-production units. It testifies our multi-site cross functional integration capability to combine hardware and software development centers across the globe.

Apart from having a global footprint which brings us near our customers, each of our global sites specializes as a centre of excellence and can work with each other seamlessly to deliver a complete project to the customer. It helps customers have a good blend of high cost and low cost locations optimising the use of their R&D budgets as they would look for a combination of proximity as well as cost effectiveness.

Opportunities in consolidation

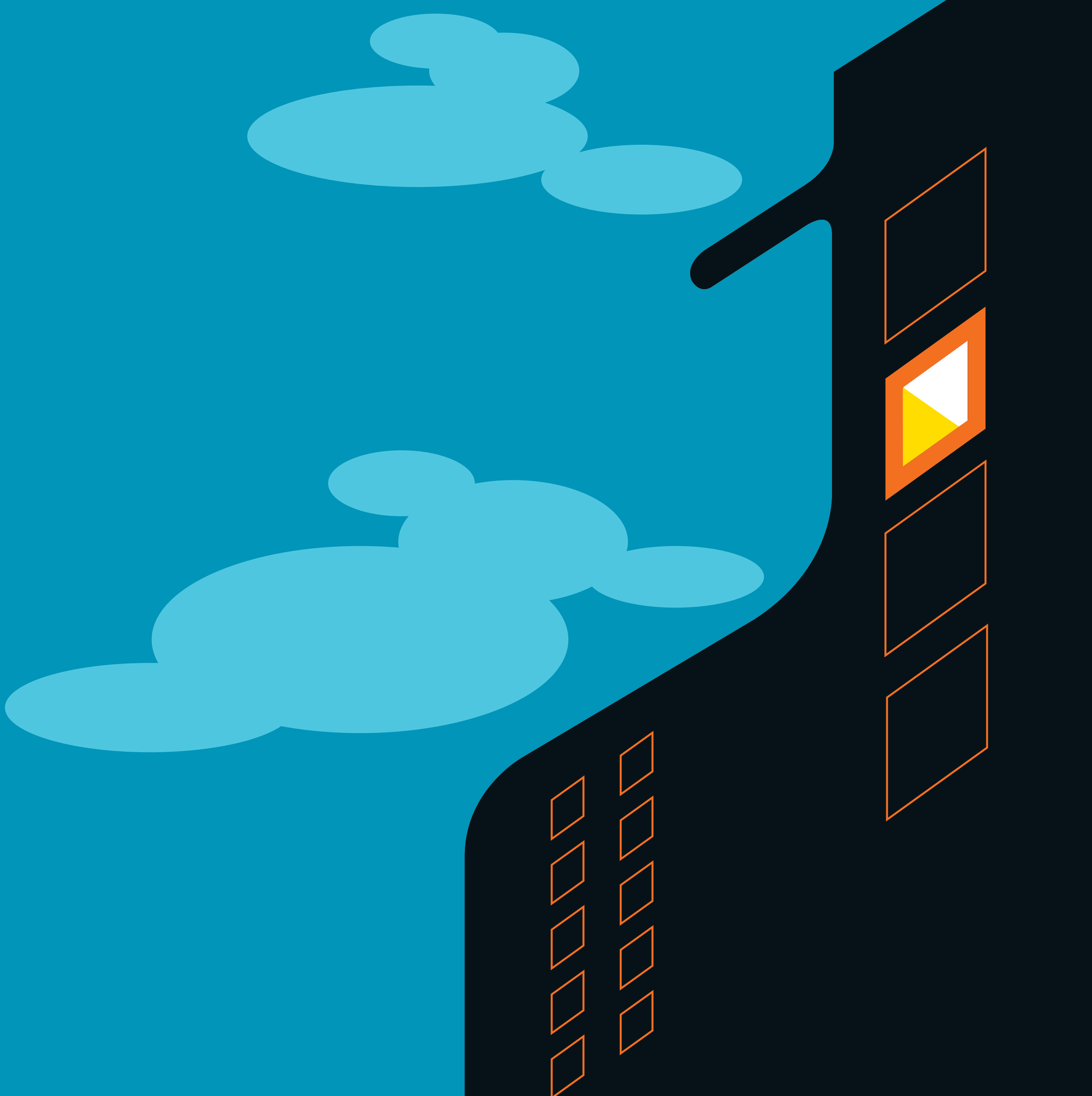
Globally, work in the field of R&D outsourcing is being shifted from smaller suppliers to preferred global suppliers. Sasken is in the preferred vendor list of several leading players in the telecom value chain. This puts Sasken in a strong position to attract more business as the major companies shift work from the smaller vendors to the preferred global suppliers.

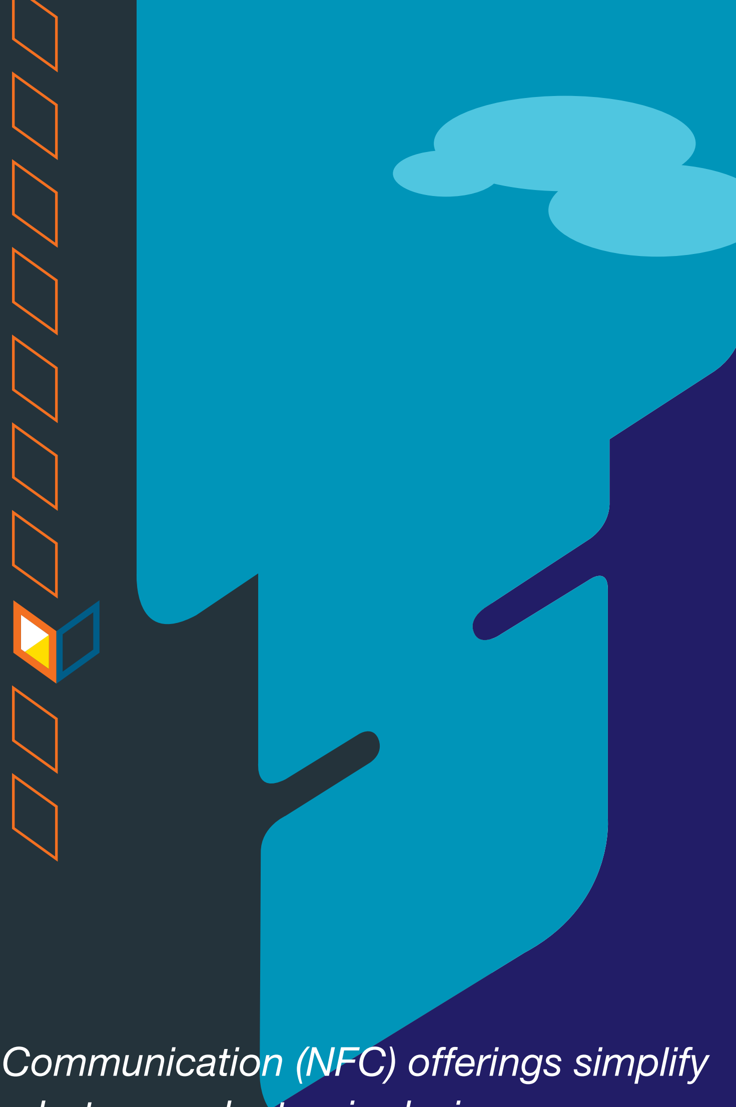
Remote monitoring through wireless

Our JV ConnectM is focused on building remote monitoring solutions using wireless as an enabling technology. One of the focus areas of ConnectM is remote energy management, which is gaining traction due to increased interest by all corporate on energy conservation. There is a big market for intelligent systems that will monitor, analyze and control thereby providing efficient energy and water conservation. Energy gateway and energy platform - a product from ConnectM helps in intelligent energy conservation and has already attracted about 15 customers. Other areas being targeted by ConnectM include remote monitoring of telecom towers and remote reading of energy and utility meters.

It’s discovering connections that make the journey of life a lot smoother

When you try to separate just one thing, you find it’s connected to everything else. And that is the essence of creativity and innovation. To choose seemingly disparate objects and find between them the connection that creates a whole new experience.





Sasken's Near Field Communication (NFC) offerings simplify information exchange between electronic devices.

NFC is a wireless technology that provides intuitively simple and safe two-way interaction between electronic devices. A simple touch between two devices is sufficient to accomplish complex tasks like payments, ticket validation, information transfer, etc.

A pioneer in this emerging technology, Sasken started consultation for a Tier 1 customer, when NFC was in its nascent stages. After developing a prototype to demonstrate feasibility, Sasken productised and added NFC capability to the vendor's phone. The successful integration of a new technology onto a proprietary platform enabled the customer to launch the product on time.

Sasken also worked on the infrastructure side to develop complete expertise on NFC. Working with TeliaSonera (a mobile network operator) and TKT (Tampere Public transportation company), Sasken developed a wallet application running on a mobile that stored trips/money to be used in public transport. The application communicated with the on-bus payment system using an NFC connection. Tickets could be purchased online and entry into the transport was by simply flashing the mobile to the reader. This system simplified ticketing, reduced transaction time and at the same time brought in efficiencies.

We leveraged on our NFC expertise to develop our own NFC software IP to take care of the complete NFC software needs of customers.

Financial Performance - *A Seven Year Snapshot*

In Retrospect - Consolidated

Amount in Rs. lakhs

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
(1) Revenue Account							
Sales / Revenue	10,938.19	16,613.01	24,177.00	30,812.79	47,712.90	57,017.71	69,781.33
PBIDTA	2,359.43	2,757.69	3,551.46	4,818.11	7,575.97	7,919.37	16,380.39
Provision for Diminution in Value of Investments	321.00	-	-	-	-	-	117.71
Depreciation & Amortization	1,257.92	1,187.79	1,419.04	1,790.85	2,669.96	4,178.50	3,739.02
PBIT & Exceptional Item	780.51	1,569.90	2,132.42	3,027.26	4,906.01	3,740.87	12,523.66
Other Income	(15.93)	130.45	367.08	640.72	974.68	2,342.66	(3,539.51)
Interest	362.23	79.84	47.32	14.30	447.22	402.58	381.77
Exceptional Item	-	-	-	676.08	-	-	1,519.70
Profit / (Loss) Before Tax	402.35	1,620.51	2,452.18	2,977.60	5,433.47	5,680.95	7,082.68
Income Tax (including withholding taxes and FBT)	275.09	(213.20)	174.15	685.98	1,006.53	1,742.52	2,852.27
Profit / (Loss) After Tax	127.26	1,833.71	2,278.03	2,291.62	4,426.94	3,938.43	4,230.41
Dividend	-	379.02	505.42	838.09	1,140.01	1,142.43	1,084.44
(2) Capital Account							
Share Capital	1,271.00	1,516.09	1,684.72	2,793.64	2,850.01	2,856.08	2,711.11
Share Application Money	1,642.76	-	25.49	-	-	-	-
Reserves and Surplus	7,211.71	9,858.70	12,483.59	35,708.37	39,325.14	43,027.73	45,579.20
Loan Funds	2,675.34	42.68	145.59	115.04	9,184.98	8,764.22	6,372.01
Deferred Tax Liability	-	-	-	-	7.10	-	-
Gross Block (Incl. Capital Work in Progress)	13,174.82	13,716.82	16,102.72	19,289.87	42,258.91	45,980.74	49,910.27
Net Block (Incl. Capital Work in Progress)	8,234.87	7,805.35	8,773.95	10,111.79	29,955.38	30,723.30	31,978.03
Capitalised Software Product Costs (Net of Amortization)	576.40	115.03	-	1,413.45	3,327.36	2,123.62	-
Investment	14.42	264.29	55.95	18,651.01	3,680.58	2,664.05	2,019.98
Deferred Tax Asset	-	-	-	-	62.98	125.30	216.66
Net Current Assets	3,975.12	3,232.80	5,509.49	8,440.80	14,340.93	19,011.76	20,447.65
(3) Other Information							
Total number of Shareholders	709	788	935	28,498	21,305	39,150	45,808

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

In Retrospect - Consolidated

Amount in Rs. lakhs

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
(4) Ratios							
(a) Profitability / Efficiency							
Operating Turnover / Total Income (%)	100%	99%	99%	98%	98%	96%	105%
PBIDTA / Total Turnover (%)	19%	17%	15%	16%	16%	13%	25%
PBIT & Exceptional Items / Total Turnover (%)	7%	9%	9%	10%	10%	6%	19%
PBT / Total Turnover (%)	4%	10%	10%	10%	11%	10%	11%
PAT / Total Turnover (%)	1%	11%	9%	7%	9%	7%	6%
Return on Average Net Worth (%) (PAT / Average Net Worth) (%)	1%	17%	18%	9%	11%	9%	9%
Return on Average Capital Employed (pre-tax) (PBT+ Interest) / (Average Capital Employed) (%)	6%	14%	19%	11%	13%	14%	16%
Return on average Capital employed (post-tax) (PAT+ Interest) / (Average Capital Employed) (%)	4%	16%	18%	9%	11%	10%	10%
Sales to Average Net Working Capital	3.0	4.6	5.5	4.4	4.2	3.4	3.5
Total Revenues to Average Total Assets	0.9	1.4	1.9	1.2	1.1	1.1	1.3
Fixed Assets Turnover	0.8	1.2	1.5	1.6	2.4	1.9	2.2
(b) Liquidity							
Net Working Capital to Total Assets	0.3	0.3	0.4	0.2	0.3	0.3	0.4
Average Collection Period (Days)	104	74	82	77	67	78	71
Current Ratio	3.9	2.6	2.6	3.2	2.8	2.8	2.5
(c) Leverage							
Debt-Equity Ratio	0.3	0.0	0.0	0.0	0.2	0.2	0.1
Interest Cover	1.4	24.0	49.1	161.3	11.0	9.3	32.8
Total Assets / Net Worth	1.3	1.0	1.0	1.0	1.2	1.2	1.1
(d) Growth							
Growth in Operational Turnover (%)	1%	52%	46%	27%	55%	20%	22%
Growth in PBITDA (%)	123%	35%	29%	36%	57%	5%	107%
Net Profit Growth (%)	108%	1341%	24%	1%	93%	(11%)	7%

It’s seeing far enough to bring things closer

To have vision alone is never enough. To have the tenacity and courage to turn that vision into a tangible reality is what makes a company truly great. In other words, it’s about looking at every problem as an opportunity to bring the future closer.

Sasken is helping people stay better connected wherever they are.

The key challenge in providing mobile services to customers with a high quality of service is the effective management of the scarce spectrum resource. Femtocells, essentially low power access points providing wireless access to subscribers, primarily at home, help increase the capacity of the Radio Access Network, thereby ensuring better connectivity wherever you are. A pioneer in this emerging technology, Sasken has not only done technology consultation for a Tier 1 customer, it has also developed a Femtocell gateway from scratch for a Tier 1 vendor from North America.

The user-installed device at home communicates with the voice/data network over a broadband connection such as DSL or a cable modem and uses standard mobile cellular network protocols such as GSM, CDMA, WCDMA, LTE, or Mobile WiMax to communicate with the mobile handset.

Unlike Wi-fi which requires dual-mode handsets and is mainly meant for data services, Femtocell can deliver both in-home and mobile voice and data services with existing handsets seamlessly.

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The Year at a Glance - Consolidated

For the Year	March 31, 2009		March 31, 2008	
	Rs. lakhs	K US $	Rs. lakhs	K US $
Exports	53,571.69	115,516.97	46,405.25	115,608.50
Domestic Sales	16,209.64	34,953.04	10,612.46	26,438.61
Other Income	(3,539.51)	(7,632.27)	2,342.66	5,836.22
Profit Before Interest, Depreciation and Taxes (PBIDTA)	16,380.39	35,321.12	7,919.37	19,729.37
PBIDTA as a Percentage of Revenue	23.5%	23.5%	13.9%	13.9%
Profit / (Loss) Before Taxes (PBT)	7,082.68	15,272.43	5,680.95	14,152.84
Profit / (Loss) After Tax (PAT)	4,230.41	9,122.06	3,938.43	9,811.73
Earnings Per Share … Weighted Average (in Rs. / US$) †	15.17	0.33	13.80	0.34
Earnings Per Share … Diluted (in Rs. / US$) †	15.17	0.33	13.80	0.34
Equity Dividend Percentage	40%	40%	40%	40%
Equity Dividend Amount	1,084.44	2,358.50	1,142.43	2,846.11
Investment in Fixed Assets (Gross)	2,881.56	5,677.95	2,626.61	6,556.69
PBT as a Percentage of Average Net Worth	15.0%	15.0%	12.9%	12.9%
PAT as a Percentage of Average Net Worth	9.0%	9.0%	8.9%	8.9%
Revenue Per Person Year*	19.98	43,075	15.84	39,474
At the End of the Year				
Total Assets	54,662.32	107,709.00	54,648.03	136,415.45
Fixed Assets (Net)	31,978.03	63,010.90	30,723.30	76,693.21
Working Capital	20,447.65	40,290.94	19,011.76	47,458.21
Investment	2,019.98	3,980.26	2,664.05	6,650.15
Other Assets	216.66	426.92	2,248.92	5,613.88
Total Debt	6,372.01	12,555.68	8,764.22	21,877.73
Net Worth	48,290.31	95,153.32	45,883.81	114,537.72

Note : 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

* Quarterly average considering all employees including the support staff, numbers are in Rs. lakhs and US$

† Face value of Rs.10 per share.

Notice

Sasken Communication Technologies Limited

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

Notice is hereby given that the Twenty first Annual General Meeting of the Company will be held on Saturday, September 19, 2009 at 9.00 a.m. at the Registered Office of the Company at No.139/25, Ring Road, Domlur, Bangalore 560 071, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009, Profit and Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Dr. Ashok Jhunjhunwala who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jyotindra B. Mody who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

   RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the payment of remuneration to Mr. Rajiv C. Mody as Chairman & Managing Director of the Company for the financial year 2009-10 on the following terms:

   (a) Fixed Salary of a sum not exceeding Rs.67.50 Lakhs (Rupees Sixty seven lakhs and fifty thousand only) per annum, as may be determined by the Compensation Committee.

   (b) Performance Indexed Compensation (PIC) of such amount as may be determined by the Compensation Committee of the Board of Directors such that the aggregate of the Fixed Salary and the Performance Indexed Compensation does not exceed 5% of the net profits of the Company for the year ending March 31, 2010.

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

   RESOLVED FURTHER THAT in case of absence or inadequacy of profits for the financial year 2009-10, Mr. Rajiv C. Mody be paid the above mentioned remuneration as minimum remuneration or as determined by the Compensation Committee.

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

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

   RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the payment of remuneration to Mr. Krishna J. Jhaveri as Whole Time Director of the Company for the financial year 2009-10 on the following terms:

   (a) Fixed Salary of a sum not exceeding US $ 60,000 (US $ Sixty thousand only) per annum, as may be determined by the Compensation Committee.

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

Notice *(Contd.)*

RESOLVED FURTHER THAT in case of absence or inadequacy of profits for the financial year 2009-10, Mr. Krishna J. Jhaveri be paid the above mentioned remuneration as minimum remuneration or as determined by the Compensation Committee.

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

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

   RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the payment of remuneration to Dr. G. Venkatesh as Whole time Director of the Company for the financial year 2009-10 on the following terms:

   (a) Fixed Salary of a sum not exceeding Rs.54.00 lakhs (Rupees Fifty four lakhs only) per annum, as may be determined by the Compensation Committee.

   (b) Performance Indexed Compensation (PIC) of a sum not exceeding Rs.30 Lakhs (Rupees Thirty lakhs only) per annum, as may be determined by the Compensation Committee.

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

   RESOLVED FURTHER THAT in case of absence or inadequacy of profits for the financial year 2009-10, Dr. G. Venkatesh be paid the above mentioned remuneration as minimum remuneration or as determined by the Compensation Committee.

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

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

   RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Section 198, 349 and 350 of the Companies Act, 1956 be paid to and distributed amongst the Independent Directors of the Company in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors and such payments shall be made in respect of the net profits of the Company for each year of a period of five financial years commencing from April 1, 2009 to March 31, 2014.

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

    RESOLVED THAT in modification of the Special Resolution passed at the Extraordinary General Meeting held on 25, February 2006, the maximum number of options that can be granted to directors shall be revised as follows:

Category	In any financial year	In the aggregate
Per Non-executive / Independent Director	100,000	0.5% of the issued capital*
All Non-executive / Independent Directors	600,000	5% of the issued capital*

* Issued capital excluding outstanding warrants and conversions

Options in excess of the above limits can be granted only with prior approval of the members of the Company by a Special Resolution. No Director shall during any financial year of the Company be granted options exceeding the limit fixed by SEBI, if any, in this regard from time to time, without a specific Special Resolution of the members.

By order of the Board

Place : Bangalore
Date: July 17, 2009

Rajiv C. Mody
Chairman & Managing Director

Notice *(Contd.)*

Notes:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.

2. Corporate members are requested to send a duly certified copy of the board resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.

3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting.

4. The Register of Members and Share Transfer Books will remain closed from September 14, 2009 to September 17, 2009 (both days inclusive).

5. Dividend as may be declared at the Annual General Meeting would be made payable on or before October 16, 2009 to the shareholders whose names are recorded in the Register of Members on September 12, 2009.

6. Electronic Clearing Service / Mandate / Bank Details:

   Payment of dividend under Electronic Clearing Service (ECS) is being arranged for shareholders residing in cities specified by Reserve Bank of India (Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Gauhati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Patna and Thiruvananthapuram). In case of shareholders residing in cities other than specified above, arrangements are being made to print the details of members' Bank Account on the dividend warrants to ensure that the proceeds of the dividend warrants are credited to members' account. Shareholders may please note that the bank account details given by them to their Depository Participants would be reckoned for payment of dividend under ECS. Shareholders desirous of modifying these instructions may write to their respective Depository Participants (for shares held in electronic form) or to the Share Transfer Agent, Karvy Computershare Private Limited (for shares held in physical form). The enclosed ECS mandate form may be used for this purpose.

7. Copies of the Annual Report will not be distributed at the Annual General Meeting. Members/Proxy Holders are therefore requested to bring to the Annual General Meeting their copy of the Annual Report and the Attendance Slip sent herewith duly filled in.

8. Members intending to seek explanation/clarification at the meeting about the information contained in Annual Report are requested to inform the Company at least a week in advance of their intention to do so, so that relevant information may be made available, if the Chairman permits such information to be furnished.

9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

10. Members are requested to write to the Company Secretary or to the Share Transfer Agent at the address given below, regarding transfer of shares and for resolving grievances:

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

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

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

ANNEXURE TO NOTICE

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

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

Ordinary Business

For Item Nos. 3 & 4

Profile of Directors proposed to be reappointed is given in the attachment to this annexure.

Special Business

For Item Nos. 6 to 8

Your Directors recommend the remuneration specified against each of the Whole Time Directors. In arriving at such remuneration, the Compensation Committee has taken into account the following factors:

- The job responsibility
- The contribution to the Company so far
- The industry practices
- Their expected contribution for the Company in the year ahead
- Present compensation package of senior management personnel

PIC to be paid to the Whole Time Directors will be as per the same policy applicable to other employees and/or as determined by the Compensation Committee.

In any case, remuneration for the Whole Time Directors shall be determined by the Compensation Committee within the limits specified in the resolutions.

This may also be treated as an abstract of the terms and conditions of remuneration for these Directors pursuant to Section 302 of the Companies Act, 1956.

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

For Item No.9

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment.

The proposed resolution would allow the Company to make payment by way of commission to the Independent Directors till the period ending March 31, 2014 in accordance with Section 309. All the Independent Directors of the Company are deemed to be interested in the resolution to the extent of the commission payable to any of them in accordance with the proposed resolution.

The Board recommends the said resolution for approval of shareholders.

For Item No.10

At the Extraordinary General Meeting held on 25th February 2006, the members approved Employee Stock Option Scheme for the grant of 3,575,000 stock options to employees of the Company, whole time directors, non executive directors including independent directors, but other than promoter directors of the Company.

Notice *(Contd.)*

Inter alia the members had approved granting options to non executive / independent directors as per the table given below:

Category	In any financial year	In the aggregate
Per Non-executive / Independent Director	20,000 options	0.5% of the issued capital*
All Non-executive / Independent Directors	200,00 options	5% of the issued capital*

It is proposed to revise the said table in the following manner:

Category	In any financial year	In the aggregate
Per Non-executive / Independent Director	100,000 options	0.5% of the issued capital*
All Non-executive / Independent Directors	600,000 options	5% of the issued capital*

* Issued capital excluding outstanding warrants and conversions.

All other terms as detailed in the resolutions passed at the Extraordinary General Meeting held on 25th February 2006 remain unaltered.

Your Directors recommend passing of the resolution as specified in the Notice. The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of the stock options they may be granted to them in future.

By order of the Board

Place : Bangalore
Date: July 17, 2009

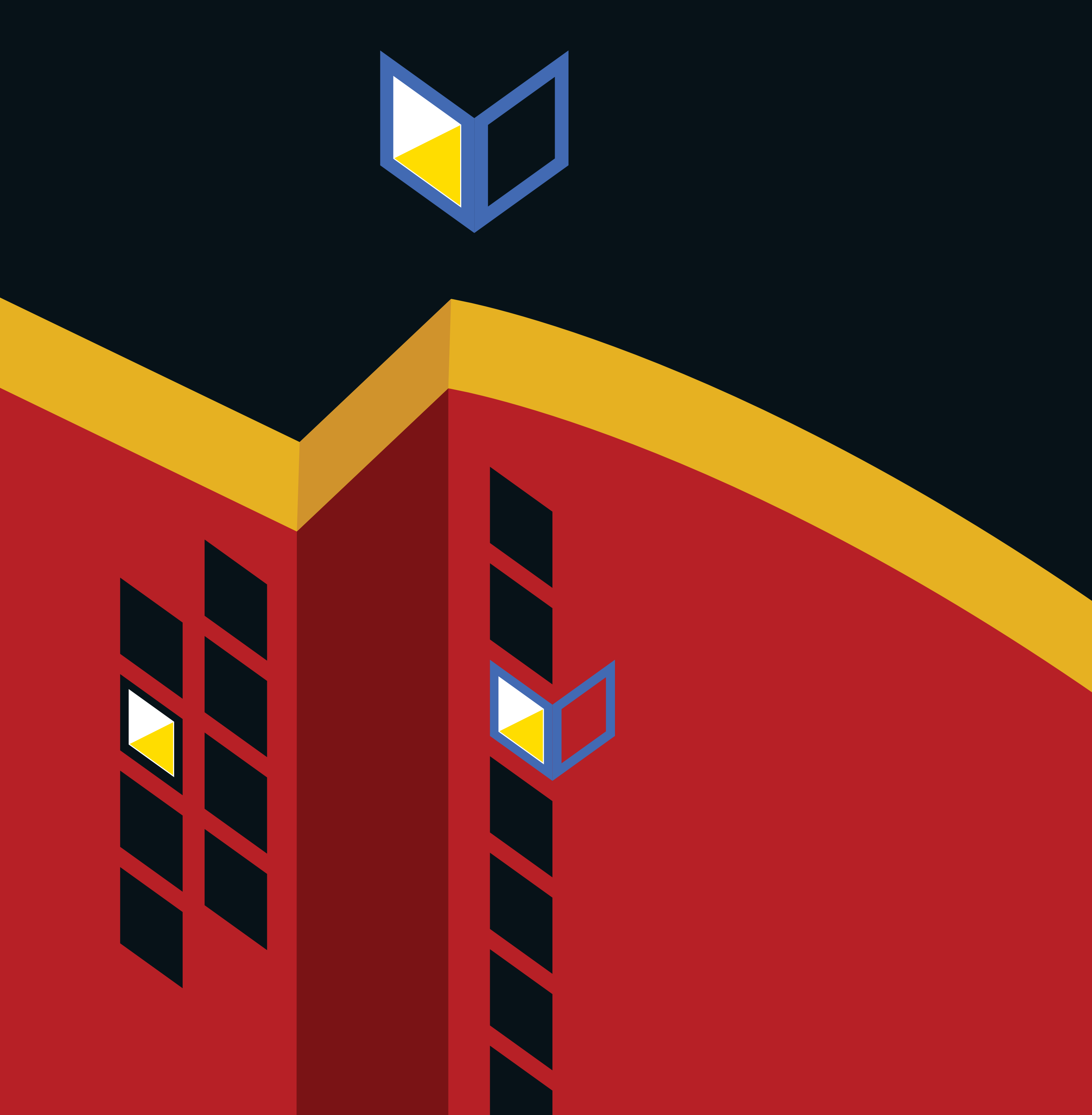
Rajiv C. Mody
Chairman & Managing Director

Notice *(Contd.)*

Attachment to the Annexure to Notice (Item Nos.3 and 4 of the Notice)

Details of Directors to be re-appointed at the Annual General Meeting to be held on September 19, 2009.

Name of Director	Dr. Ashok Jhunjhunwala	Mr. Jyotindra B. Mody
Date of Birth	June 22, 1953	April 3, 1929
Date of Appointment / Last Re-appointment	November 22, 2000 / June 17, 2006	October 12, 1999 / June 17, 2006
Brief Resume and nature of expertise in specific functional areas	Independent Director of the Company. He received his B.Tech degree from IIT, Kanpur, and his MS and Ph.D degrees from the University of Maine. From 1979 to 1981, he was with Washington State University as Assistant Professor. Since 1981, he has been teaching at IIT, Madras, where he leads the Telecommunications and Computer Networks group (TeNeT). This group works with industry in the development of technologies relevant to India. It has incubated several technology companies which work in partnership with TeNeT group to develop Telecom and Banking products for Indian Urban and Rural Markets. He chairs Rural Technology and Business Incubator (RTBI) at IIT Madras and Mobile Payment Forum of India (MPFI). He has published 53 original research articles in peer- reviewed journals and authored several books and monographs. Till date he has guided more than 60 MS & Ph.D students . He has been awarded Padma Shri in the year 2002. He has been awarded Shanti Swarup Bhatnagar Award in 1998, Dr.Vikram Sarabhai Research Award for the year 1997, Millennium Medal at Indian Science Congress in the year 2000 and H. K. Firodia Award for “Excellence in Science & Technology” for the year 2002, Shri Om Prakash Bhasin Foundation Award for Science & Technology for the year 2004, Jawaharlal Nehru Birth Centenary Lecture Award by INSA for the year 2006, IBM Innovation and Leadership Forum Award by IBM for the year 2006, awarded Honorary Doctorate by the Institute of Blekinge Institute of Technology Sweden and Excellence in Science and Technology in 2008.Recently Dr. Jhunjhunwala was awarded for 2009 Bernard Lown ’42 Humanitarian award from University of Maine, USA for serving India. He was also awarded for “Excellence in Science and Technology award” for 2008- 2009 by Indian science Congress. He is a Fellow of World Wireless Research forum, IEEE and Indian academies including INAE, IAS, INSA and NAS. He is also a member – Advisory Board / Governing Council of Scientific Advisory to the Prime Minister of India, Institute of Financial Management and Research, Board of International Training and Education Centre on HIV, Centre of Excellence in Wireless Technology, Rural Technology and Business Incubator and Reliance-IITM Telecom Centre of Excellence.	He is one of the Promoters of the Company. He is the Chairman and Managing Director of J.B. Chemicals and Pharmaceuticals Ltd. He completed his Inter Science from Dharmendra Singhji College, Rajkot in 1948. He has experience of over four decades in the Indian pharmaceutical industry. He was the founder member of Indian Drug Manufacturers Association and its President from 1983 to 1985. He was also the Chairman of CHEMEXCIL, a central government organisation for 2 consecutive years from 1994 to 1996. He was a member of the National Development Council for Drugs and Pharmaceuticals. He was a member of working group for Industrial Approvals, Ministry of Chemicals and Fertilisers. He was also associated with Import Export Committee, 7th Five year Plan.
List of other Indian Companies in which directorship is held	3i Infotech Ltd., Exicom Tele-Systems Ltd., Polaris Software Lab Ltd., State Bank of India, Tata Communications Ltd., Tata Teleservices (Maharashtra) Ltd., Tejas Networks Ltd., Vishal Bharat Comnet, National Internet Exchange of India Ltd., and Institute for Development & Research in Banking Technology.	Ifiunik Pharmaceuticals Ltd., J.B. Life Science Overseas Ltd., Unique Pharmaceuticals Laboratories Ltd., Ansuya Mody Securities Pvt. Ltd., Jyotindra Mody Holdings Pvt. Ltd. and Synit Drugs Pvt. Ltd.
Chairman / Member of the Committee(s) of Board of Directors of the Company	Member of Compensation Committee and Audit Committee	Nil
Chairman / Member of the Committee(s) of Board of Directors of other companies in which he is a Director		
a) Audit Committee	Chairman - Tata Teleservices (Maharashtra) Ltd. Member - Polaris Software Lab Ltd., Tejas Networks Ltd., and State Bank of India	Nil Member - J.B. Chemicals & Pharamaceuticals Ltd.
b) Share Transfer and Investor Grievance Committee	Member - Polaris Software Lab Ltd.	
Shareholding in the Company (Equity Shares of Rs.10 each)	2,770	368,106



It’s looking closely to discover the bigger picture

It takes only a slight change in perspective to completely alter the way we perceive things. At Sasken, we always view the world we operate in from multiple points, helping us see things minutely without missing out on the larger brighter picture: a world full of possibilities.

Sasken is enabling customers to address newer markets.

Sasken helped one of its Tier 1 customer develop a next generation media processor that served as building blocks for devices that were required to process multiple media streams simultaneously.

The challenge: Sasken's customer had already developed a media processor chip to be used in end applications requiring general purpose audio/video processing such as audio/video conferencing, Digital Picture Frames, Surveillance video and car infotainment. The need to develop a next generation media processor that addressed newer markets such as High Definition Surveillance and automotive entertainment left them facing two choices: Doing the design and development in-house with higher cost or partner with a third party with the required expertise.

The solution: Sasken, with its ability to provide end-to-end solutions took up the challenge and did the pre-silicon testing of the chip, designed the test and production boards, developed new or upgraded basic software and provided an integrated demo. With ample computational power to capture, compress, and decompress many video and audio data formats in real time, this processor was well suited for a broad range of applications such as High Definition Surveillance video, smart display pads, videoconferencing, video editing and in-car infotainment.

With this turnkey solution Sasken helped the customer successfully achieve faster time-to-market with cost savings while ensuring high performance and quality.

Directors' Report

Your Directors have pleasure in presenting the report on the business and operations of the Company along with the Audited Accounts for the financial year ended March 31, 2009.

Result of Operations (Consolidated) - Extract

Amount in Rs. lakhs

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Revenues	**69,781.33**	**57,017.71**
Cost of Revenues	43,842.05	37,372.24
Gross Profit	25,604.13	17,482.15
Non-operating Income (net)	(3,539.51)	2,342.66
Exceptional Item	1,519.70	-
Profit before Income taxes	7,082.68	5,680.95
Income Taxes Expense, net (including FBT)	2,852.27	1,742.52
Profit After Tax	**4,230.41**	**3,938.43**
Appropriation:		
Proposed Equity Dividend	1,084.44	1,142.43
Dividend Tax	184.30	194.16
Transfer to General Reserve for the year	257.45	249.36

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

"A true soldier does not argue as he marches, how success is going to be ultimately achieved. But he is confident that if he only plays his humble part well, somehow or other the battle will be won. It is in that spirit that every one of us should act. It is not given to us to know the future. But it is given to everyone of us to know how to do our own part well" – ***Mohandas Karamchand Gandhi***

These are challenging times across the world. Almost every business, every individual is being impacted in these times and your Company is no exception to it. This is the time for us to show what we are made up of - we must work harder and smarter, delight our customers, now, more than ever. The true Sasian spirit is founded on our enthusiasm, on our constant will to renew, on our cost consciousness, on our willingness to assume responsibility and to ensure that we succeed. Your Company, backed by a list of marquee customers and remarkable engineering talent resources, was able to face those challenges by bolstering talent and cost effective programs across the Company.

Our focus areas include:

- Drive an aggressive sales plan to tap more Tier-1,Tier-2 & Tier-3 customers
- Ensure that we balance the need for preserving our financial resources with the need to provide employees with jobs while the economic situation is difficult.
- Keep operational costs under a tight check and thereby ensure that the organization tides over these difficult times.

Your Company has seen robust growth; revenues have increased by 22% in rupee terms, from Rs.57,017.71 lakhs in 2007-08 to Rs.69,781.33 lakhs in 2008-09. Software Services, including Network Engineering Services, grew at 21%, contributing 91% to the revenues, while the Software Products revenues contributed 9%. The net profits grew from Rs.3,938.43 lakhs in FY08 to Rs.4,230.41 lakhs during the year, registering a growth of 7%. This has also translated to an Earnings Per Share of Rs.15.17 in 2008-09 vs. Rs.13.80 in 2007-08.

The Tier 1 services strategy continues to be focal point for us. We now have a total of 4 customers, giving us greater than $10M in revenues per annum, and one of these customers have crossed the $40M revenues per annum mark. This is a validation of the fact that our Tier 1 customers value their engagements with Sasken and are looking to further entrench their business with us.

Dividend

The Board recommends a dividend of 40% (Rs.4 per equity share) this year.

Buy-Back of Shares

In terms of decision of the Board of Directors dated April 18, 2008 and in accordance with the applicable regulations, your Company offered to buy-back its equity shares of face value of Rs.10 each, upto a maximum amount of Rs.4,000 lakhs at a maximum price of Rs. 260 per share from open market. Your Company commenced the buy-back on September 15, 2008 and concluded it on November 3, 2008. Your Company has bought back 1,449,742 equity shares at an average price of Rs.106.80 per share, utilizing a sum of Rs.1,548.37 lakhs. The amount paid towards buy-back of shares, in excess of the face value, has been appropriated out of General Reserve.

In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy Back of Securities) Regulations 1998, your Company has extinguished the above mentioned 1,449,742 shares as on March 31, 2009 and has created Capital Redemption Reserve of Rs. 144.97 lakhs towards the face value of 1,449,742 shares of Rs. 10 each by way of appropriation out of General Reserve.

Scheme of Arrangement

Your Board of Directors, at its meeting held on December 15, 2008 resolved to approach the Hon'ble High Court of Karnataka, Bangalore to create a Business Restructuring Reserve to be carved out from Securities Premium account in terms of a Scheme under Section 391 / 394 of the Companies Act, 1956 whereby inter-alia, the losses on impairment of capitalized software products and other business restructuring expenses will be adjusted against the said Reserve. The Scheme has been approved by the shareholders and creditors and has been notified to the stock exchanges and is pending before the Hon'ble High Court of Karnataka. The Company has provided for impairment loss of Rs. 1,519.70 lakhs during the year ended March 31, 2009 as an exceptional item in respect of capitalized software products, which is subject to reversal in terms of the Scheme after its becoming effective in law.

Employees Stock Option Plan (ESOP)

The Company's ESOP continues with the philosophy of sharing wealth with its employees and encourages the employees to be partners in the growth of the organization.

ESOP 2000 Scheme

No new grants were made under this scheme during the year under review. There were 181,173 options outstanding with employees as of March 31, 2009.

ESOP 2006 Scheme

New grants made under this scheme during the year are detailed in Annexure 1. The options outstanding with employees and Directors as of March 31, 2009 are 240,750 options. There are 2,859,250 unissued options as on March 31, 2009.

The details required under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme), Guidelines 1999, as on March 31, 2009 are given in Annexure 1 forming part of this Report.

Directors' Report *(Contd.)*

Awards

Members will be proud to note that our Annual Report for financial year 2006-07 has won the Platinum Award in telecom category of the 2007 Vision Awards Annual Report Competition, held by the League of American Communications Professionals (LACP). This is icing on the cake for your Company which had won the Gold for the previous year's report ('05-06).

Our Annual Report has also been recognized again as one of the Top 100 Annual Reports of 2007 across categories internationally. This is the second consecutive year, wherein your Company's Annual Report has been the only Indian Annual Report featuring in the Top 100.

Corporate Social Responsibility (CSR)

A week long CSR drive was conducted across India based facilities of your Company by a large team of enthusiastic volunteers, in order to generate support for the NGOs like **Ashadeep, Divyadeepa, Indiasudar, Sambhav and Sundar Trust.** The focus was to generate funds for the smaller NGOs working for the community, under-privileged and differently abled that typically are not able to mobilize adequate funding and support like their larger counterparts. The drive was kicked off at Chennai, Pune and Bangalore with employee cook-offs and donation drives for collecting useful articles such as books, clothing and other useful items and concluded with a dance and music performance by the visually impaired children from Karnataka Welfare Association for the Blind and with a dance and music concert by employees of your Company. As a result of the drive, Rs.4 lakhs was generated and distributed for the identified NGOs.

Patents

We have enlarged the patent reporting beyond US to cover India and Japan patents. This year your Company has been granted many Indian patents and one Japanese patent. Thus, the data related to all the worldwide applications is included this year. The following table gives details about the various patent applications made by your Company till date:

	US	India	Other Countries	Acquired
Applied	40	21	9	-
Granted	23	8	1	1
Granted since last report	4	7	1	-
Abandoned	5	7	2	-
Pending	12	6	6	-

There has been a conscious effort on the part of the Company to obtain a return on investment on the patents. Your Company has been actively exploring various options such as licensing and sale of patents, through well established Intellectual Property consultants.

Corporate Governance

Your Company is committed to maintain 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 July 17, 2009 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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

Directors' Report *(Contd.)*

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

Subsidiary Companies

As required under Accounting Standard 21, Consolidated Financial Statements incorporate the results of the following subsidiary companies, viz. (a) Sasken Network Engineering Ltd. (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 Communication Technologies Oy and (f) Sasken Finland Oy (g) Sasken Inc. USA and (h) Sasken Japan KK.

In terms of the Central Government approval under Section 212(8) of the Companies Act, 1956, the audited Financial Statements along with the reports of the Board of Directors and the Auditors pertaining to the above subsidiaries have not been attached to this Report. The Financial Statements of the said subsidiaries will be kept for inspection by any investor at the registered office of your Company and that of the subsidiary companies. Investors who want to have a copy of the above may write to the Company Secretary at the registered office.

Directors

Dr. Ashok Jhunjhunwala and Mr. Jyotindra B. Mody retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Bharat P. Mehta has been appointed as an Alternate Director for Mr. Jyotindra B. Mody on October 16, 2008, in place of Mr. Shirish B. Mody who was hitherto an Alternate Director for him.

Mr. Vinod K. Dham has resigned from the Board of your Company effective January 17, 2009 and in his place Mr. Bharat V. Patel was co-opted as a Director on July 16, 2009.

Your Company places on record its appreciation of services rendered by Mr. Shirish B. Mody and Mr. Vinod K. Dham during their tenure.

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

Conservation of Energy, Technology Absorption and Foreign Exchange Outgo

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

ISO 14001

Sasken is compliant with the Environmental Management System International Standard ISO 14001. Sasken is committed to be a responsible member of the communities in which it works. This reaffirms your Company as a responsible corporate citizen.

ISO 27001

Sasken adheres to the Information Security Practices International Standard ISO 27001. This is important for assuring our customers of our commitment in protecting their IP as well as sensitizing all employees about confidentiality and integrity of information.

TL 9000

Sasken is compliant with the telecom industry specific International Standard TL 9000, which by definition includes the ISO 9001:2000 requirements.

Particulars of Employees

We present the 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 by 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 such particulars will not include details of employees of the Company posted and working outside India as per the rules amended in March, 2004.

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., auditors of the Company retire at the forthcoming Annual General Meeting and have confirmed their eligibility for re-appointment.

Acknowledgement

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

For and on behalf of the Board of Directors

Bangalore
July 17, 2009.

Rajiv C. Mody
Chairman & Managing Director

Annexure to the Directors' Report

Annexure 1

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

	Description	ESOP 2000	ESOP 2006
1	Total number of Options outstanding as on April 1, 2008	277,516	539,250
2	Total number of Options granted during the year	Nil	87,000
3	Total number of Options vested (but not exercised) cumulative till March 31, 2009	159,723	122,100
4	Total number of Options exercised during the year	Nil	Nil
5	Total number of shares arising as a result of exercise of option	Nil	Nil
6	Total number of Options lapsed (due to resignation, etc.) during the year ended March 31, 2009	96,343	385,500
7	Total number of Options outstanding as on March 31, 2009	181,173	240,750
8	Money realized by the exercise of Options (in Rs.)	Nil	Nil
9	Total number of Options in force	181,173	240,750
10	Variation of terms of Options	Nil	Nil

11. Pricing formula for the grant:

Pricing of the Option will be the weighted average of the stock traded price, as on the last day of the quarter previous to the month of grant of Option with a progressive increase for subsequent years or as may be determined by the Compensation Committee from time to time. 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 (Rs.)
2004 – 05	July 2005 – July 2008	160 – 256
2005 – 06	July 2006 – July 2009	225 – 321
2006 – 07	July 2007 - July 2009 Oct 2007 – Oct 2010 Jan 2008 – Jan 2011	234 – 321 298 – 394 367 - 559
2007 – 08	Apr 2008 – Apr 2011 July 2008 – July 2011 Oct 2008 – Oct 2011	475 – 667 554 – 746 410 – 602
2008 – 09	Apr 2009 – July 2009	120

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

Name	No. of Options	Vesting Schedule	Range of Exercise Price per share (Rs.)
Dr. G Venkatesh	17,000	Apr 2009 - July 2009	120
Ms. Neeta S Revankar	17,000	Apr 2009 - July 2009	120
Mr. N. Hariharan Iyer*	15,000	Apr 2009 - July 2009	120
Mr. Srikanth Kannankote*	38,000	Apr 2009 - July 2009	120

* since resigned

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

13. Employee-wise details of Options granted to:

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

14. Consolidated Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with the Indian Accounting Standard 20 : Rs.15.17 per share.

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

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

	April 2008
Average risk free interest rate	7.95%
Weighted average expected life of options granted in (years)	1.13
Expected dividend yield	2.91%
Volatility (annualized) *	67.36%
Weighted average market price	144.00

* 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,
Bangalore.

We have examined all relevant records of **Sasken Communication Technologies Limited** (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under clause 49 of the listing agreement with Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd., for the period commencing from 1st April 2008 to 31st March 2009. 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 procedures and implementation thereof adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with:

(a) All the mandatory conditions of the said Clause 49 of the listing agreement,

(b) The following non-mandatory requirements of the said clause 49:

- Constitution of Remuneration Committee (designated as Compensation Committee)
- Implementation of the Whistle Blower Policy
- Audited financial results for half year ended September 30, 2008 were mailed to shareholders.

For J. Sundharesan & Associates
Company Secretaries

Date: July 17, 2009
Place: Bangalore

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

Annexure 3

Particulars pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

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

As a responsible corporate citizen, Sasken's focus on the environment is equal to its focus on its business. We believe that by empowering our employees we have opened the door for environmental conservation to four times our company's strength. It's not about just being environment friendly but being a change agent to the ecosystem around us through one of our most important stakeholders – our employees.

Our sustained execution revolves around

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

Sasken is committed to achieving high standards of environmental quality and product safety, as well as providing a safe and healthy workplace for its employees, contractors and communities.

As part of contributing to conserve the environment in the year 2008-2009, extensive environmental related awareness drives were initiated with participation from employees to drive the point home. We conducted sales of environment friendly products under the "Prakruti Mela" initiative, to help employees understand the importance of natural resource conservation.

We have been successful in reducing our energy consumption by about 5%, waste generation by about 25% and paper consumption by 12%. We have also successfully carried out various waste recycling programs. Set of guidelines has been put in place by the EMS team to ensure that EMS awareness is driven at the design stage of all hardware and software related projects.

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

B) Research and Development and Technology Absorption

The Company continued its efforts during the year on product R&D. Specifically, the Multimedia Subsystem and the Wireless Protocol Stacks were enhanced.

During the year, the Company worked closely with a leading Japanese customer and has been part of many successful handset launches with Sasken's Multimedia Subsystem offering designed into them. Continuing with the success story, the Company is currently engaged with this customer to provide next generation multimedia codec components with Sasken RCI Framework. This IP is part of the handsets that was launched in Q2'09. The Company also enhanced its offering to include various Media engines and a MultiMedia Data Base.

The GSM/GPRS Wireless Protocol Stack product has been enhanced to support Dual SIMs. The Company is also working with a lead customer in the satellite communication space to re-engineer the GSM protocol stack to GMR2+ satellite communications standard. Due to the severe downturn in the global economy, which has affected every entity, the Company has taken a conscious decision to postpone investments in in-house corporate R&D. However, the Company has retained its focus on Femtocells, Broadband Wireless and Security domains. It has continued to participate in R&D efforts in these domains through industrial forums, such as CEWiT (Centre of Excellence in Wireless Technology) and IU-ATC (Indo-UK Advanced Technology Center).

CEWiT is a public-private partnership, with the Indian government being the major partner. Sasken is a founding member of this organization. Sasken is also member of the BWCI (Broadband Wireless Consortium of India), which is an initiative of CEWiT. Sasken has been participating in the work groups of BWCI and has been closely looking for opportunities to commercialize some of the contributions of the work groups. In particular, the contribution on Indian language SMS to the 3GPP standard is being considered for commercial exploitation.

IU-ATC is a bilateral initiative of the Indian and UK governments to derive benefit by co-operation. Sasken is a member of this consortium and is supporting some proposals made by this body to DST (Department of Science and Technology). As part of this exercise Sasken will contribute in kind to the exploration of setting up an end-to-end Indo-UK transnational wireless test bed.

Sasken is also supporting the research of Dr. Ranjan Mallik and Dr. Robert Schober, one of the awardees of the International Research Chairs Initiative, instituted by the Government of Canada. Some of the themes of research – MIMO OFDM and Cooperative Communications – are very relevant to the core business of Sasken.

Continuing its efforts since last year, Sasken has successfully delivered a 3G UMTS Femto Access Gateway product to a Tier-2 OEM vendor based out of the US. Sasken continues to prove and establish its dominance in its RAN offering and has extended its capabilities to provide a complete offering to RAN OEMs for R&D outsourcing and product development.

C) Foreign Exchange Earnings and outgo

Amount in Rs. lakhs

Foreign exchange earnings	45,883.65
Foreign exchange outgo (including capital goods purchased Travel Expenses (Net) and Dividend Paid in foreign currency)	8,288.27

Corporate Governance

At Sasken, the goal of Corporate Governance is to create and maintain an efficient decision making process, so that we prevent significant mistakes in Corporate Strategy. For this, we are working on creating a system, in which senior leaders and the Board of Directors, truly collaborate in making the significant decisions. This can help reduce performance crises, that arise on account of failures of judgement. As a result, the Board of Sasken will focus on new business strategies and organizational change, in addition to review of past performance. This, we believe, will help ensure the long term success of the Company.

Your Company has a Code of Conduct for its employees and Directors and it is available on the Company's website. Your Company has also in place a Policy on Code of Conduct for Prevention of Insider Trading and an Information Security Policy that ensures proper utilisation of IT resources and also committed to doing business in an efficient, responsible, honest and ethical manner within the applicable legal framework. A good governance process should thus provide sufficient transparency over corporate policies, strategies and the decision making process while strengthening internal control systems and building relationship with stakeholders. The adherence to good governance practices in true spirit, not just in letter, will help align interests of stakeholders, enhance investor confidence and provide access to cheaper capital, in turn facilitating the creation of superior value on a sustainable basis.

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, 2009 and presents the following Corporate Governance Report for the year 2008-09 based on the said disclosure requirements.

Board of Directors

Your Company's Board has an optimum combination of Executive, Non-Executive and Independent Directors with considerable experience in their respective fields. The Chairman of the Board is an Executive Director and manages the day to day affairs of the Company. Of the entire Board, 50% of the Directors are "Independent", as defined in Clause 49 of the Listing Agreement.

No Director of the Company is a member in more than 10 committees or acts as Chairman of more than 5 committees across all companies, in which he is a director.

The names and categories of the Directors on the Board, their attendance, directorships and shareholding are given below:

Director	Category	Shareholding as of Mar 31, 2009	No. of Board Meetings during 2008-09		Whether attended last AGM held on June 30, 2008	No. of Directorship held*		Committees†	
			Held	Attended		Public	Private	Chairman	Member
Mr. Rajiv C. Mody**	Executive	11,113	6	6	Yes	4	1	-	2
Dr. G. Venkatesh	Executive	218,007	6	6	Yes	2	2	-	-
Mr. Krishna J. Jhaveri**	Executive	43,056	6	3	No	-	-	-	-
Dr. Ashok Jhunjhunwala	Independent	2,770	6	4	Yes	7	-	1	4
Mr. Bansi S. Mehta	Independent	5,929	6	2	Yes	15§	-	4	5
Mr. J.B. Mody**	Non-Executive	368,106	6	-	No	4	3	-	1
Prof. J. Ramachandran	Independent	1,150	6	6	Yes	7	2	3	3
Mr. Pranabh D. Mody**	Non-Executive	318,506	6	3	No	3	2	-	-
Mr. Sanjay M. Shah	Independent	6,482	6	6	Yes	-	1	-	-
Mr. Vinod K. Dham	Independent	-	6	1	No	1	1	-	-
Mr. Bharat V. Patel	Independent	-	-	NA	NA	4	-	-	-
Mr. Shirish B. Mody	Alt. Director	1,500	3	-	No	4	4	-	-
Mr. Bharat P. Mehta∞	Alt. Director	1,250	3	1	NA	3	1	-	-

*	*Does not include directorships in Sasken, unlimited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.*
**	*Promoter*
†	*Only membership in Audit and Investor Grievance Committees are considered. Does not include membership in Sasken*
§	*Includes alternate directorship in 1 company*
∞	*Details provided from the date of appointment*

Mr. Vinod K. Dham resigned on January 17, 2009

Mr. Bharat V. Patel was co-opted as a Director on 16th July 2009 in the casual vacancy caused by the resignation of Mr. Vinod K. Dham

Mr. Bharat P. Mehta was appointed on October 16, 2008 as an Alternate Director for Mr. J. B. Mody, in place of Mr. Shirish B. Mody. Mr. Bharat P. Mehta is the son-in-law of Mr. J. B. Mody

The Board normally meets once in a quarter and additionally as and when required. During the year 2008-09, the Board of Sasken met on six occasions, i.e. on April 18, 2008, July 18, 2008, October 16, 2008, November 10, 2008, December 15, 2008 and January 17, 2009. The maximum gap between the two meetings was not more than 4 months. Quorum was present at all the meetings.

Profile

The profile of directors was detailed in the last year's Annual Report, hence not repeated in this Report. However, the profile of Directors who are being re-appointed has been provided in the Notice convening the Annual General Meeting.

Profile of Mr. Bharat V. Patel (Co-opted on July 16, 2009):

He is the former Chairman of Procter & Gamble Hygiene and Health Care Ltd., and presently the Chairman of Indian Society of Advertisers (ISA). He has over 40 years of varied experience in the field of marketing, sales, exports, manufacturing, etc. He holds Masters Degree in Economics from the University of Notre Dame, US and Masters degree in Business Administration from the University of Michigan, US. Apart from being associated with various Associations, he is on the Board of Yes Bank Ltd., Wockhardt Ltd., Force Motors Ltd. and Nesco Ltd.

Remuneration

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

The following table shows the amounts paid / payable to the Executive Directors for the year 2008-09:

(Rs. in lakhs)

Name & Designation	Fixed Remuneration	Performance Indexed Compensation	Total
Mr. Rajiv C. Mody, Chairman & Managing Director	56.25	14.00	70.25
Mr. Krishna J. Jhaveri, Whole Time Director	30.02	-	30.02
Dr. G. Venkatesh, Whole Time Director	45.00	10.00	55.00

(i) Elements of remuneration package of Executive Directors:

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

Apart from the remuneration mentioned above, the Executive Directors are not entitled to any other benefits such as, bonus, commission, 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. Rajiv C. Mody and Mr. Krishna J. Jhaveri being Promoter Directors are not eligible for stock options. Dr. G. Venkatesh is eligible for stock options.

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

During the year, your Company paid sitting fee of Rs.10,000 per meeting to its Non-Executive Directors for attending meetings of the Board. The Members have at the Annual General Meeting held on June 30, 2008 approved payment of commission to the Independent Directors at the rate not exceeding in the aggregate of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956 and such commission be allocated amongst them in such manner as may be decided by the Board of Directors within the limits specified therein.

Towards this end and as authorized by the Board, the Chairman of the Company decided on the amounts to be paid as commission to the Independent Directors for the year ended March 31, 2009:

(Rs. in lakhs)

Name	Commission	Sitting Fee
Dr. Ashok Jhunjhunwala	9.47	0.40
Mr. Bansi S. Mehta	9.67	0.20
Prof. J. Ramachandran	9.32	0.60
Mr. Vinod K. Dham	1.92	0.10
Mr. Sanjay M. Shah	3.32	0.60
Mr. Pranabh D. Mody	NA	0.30
Mr. Bharat P. Mehta	NA	0.10

No stock options were granted to, nor exercised by any of the Non-executive Directors during the year.

The remuneration proposed for the financial year 2009-10 is given in the notice convening the Annual General Meeting, forming part of this Annual Report.

M/s. Bansi S. Mehta & Co., Chartered Accountants, in which Mr. Bansi S. Mehta, a Director of the Company is a Partner, were paid a sum of Rs.2,80,900 for the professional advice / services rendered.

Board Committees

As of March 31, 2009, your Company has the following committees:

(a) Audit Committee
(b) Compensation Committee
(c) Share Transfer and Investor Grievance Committee

Audit Committee

The Audit Committee was constituted on February 1, 2001. The purpose of this Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure process, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The Audit Committee comprises four Directors, three of whom are Independent Directors:

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

The terms of reference of Audit Committee are as follows:

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

The Audit Committee met five times during the year, i.e. on April 17, 2008, July 18, 2008, October 15, 2008, January 16, 2009 and March 28, 2009. 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 of Audit Committee members at the committee meetings are given below:

Director	No. of Meetings	
	Held	Attended
Mr. Bansi S. Mehta	5	3
Prof J. Ramachandran	5	5
Dr. Ashok Jhunjhunwala	5	5
Mr. Pranabh D. Mody	5	3

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

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

Compensation Committee

The Compensation Committee was constituted on February 1, 2001. This Committee's goal is to ensure that the Company attracts and retains highly qualified employees in accordance with its business plans, that the Company fulfils its ethical and legal responsibilities to its employees, and that management compensation is appropriate.

Prof. J. Ramachandran chairs the Compensation Committee. Dr. Ashok Jhunjhunwala is a member of the Committee. Mr. Pranabh D. Mody was inducted as a Member in the vacancy caused by the resignation of Mr. Vinod K. Dham on January 17, 2009.

The terms of reference of the Compensation Committee are given below:

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

The Compensation Committee met once during the year on April 18, 2008. All members were present. The minutes of the meetings are placed before the Board at its succeeding meeting for information.

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 investor grievances. 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 on April 17, 2008, July 18, 2008, October 16, 2008 and January 17, 2009 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 of Committee members 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

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, 2009, there were no pending share transfers. Details of number of shares transferred during the year, time taken for effecting transfers and number of complaints received are given in the "Shareholder Information" section of the Annual Report.

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

Corporate Governance *(Contd.)*

Management Discussion and Analysis

Management Discussion and Analysis Report forms 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
2008	Registered office of the Company	June 30, 2008	10.00 am
2007	Registered office of the Company	June 23, 2007	10.30 am
2006	Registered office of the Company	June 17, 2006	10.30 am

Two Executive Directors (including the Chairman and Managing Director), four Non-Executive/Independent Directors (including Chairman of Audit Committee) attended the Annual General Meeting held on June 30, 2008.

At each of the above AGMs, special resolutions were passed approving the remuneration to independent directors. A special resolution for raising capital was passed at the AGM held in the year 2006.

A meeting of the shareholders was held on March 28, 2009 pursuant to the orders of the Hon'ble High Court of Karnataka to consider approving a Scheme of Arrangement under Section 391/394 of the Companies Act, 1956.

Other Disclosures

Related Party Transactions:

None of the 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. Schedule 16 of the Annual Accounts as at March 31, 2009 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 Exchange and 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 Exchange and SEBI on matters relating to Capital Markets, as applicable from time to time.

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

Means of communication

Following information is displayed at Company's website 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) Transcript of tele-conference with Investor Analysts at the end of each quarter

Corporate Governance *(Contd.)*

(5) Shareholding Pattern at the end of each quarter

(6) Annual Report

The financial results are published in The Business Standard (a National daily) and in Kannada Prabha / Udhayavani / Times of India (a Kannada daily). The last four quarterly results were published in the above dailies on April 19, 2008, July 19, 2008, October 17, 2008 and on January 19, 2009.

The audited financial results for the half-year ended September 30, 2008 were sent by post to members of the Company.

All material information about the Company is promptly sent through facsimile to the Stock Exchanges where the Company's shares are listed and released to wire services and the Press for information of the public at large. Besides, the Company disseminates information through Press meets and Analyst meets. Your Company also disseminates information about Quarterly Financial Results, Shareholding Pattern, etc. in SEBI's Electronic Data Information Filing and Retrieval System (www.sebiedifar.nic.in).

Code of Conduct

All the Members of the Board and Senior Management personnel have affirmed compliance with the Company's Code of Conduct.

Bangalore	**Rajiv C Mody**
July 17, 2009	Chairman & Managing Director

Corporate Governance *(Contd.)*

General Shareholder Information

Forthcoming AGM

The next Annual General Meeting of the Company will be held on Saturday, September 19, 2009 at 9.00 a.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, 2009 to March 31, 2010

Quarter ending	Likely Board Meeting Schedule
June 30, 2009	Second fortnight of July 2009
September 30, 2009	Second fortnight of October 2009
December 31, 2009	Second fortnight of January 2010
March 31, 2010	Second fortnight of April 2010
	Likely Shareholder Meeting Schedule
Annual General Meeting for the year ending March 31, 2010	June - July 2010

Book Closure dates for the purpose of dividend

The Register of Members and Share Transfer Books will remain closed from September 14, 2009 to September 17, 2009 (both days inclusive) to determine the entitlement of shareholders to receive the dividend as may be declared for the year ended March 31, 2009.

Payment of Dividend

Dividend on equity shares as recommended by the Directors for the year ended March 31, 2009, when declared at the Annual General Meeting will be paid on or before October 16, 2009:

(a) In respect of shares held in physical form to those members whose names appear on the Company's Register of Members, after giving effect to all valid share transfers in physical form lodged with the Company or the Share Transfer Agent - Messrs Karvy Computershare P Ltd. on or before September 12, 2009;

(b) In respect of shares held in electronic form, to those "deemed members" whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on September 12, 2009.

Listing on Stock Exchange

Your Company's equity shares are listed on the following stock exchanges:

Bombay Stock Exchange Limited (BSE) www.bseindia.com Scrip Code 532663	National Stock Exchange of India Ltd. (NSE) www.nseindia.com Scrip Code SASKEN
ISIN Number for equity shares	INE231F01020

Listing fees for the year 2009-10 have been paid to both the Stock Exchanges.

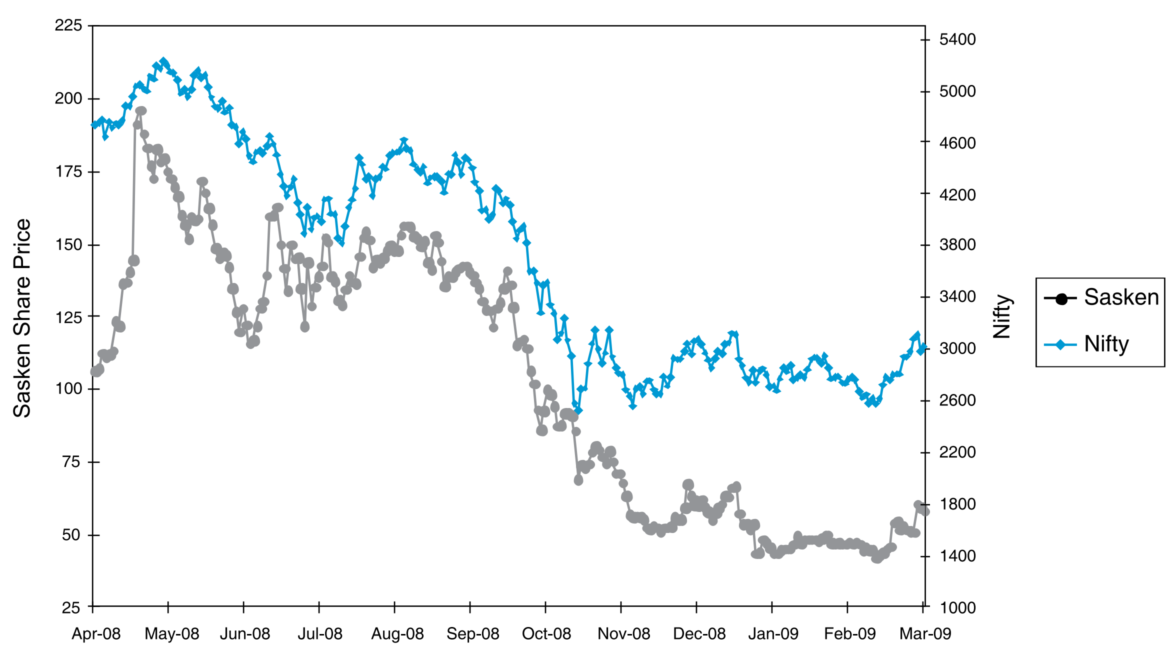
Corporate Governance *(Contd.)*

Stock Market Data

The monthly high and low stock quotations during the financial year 2008-09 and performance in comparison to broad based indices are given below:

Financial Year 2008 - 09	Price @ NSE during each month (In Rs.)		S & P Nifty Index during each month		Price @ BSE during each month (In Rs.)		BSE Sensex during each month	
Month	High	Low	High	Low	High	Low	High	Low
Apr-08	217.00	100.50	5,230.75	4,628.75	217.80	100.80	17,480.74	15,297.96
May-08	184.70	132.65	5,298.85	4,801.90	184.90	139.25	17,735.70	16,196.02
Jun-08	174.25	110.00	4,908.80	4,021.70	174.50	112.00	16,632.72	13,405.54
Jul-08	159.80	115.30	4,539.45	3,790.20	159.70	119.15	15,130.09	12,514.02
Aug-08	162.30	132.05	4,649.85	4,201.85	162.35	137.65	15,579.78	14,002.43
Sep-08	152.00	107.00	4,558.00	3,715.05	151.00	106.60	15,107.01	12,153.55
Oct-08	122.00	68.55	4,000.50	2,252.75	122.00	68.80	13,203.86	7,697.39
Nov-08	90.95	51.50	3,240.55	2,502.90	91.25	50.25	10,945.41	10,112.66
Dec-08	74.90	50.00	3,110.45	2,570.70	74.50	50.55	10,188.54	8,467.43
Jan-09	70.60	35.30	3,147.20	2,661.65	70.65	41.00	10,469.72	8,631.60
Feb-09	54.40	45.00	2,969.75	2,677.55	54.40	44.85	9,724.87	8,619.22
Mar-09	64.45	41.40	3,123.35	2,539.45	64.40	41.50	10,127.09	8,047.17

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



Corporate Governance *(Contd.)*

Investor Correspondence

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

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, Beside Image Hospital
Vittalrao Nagar, Madhapur,
Hyderabad 500 081
Tel: 040 2342 0818
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, 2009

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% shareholding
1-5,000	42,995	93.86	3,751,578	13.85
5,001-10,000	1,419	3.10	1,095,573	4.04
10,001-20,000	635	1.39	935,966	3.45
20,001-30,000	231	0.50	577,493	2.13
30,001-40,000	120	0.26	426,842	1.57
40,001-50,000	86	0.19	407,063	1.50
50,001-100,000	148	0.32	1,060,410	3.91
100,001 and above	174	0.38	18,856,126	69.55
Total	**45,808**	**100.00**	**27,111,051**	**100.00**

Shareholding Pattern as at March 31, 2009

Category	No. of shares	%
Promoter and Promoter Group	7,591,694	28.00
Mutual Funds	2,172,305	8.01
Banks & Financial Institutions	21,000	0.08
Foreign Institutional Investors	698,084	2.58
Foreign Venture Capital Investors	490,500	1.81
Bodies Corporate	1,719,841	6.35
NRIs/Foreign Nationals	1,401,880	5.17
Foreign Investors	2,663,334	9.82
Directors & Relatives (Other than Promoter Directors)	245,313	0.90
Indian Public & Others	10,107,100	37.28
Total	**27,111,051**	**100.00**

None of the equity shares held by the Promoters & Promoter Group are under pledge

Corporate Governance *(Contd.)*

Details of complaints:

Description	2008-09	
	Received	Cleared
Non receipt of Dividend	17	17
Non credit of Shares after IPO / Non receipt of Refund Amount after IPO	2	2
Total	**19**	**19**

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 31st August 2005. Immediately after the IPO there were 838 cases involving 32,962 shares, which could not be transferred to investors owing to various factors 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. 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. 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
At the beginning of the year	35	875
Transferred during the year	7	175
Status as of 31st March 2009	28	700

Other information useful for Shareholders

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 lodgement of transfer request, the lodger may write to the Company with full details so that necessary action could be taken to safeguard interests of the concerned against any possible loss/interception during postal transit. As mandated by the Stock Exchanges, 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.

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 Electronic Clearing Service facility. Shareholders desirous of modifying those 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 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

Corporate Governance *(Contd.)*

After expiry of seven years from the date of declaration of dividend no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred 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 2002 may write to the Company and follow the procedure for claiming the amount.

Dematerialisation of Shares

Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialized form and at present 93.5% of the shares are in demat. Considering the advantages of scripless trading including adding marketability to the shares, shareholders who are holding shares in physical form are requested to consider dematerializing their shareholding so as to avoid inconvenience in future.

General

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 as the same are maintained by them.

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.

Nomination in respect of shares - Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his/her nominee without having to go through the process of obtaining Succession Certificate / Probate of the Will, etc. It would therefore be in the best 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.

Shareholders holding shares in demat form are advised to contact their Depository Participant for making nominations.

Shareholders are requested to quote their E-mail IDs, Telephone/Fax numbers for prompt reply to their communication.

We solicit suggestions for improving the investor services.

Auditors' Report on Abridged Financial Statements

To

The Members of Sasken Communication Technologies Limited

We have examined the abridged Balance Sheet of Sasken Communication Technologies Limited as at March 31, 2009 and the abridged Profit and Loss Account and Cash Flow Statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "Abridged Financial Statements"). These Abridged Financial Statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and Clause 32 of the Listing Agreement and are based on the accounts of the Company for the year ended March 31, 2009 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report dated June 29, 2009 to the members of the Company which report is attached.

For S.R. Batliboi & Co.

Chartered Accountants

per Kaustav Ghose

Partner

Membership No.057828

Place : Bangalore

Date : June 29, 2009

Auditors' Report

To
The Members of Sasken Communication Technologies Limited

1. We have audited the attached Balance Sheet of Sasken Communication Technologies Limited ("the Company") as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement for the year then ended annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (e) On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

      (ii) in the case of the Profit and Loss Account, of the profit for the year then ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R.Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Bangalore
June 29, 2009

Annexure to the Auditors' Report

Annexure referred to in Paragraph 3 of our Report of even date

Re: Sasken Communication Technologies Limited

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

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

(c) There was no substantial disposal 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) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, as represented by the management that some items are of a special nature for which alternative quotations cannot be obtained, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of software products and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

(b) None of the transactions made in pursuance of such contracts or arrangements exceed the value of Rupees Five lakhs in respect of any one such party in the financial year.

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

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

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

(ix) (a) According to the records of the Company, the Company is 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, custom duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities.

(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.

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

(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 (Rs.)	Period	Forum where dispute is pending
Income Tax Act, 1961	Income Taxes	922,850	AY 1992-93	Karnataka High Court
Income Tax Act, 1961	Income Taxes	654,553	AY 1999-00	Karnataka High Court
Income Tax Act, 1961	Income Taxes	239,131	AY 2000-01	Karnataka High Court
Income Tax Act, 1961	Income Taxes	1,768,771	AY 2000-01	ITAT
Income Tax Act, 1961	Income Taxes	7,056,614	AY 2001-02	Karnataka High Court
Income Tax Act, 1961	Income Taxes	18,591,921	AY 2002-03	CIT (Appeals)
Income Tax Act, 1961	Income Taxes	565,515	AY 2003-04	ITAT
Income Tax Act, 1961	Income Taxes	4,272,965	AY 2004-05	CIT (Appeals)
Income Tax Act, 1961	Income Taxes	41,848,985	AY 2005-06	CIT (Appeals)
Income Tax Act, 1961	Income Taxes	21,796,720	AY 2006-07	CIT (Appeals)
Income Tax Act, 1961	Non-withholding of Income Taxes	17,898,637	AY 2006-07	ITAT
Income Tax Act, 1961	Income Taxes	3,533,223	AY 2006-07	CIT (Appeals)
KVAT Act, 2003	KVAT	3,619,006	FY 2003-04	STAT, Karnataka
CST Act, 1965	CST	224,988	FY 2003-04	STAT, Karnataka
KVAT Act, 2003	KVAT	17,706,763	FY 2005-06	STAT, Karnataka
CST Act, 1965	CST	8,441,022	FY 2005-06	STAT, Karnataka
KVAT Act, 2003	KVAT	20,608,999	FY 2006-07	STAT, Karnataka
CST Act, 1965	CST	12,547,166	FY 2006-07	STAT, Karnataka
KST Act, 1957	KST	4,507,973	FY 2002-03	JCCT (Appeals)
KST Act, 1957	KST	15,701,106	FY 2004-05	JCCT (Appeals)
Total		**202,506,908**		

Note: Of the above, Rs.132,565,140 has been deposited.

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

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

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

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

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

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

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

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

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

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(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 course of our audit.

For S.R.Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Bangalore
June 29, 2009

Abridged Balance Sheet

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
I. Source of Funds		
(1) Shareholders' Funds		
(a) Equity Share Capital	2,711.11	2,856.08
(b) Employee Stock Options Outstanding (Net of deferred compensation cost)	273.64	524.86
(c) Reserves and Surplus		
(i) Capital Redemption Reserve	144.97	-
(ii) General Reserve	470.00	1,760.92
(iii) Surplus in Profit and Loss Account	9,562.63	8,514.28
(iv) Securities Premium account	29,156.16	29,156.16
Total of (1)	**42,318.51**	**42,812.30**
II. Application of Funds		
(1) Fixed Assets		
(a) Net Block - (Original Cost less Depreciation)	8,149.10	8,383.99
(b) Capital Work in Progress	100.05	58.56
(2) Capitalized Software Products (Net of Amortization)	-	2,123.62
(3) Investments		
(a) Investment in Subsidiary Companies / Joint Ventures - Unquoted	16,945.68	16,500.63
(b) Others -		
(i) Quoted	1,514.63	2,016.73
(ii) Unquoted	-	32.37
(4) (i) Current Assets, Loans and Advances		
(a) Inventories	-	184.50
(b) Sundry Debtors	10,430.90	9,682.67
(c) Cash and Bank Balances	8,255.81	3,109.75
(d) Other Current Assets	2,090.88	1,525.54
(e) Loans and Advances		
(i) To Subsidiary Companies	2,138.56	1,689.44
(ii) To Others	3,775.47	3,608.37
Less:		
(ii) Current Liabilities and Provisions		
(a) Liabilities	8,415.72	3,398.19
(b) Provisions	2,666.85	2,705.68
Net Current Assets (i - ii)	15,609.05	13,696.40
Total of (1) to (4)	**42,318.51**	**42,812.30**

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.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Place : Bangalore
Date : June 29, 2009

For and on behalf of the Board of Directors of
Sasken Communication Technologies Ltd.

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Chief Financial Officer

R. Vittal
Company Secretary

Abridged Profit and Loss Account

Amount in Rs. lakhs

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
I. Income		
- Sales - Telecom Software Services / Products and Other Services	47,974.68	38,925.12
- Dividend	125.77	178.35
- Interest	154.50	32.17
- Other Income	7.86	123.98
Total	**48,262.81**	**39,259.62**
II. Expenditure		
Cost of Revenues, including Research and Development Expenses	5,989.93	5,483.43
Selling Expenses	415.17	736.34
Salaries, Wages and other Employee Benefits	26,125.92	25,290.76
Managerial Remuneration	191.27	246.06
Depreciation and Amortization	2,785.44	3,386.45
Auditors' Remuneration	21.33	14.37
Provisions for (i) Doubtful Debts	460.52	60.61
(ii) Doubtful Deposits	36.00	-
Exchange (Gain) / Loss, (Net)	3,845.08	(1,782.23)
Provision for Diminution in Value of Investments	831.39	144.89
Exceptional Item - Impairment Loss on Capitalized Software Products	1,519.70	-
Other Expenses	1,532.59	1,903.82
Total	**43,754.34**	**35,484.50**
III. Profit Before Tax (I—II)	**4,508.47**	**3,775.12**
IV. Provision for Taxation (including Fringe Benefit Tax)	**1,933.93**	**1,281.59**
V. Profit After Tax	**2,574.54**	**2,493.53**
VI. Balance Brought Forward	**8,514.28**	**7,606.70**
VII. Profit Available for Appropriation	**11,088.82**	**10,100.23**
VIII.Dividend on Equity Shares:		
- Proposed Dividend	1,084.44	1,142.43
- Tax on Dividend	184.30	194.16
IX. Transfer to General Reserve	**257.45**	**249.36**
X. Balance Carried to Balance Sheet	**9,562.63**	**8,514.28**
Earning Per Share (Equity shares of par value Rs.10 each)		
Basic (in Rs.)	9.23	8.74
Diluted (in Rs.)	9.23	8.73
Weighted Average Number of Equity Shares used in computation of		
Basic EPS	27,888,609	28,532,146
Diluted EPS	27,888,609	28,548,881

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.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Place : Bangalore
Date : June 29, 2009

For and on behalf of the Board of Directors of
Sasken Communication Technologies Ltd.

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Chief Financial Officer

R. Vittal
Company Secretary

Statement of Cash Flows

Amount in Rs. lakhs

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
A. Cash Flows from Operating Activities:		
Net Profit Before Tax	**4,508.47**	**3,775.12**
Adjustments for:		
Depreciation	2,103.78	1,949.59
Amortizaton of Non Compete Fees	20.54	154.10
Amortizaton of Technical Knowhow	57.20	79.02
Amortizaton of Capitalized Software Costs	603.92	1,203.74
Provision for Diminution on Investment	831.39	144.89
Impairment loss of Capitalized Software Product	1,519.70	-
Other Non - Cash (writeback) / Charges	283.65	322.00
Foreign Exchange Adjustments	1,949.29	632.05
Other Income	(280.27)	(260.43)
Operating Profit Before Working Capital Changes	11,597.67	8,000.08
Adjustments for:		
(Increase) / Decrease in Sundry Debtors	(1,132.75)	(1,913.64)
(Increase) / Decrease in Work in progress	184.50	(153.56)
(Increase) / Decrease in Other Current Assets	(525.26)	(793.54)
(Increase) / Decrease in Loans & Advances	(232.57)	(214.58)
Increase / (Decrease) in Current Liabilities and Provisions	2,224.42	555.13
Cash generated from Operations	12,116.01	5,479.89
Taxes (Paid) / Received, Net	(1,834.46)	(1,135.25)
Net Cash from Operations	**10,281.55**	**4,344.64**
B. Cash Flows from Investing Activities:		
Purchase of Fixed Assets and Intangible Assets	(1,966.65)	(1,083.61)
Sale of Fixed Assets	76.58	141.63
Interest Received & Other Income	237.40	2.78
Sale / (Purchase) of Investments, Net	474.85	1,859.74
Investment in Subsidiaries	(387.87)	(1,823.81)
Share Application Money - Subsidiary & Joint Venture	(105.00)	-
Investment in Joint Ventures	(751.20)	(771.24)
Loans / Advances given to Subsidiaries	(508.80)	64.45
Repayment of Loans by Subsidiaries	293.20	-
Investment in Deposits	(2.76)	(16.50)
Net Cash used in Investing Activities	**(2,640.25)**	**(1,626.56)**

Statement of Cash Flows *(Contd.)*

Amount in Rs. lakhs

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
C. Cash Flows from Financing Activities:		
Proceeds from Issue of Shares (includes Share Application Money), net of Share Issue Expenses	-	112.83
Buyback of Shares	(1,548.37)	-
Dividend Paid Inclusive of Dividend Tax	(1,336.59)	(1,333.75)
Net Cash used in Financing Activities	**(2,884.96)**	**(1,220.92)**
Net increase in Cash and Bank Balances (A+B+C)	4,756.34	1,497.16
Effect of Translation on Bank Balance	386.96	(106.78)
Cash and Bank Balances at the beginning of the year	3,062.99	1,672.61
Cash and Bank Balances at the end of the year	**8,206.29**	**3,062.99**
Cash on Hand and Remittance in Transit	240.67	10.68
Balances with Banks		
- in Current Accounts	1,203.43	2,647.43
- in Deposit Accounts	6,811.71	451.64
Total	**8,255.81**	**3,109.75**
Less: Margin Money for Bank Guarantees	(49.52)	(46.76)
Cash and Bank Balances at the end of the year	**8,206.29**	**3,062.99**
Supplementary Non-Cash Flow Information		
Investment in Subsidiary / Joint Venture through conversion of Loan / Share Application	8.24	174.72
Dividends received and re-invested in Units of Mutual Funds	125.77	178.35

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.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Place : Bangalore
Date : June 29, 2009

For and on behalf of the Board of Directors of
Sasken Communication Technologies Ltd.

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Chief Financial Officer

R. Vittal
Company Secretary

Notes to Abridged Financial Statements

1. Description of Business

Sasken Communication Technologies Limited ("Sasken" or "the Company") is a provider of telecommunication software services and solutions to network equipment manufacturers, mobile terminal vendors and semiconductor companies around the world. Sasken delivers end-to-end solutions that enable richer content delivery on next generation networks.

Sasken has its headquarters in Bangalore, India with offices in Pune, Chennai, Hyderabad, China, Germany, Sweden, United Kingdom (UK) and the United States of America (USA).

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, 2009. The notes number in the brackets "[ ]" are as they appear in the complete set of financial statements.

The complete set of financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used during the previous year, other than those disclosed.

3. Investments in Subsidiaries and Joint Ventures

(a) As at March 31, 2009, the Company has invested Rs.902.44 lakhs for its 50% equity share in ConnectM Technology Solutions Pvt. Ltd. ("ConnectM"). ConnectM has incurred losses since the date of incorporation and the 50% share of cumulative loss incurred as of March 31, 2009 is Rs.495.99 lakhs. The Company believes that ConnectM is currently in the initial stages of business development and these losses are initial start up losses and hence considers the diminution in value of investment as temporary [Note 3 (a) in the Notes to accounts of main financial statements].

(b) As at March 31, 2009, the Company and Tata AutoComp Systems Limited ("TACO") each hold 50% of the equity in Taco Sasken Automotive Electronics Limited ("TSAE"). The Board of Directors of TSAE has, at the meeting held on January 09, 2009, decided to close down the operations of the company. Accordingly the financial statements of TSAE have not been prepared under the going concern assumption and all assets have been stated at realizable values and all liabilities have been considered at their estimated settlement value. Considering the closure of operations of TSAE, the Company has made a provision of Rs.713.67 lakhs during the year ended March 31, 2009 towards diminution in the value of its investments in TSAE [Note 3 (b) in the Notes to accounts of main financial statements].

(c) As at March 31, 2009, the Company has total investment of Rs.500.02 lakhs in Sasken Communication Technologies (Shanghai) Co. Ltd.("Sasken China"), its wholly owned subsidiary. The Company has further given advances amounting to Rs.81.95 lakhs. Sasken China has made a loss of Rs.229.65 lakhs for the year ended March 31, 2009 and has accumulated losses of Rs.375.35 lakhs as at the Balance Sheet date. The Company has provided for diminution of its investment in Sasken China of Rs.144.88 lakhs in the previous year. Considering that the subsidiary is still in investment phase and that the business operations in Sasken China have commenced during the current year, the Company is of the view that no additional provision for diminution is required [Note 3 (c) in the Notes to accounts of main financial statements].

4. Capital Commitments and Contingencies

(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) amounted to Rs.124.38 lakhs (As at March 31, 2008 Rs.98.90 lakhs) [Note 4 (b) in the Notes to accounts of main financial statements].

(b) Contingent Liabilities

Contingent liabilities towards income taxes and indirect taxes not provided for amount to Rs.974.60 lakhs (As at March 31, 2008 Rs.936.99 lakhs) and Rs.833.57 lakhs (As at March 31, 2008 Rs.631.48 Lakhs) respectively. There are certain claims made against the Company by an investee company, which are a subject matter of arbitration proceedings. In view of the management of the Company such claims are frivolous and are not tenable. No provision has been made for such claims pending completion of legal proceedings as the amount of claims are currently not ascertainable [Note 4 (c) in the Notes to accounts of main financial statements].

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
Bank Guarantees	203.85	511.65
Corporate Guarantee on behalf of subsidiaries	12,474.70	11,948.00

(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) are non-cancellable for specified periods under arrangements. Rent escalation clauses vary from contract to contract. There are no restrictions imposed on operating leases [Note 11 in the Notes to accounts of main financial statements].

Amount in Rs. lakhs

	Year Ended March 31, 2009	Year Ended March 31, 2008
Rent expenses included in Profit and Loss Account towards operating leases	1,754.98	1,839.25

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

Amount in Rs. lakhs

	Year Ended March 31, 2009	Year Ended March 31, 2008
Due within one year of the Balance Sheet date	807.66	926.87
Due between one to five years	745.47	781.83
Due after five years	-	-

5. Other Notes

(a) The Board of Directors, at its meeting held on December 15, 2008 resolved to approach the High Court of Karnataka, Bangalore to create a Business Restructuring Reserve to be carved out from Securities Premium account in terms of a Scheme under Section 391 / 394 of the Companies Act, whereby inter-alia, the losses on impairment of capitalized software products will be adjusted against the said Reserve. The Scheme has been approved by the shareholders and creditors and has been notified to the stock exchanges. Pending approval of the Scheme by the Honourable High Court of Karnataka, the Company has provided for impairment loss of Rs.1,519.70 lakhs, as exceptional item, in respect of capitalized software products, included in Telecom Software Product Segment, which is subject to reversal in terms of the Scheme after its becoming effective in law [Note 4 (a) in the Notes to accounts of main financial statements].

(b) Buy-Back of Equity Shares

In terms of decision of the Board of Directors dated April 18, 2008 and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, the Company offered to buy-back its equity shares of face value of Rs.10 each, upto a maximum amount of Rs.4,000 lakhs at a maximum price of Rs.260 per share from open market. The Company commenced the buy-back on September 15, 2008. The Company has bought back 1,449,742 equity shares at an average price of Rs.106.80 per share, utilizing a sum of Rs.1,548.37 lakhs. The amount paid towards buy-back of shares, in excess of the face value, has been appropriated out of General Reserve.

In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy Back of Securities) Regulations, 1998, the Company has extinguished the above mentioned 1,449,742 shares as on March 31, 2009 and has created Capital Redemption Reserve of Rs.144.97 lakhs towards the face value of 1,449,742 shares of Rs.10 each by way of appropriation against General Reserve [Note 4 (k) in the Notes to accounts of main financial statements].

(c) Pursuant to The Institute of Chartered Accountants of India's (ICAI) Announcement dated March 29, 2008 on "Accounting for Derivatives", the Company has, based on the principles of prudence enunciated in Accounting Standard-1 on "Disclosure of Accounting Policies", recognized mark to market losses on derivative contracts outstanding,(including forward contracts for highly probable collections), to the extent the losses are not offset by the fair value gain on the underlying hedge items. For the purpose of arriving at the net losses, on foreign currency derivative contracts, the Company has considered foreign currency derivative contracts as one portfolio and accordingly, loss amounting to Rs.1,239.30 lakhs and Rs.102.36 lakhs has been recognized in Profit and Loss Account during the year ended March 31, 2009 and year ended March 31,2008 respectively [Note 4 (m) in the Notes to accounts of main financial statements].

(d) Effective April 1, 2007, the Company adopted the revised Accounting Standard 15 – Employee Benefits (hereinafter referred to as 'Revised AS 15'). Accordingly, the Company has made provision for the defined employee benefit plans and employee short term and long term compensated absences, which were not covered earlier in the pre-revised AS 15. In accordance with the transitional provisions of Revised AS 15, the Company has adjusted the balance in Profit and Loss Account as at April 1, 2007 for a sum of Rs.657.30 lakhs, being the liability assessed under the Revised AS 15 as at April 1, 2007 [Note 4(p) in the Notes to accounts of main financial statements].

(e) A provision of Rs.225.85 lakhs has been made, during the year, in respect of receivables from certain entities of a customer which have filed for protection against bankruptcy proceedings. Out of the total amount outstanding as at March 31, 2009, from various legal entities of the customer amounting to Rs.2,345.63 lakhs, the Company has received part payment subsequent to the Balance Sheet date. The remaining amount due from the legal entities that have filed for protection is covered by credit insurance [Note 4 (q) in the Notes to accounts of main financial statements].

(f) Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2009 [Note 4 (r) in the Notes to accounts of main financial statements].

Notes to Abridged Financial Statements *(Contd.)*

6. Managerial Remuneration

[Note 5(a), 5(b) and 5(c) in the Notes to accounts of main financial statements]

Amount in Rs. lakhs

	Year Ended	
	March 31, 2009	March 31, 2008
Whole Time Directors		
Salaries and Bonus	145.67	179.54
Contribution to Provident Fund and other Funds #	9.60	10.75
Total (A)	**155.27**	**190.29**
Non Whole Time Directors		
Commission	33.70	52.80
Sitting Fees	2.30	2.97
Total (B)	**36.00**	**55.77**
Total Remuneration (A)+(B)	**191.27**	**246.06**

The above does not include provisions for gratuity determined on actuarial basis and provisions for leave encashment.

Stock compensation cost in respect of options issued to the directors of Rs.11.70 lakhs for the year ended March 31, 2009 (for year ended March 31, 2008 - Rs.20.07 lakhs) has not been considered as managerial remuneration.

Computation of net profits under Section 198 read with Section 349 and Section 350 of the Companies Act, 1956 for the year ended March 31, 2009 and March 31, 2008.

Amount in Rs. lakhs

Particulars	March 31, 2009		March 31, 2008	
Profits Before Taxation		4,508.47		3,775.12
Add:				
Managerial Remuneration to Directors	191.27		246.06	
Stock Compensation Cost / (reversal)	(251.22)		359.71	
Provision for Doubtful Debts, Created (net)	460.52		60.61	
Provision for Doubtful Deposits	36.00		-	
Depreciation as per Accounts (except intangibles)	2,103.78		1,949.59	
Loss on Sale of Fixed Assets	11.11		-	
Loss on Sale of Investment	27.25		-	
Provision for Diminution in the Value of Investment	831.39		-	
Provision for Warranty / (reversal)	(60.45)	3,349.65	91.89	2,707.86
Less:				
Depreciation as per Section 350 of the Companies Act, 1956	1,400.13		1,146.94	
Gain (Net) on Sale of Investments (non trade)	-		49.91	
Profit from Sale of Fixed Assets	-	1,400.13	6.86	1,203.71
Net Profits as per Section 349 of the Companies Act, 1956		6,457.99		5,279.27
Remuneration to Managing and Whole Time Directors @ 10% of the Net Profits (maximum)		645.79		527.93
Remuneration to Non Whole Time Directors @ 1% of the Net Profits (maximum)		64.57		52.80

Notes to Abridged Financial Statements *(Contd.)*

7. Related Party Disclosures

[Note 8 (a), 8(b), 8(c) and 8(d) in the Notes to accounts of main financial statements]

(a) Remuneration paid to Key Managerial Personnel:

Amount in Rs. lakhs

Name of the Related Party	Relationship	Year Ended	
		March 31, 2009	March 31, 2008
Rajiv C. Mody	Managing Director	70.25	93.07
Krishna J. Jhaveri	Whole Time Director	30.02	32.64
G. Venkatesh	Whole Time Director	55.00	64.58

The above does not include provision for gratuity determined on actuarial basis and provision for leave encashment.

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

	Percentage of holding as at	
	March 31, 2009	March 31,2008
Subsidiaries		
Sasken Network Engineering Limited (SNEL)	100.00%	100.00%
Sasken Network Solutions Inc, USA (SNSI) #	100.00%	100.00%
Sasken Communication Technologies Mexico, S.A.de C.V (Sasken Mexico)	100.00%	100.00%
Sasken Communication Technology (Shanghai) Co. Ltd. (Sasken China)	100.00%	100.00%
Sasken Communication Technologies Oy (Sasken Oy)	100.00%	100.00%
Sasken Finland Oy (Sasken Finland) ##	100.00%	100.00%
Sasken Inc. (Sasken, USA)	100.00%	100.00%
Sasken Japan KK (Sasken Japan)	100.00%	100.00%
Joint Ventures		
TACO Sasken Automotive Electronics Limited (TSAE)	50.00%	50.00%
ConnectM Technology Solutions Pvt. Ltd (ConnectM)	50.00%	49.50%

100% subsidiary of Sasken Network Engineering Limited

100% subsidiary of Sasken Communication Technologies Oy

Notes to Abridged Financial Statements *(Contd.)*

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

Amount in Rs. lakhs

Particulars	As at March 31, 2009	As at March 31,2008
Equity Holding		
- SNEL	305.00	305.00
- Sasken Mexico	176.75	176.75
- Sasken China *	500.02	144.88
- Sasken Oy	14,332.99	14,332.99
- Sasken Inc **	590.70	590.70
- Sasken Japan	75.76	43.03
- TSAE ***	507.21	372.21
- ConnectM	902.44	408.00
Preference Share Capital- TSAE ***	130.00	-
Share Application		
- ConnectM	-	8.24
- TSAE***	105.00	-
Optionally Convertible Debentures (interest free) due from		
- SNEL	263.71	263.71
Corporate Guarantee provided to banks in respect of loans to:		
- Sasken Mexico	1,015.00	801.60
- Sasken Oy	11,459.70	10,696.40
- SNEL	-	450.00
Other Receivable / (Payable) for reimbursement of expenses, (Net)		
- SNEL	653.30	627.81
- Sasken Mexico	629.20	336.77
- Sasken Oy	120.63	112.60
- Sasken Finland	(563.04)	(46.88)
- Sasken China	81.95	4.60
- Sasken Inc	9.17	6.50
- Sasken Network Solutions Inc	298.41	-
- Sasken Japan	(53.91)	-

* Provision for Diminution in Value of Investments Rs.144.88 lakhs, As at March 31, 2008 Rs.144.88 lakhs

** Provision for Diminution in Value of Investments Rs.85.35 lakhs, As at March 31,2008 Nil

*** Provision for Diminution in Value of Investments Rs.713.67 lakhs, As at March 31,2008 Nil

(d) Debtors and Unbilled Revenue with Subsidiary Companies:

Amount in Rs. lakhs

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
Debtors- Sasken Finland	14.20	3.36
Unbilled Revenue - Sasken Japan	397.61	-
Advance from customer- Sasken Japan	227.25	-

Notes to Abridged Financial Statements *(Contd.)*

The following table summarizes the transactions of the Company with subsidiary companies:

Amount in Rs. lakhs

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
Cross charges for common administrative services, net		
- SNEL	143.73	201.71
- Sasken Mexico	121.02	81.20
- Sasken Oy	37.29	46.44
- Sasken Japan	(52.20)	-
- Sasken Inc	0.79	-
- Sasken Network Solutions Inc	287.64	-
Software Development Services rendered to		
- Sasken Finland	26.40	46.33
- Sasken Japan	633.59	-
Purchase of Fixed Assets from Sasken Finland	5.55	-
Network Support Services procured from		
- SNEL	181.78	40.24
- Sasken Finland	96.90	-
Software Development Services Procured from Sasken Finland	499.44	-
Interest on Loan charged to Sasken Mexico	11.63	29.39

(e) The following table summarizes the amount of loans and advances to subsidiaries and joint ventures outstanding at the year end and the maximum amount of loans and advances outstanding during the year.

Amount in Rs. lakhs

Name of Subsidiary / Joint Venture	Outstanding at Year End		Maximum Amount Outstanding During the Year	
	March 31, 2009	March 31, 2008	2009	2008
Advances outstanding from				
- SNEL	705.06	635.58	736.64	635.58
- Sasken Mexico	630.51	338.03	645.70	338.03
- Sasken Oy	120.63	112.60	121.51	112.60
- Sasken Finland	8.82	14.92	23.02	73.51
- Sasken China	81.95	4.60	81.95	4.60
- Sasken Inc.	9.17	6.50	9.17	6.50
- Sasken Network Solutions Inc	298.41	-	298.41	-
Loans outstanding from				
- SNEL (interest free)	130.00	305.00	305.00	455.00
- Sasken Mexico	154.01	272.21	317.96	655.25

Notes to Abridged Financial Statements *(Contd.)*

8. Earnings Per Share (EPS)

[Note 10 in the Notes to accounts of main financial statements]

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

	Year Ended March 31, 2009	Year Ended March 31, 2008
Profit for computation of Basic and Diluted EPS - Amount in Rs. lakhs	2,574.54	2,493.53
Weighted Average Number of Shares considered for Basic EPS	27,888,609	28,532,146
Add: Effect of Stock Options	-	16,735
Weighted Average Number of Shares considered for Diluted EPS	27,888,609	28,548,881

9. Important Ratios

Ratios	2009	2008
Revenue to Total Assets	89.84 %	79.58 %
Profit from Operations* / Capital Employed	24.66 %	4.57 %
Return on Net Worth	6.08 %	5.82 %
PAT to Revenue	5.37 %	6.41 %

*Profit from operations does not include exchange loss of Rs.3,845.08 lakhs for FY 2009 and exchange gain of Rs.1,782.23 lakhs for FY 2008, respectively.

10. Market Value of Quoted Investments

As at March 31, 2009 and 2008, the aggregate market values of quoted investments are Rs.1,514.63 lakhs and Rs.2,016.96 lakhs respectively.

11. Breakup of Revenues are given below:

Amount in Rs. lakhs

	Year Ended March 31, 2009	Year Ended March 31, 2008
Telecom Software Services	40,531.20	33,580.07
Telecom Software Products	6,146.43	4,597.19
Other Services	1,297.05	747.86
Total Revenues	**47,974.68**	**38,925.12**

Notes to Abridged Financial Statements *(Contd.)*

12. The Company is engaged in the development of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of revenue and the information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

13. Comparatives

[Note 13 in the Notes to accounts of main financial statements]

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

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

For S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Place : Bangalore
Date : June 29, 2009

For and on behalf of the Board of Directors of
Sasken Communication Technologies Ltd.

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Chief Financial Officer

R. Vittal
Company Secretary

Balance Sheet Abstract

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956

Statement on Balance Sheet Abstract and General Business Profile of the Company

I. Registration Details			
Registration No.	L72100KA1989PLC014226	State Code	8
Balance Sheet Date	31.03.09		

II. Capital Raised During the Year			
			Amount in Rs. lakhs
Public Issue	Nil	Rights Issue / Preferential Allotment	Nil
Bonus Issue	Nil	Stock Options	Nil

III. Position of Mobilisation and Deployment of Funds			
			Amount in Rs. lakhs
Total Liabilities	42,318.51	Total Assets	42,318.51
Sources of Funds			
Paid-up Capital	2,711.11		
Reserves & Surplus	39,607.40		
Unsecured Loans	-		
Secured Loans	-		
Application of Funds			
Net Fixed Assets	8,249.15		
Capitalized Software	-		
Investments	18,460.31		
Net Current Assets	15,609.05		
Misc. Expenditure	Nil		
Accumulated Losses	Nil		

IV. Performance of the Company			
			Amount in Rs. lakhs
Turnover	47,974.68	Total Expenditure	45,400.14
Profit / (Loss) Before Tax	4,508.47	Profit / (Loss) After Tax	2,574.54
Earnings Per Share (Rs.) (Weighted Average)	9.23	Dividend Rate	40%

V. Generic names of three principal products of the Company	
(as per monetary terms)	
Item Code No. (ITC Code)	85249009.10
Product Description	Computer Software

Consolidated Auditors' Report

To The Board of Directors of

Sasken Communication Technologies Limited

1. We have audited the attached consolidated Balance Sheet of Sasken Communication Technologies Limited ("the Company") and its subsidiaries and joint ventures (collectively called "Sasken Group"), as at March 31, 2009, and also the consolidated Profit and Loss account for the year ended March 31,2009 and the consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. (a) We did not audit the financial statements of the subsidiaries and joint ventures included herein, whose financial statements together reflect total assets of Rs.616,567,950 as at March 31, 2009, total revenues (including other income) of Rs.672,160,139 and cash inflows, net amounting to Rs.87,795,372 for the year then ended.

   (b) We did not audit the consolidated financial statements of a subsidiary incorporated in Finland, included herein, whose consolidated financial statements [prepared as per accounting principles generally accepted in Finland ('Finnish GAAP')], reflect total assets of Rs.2,811,277,596 as at March 31, 2009 and total revenues (including other income) of Rs.1,529,172,582 and cash outflow, net amounting to Rs.26,169,721 for the year then ended. We have undertaken the audit of conversion of such financial statements from Finnish GAAP to accounting principles generally accepted in India.

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

   (c) We also did not audit the financial statements of Sasken Inc. USA ("Sasken USA") for the year ended March 31, 2009. The financial statements of Sasken USA included in the consolidated financial statements, are based on unaudited financial statements, which reflect total assets of Rs.51,242,159 as at March 31, 2009 and total revenues (including other income) of Rs.Nil and cash inflows, net amounting to Rs.706,819 for the year then ended.

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

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

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of Sasken Group as at March 31, 2009;
   (b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R.Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Bangalore
June 29, 2009

Consolidated Balance Sheet

Amount in Rs. lakhs

	Schedule No.	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2,711.11	2,856.08
Employee Stock Options Outstanding (Net of deferred compensation cost)		273.64	524.86
Reserves and Surplus	2	45,305.56	42,502.87
Loan Funds			
Secured Loans	3	6,345.63	8,233.25
Unsecured Loans	4	26.38	530.97
Total Sources		**54,662.32**	**54,648.03**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		49,910.27	45,910.80
Less : Accumulated Depreciation		18,270.20	15,258.44
Net Block		31,640.07	30,652.36
Capital Work in Progress including capital advances		337.96	70.94
Total		**31,978.03**	**30,723.30**
Capitalized Software Product Costs (net of amortization) (Refer note 4(o) in the Notes to Consolidated Accounts)		-	2,123.62
Investments	6	2,019.98	2,664.05
Deferred Tax Asset		216.66	125.30
Current Assets, Loans and Advances			
Inventories	7	99.92	313.06
Sundry Debtors	8	13,896.79	13,326.05
Cash and Bank Balances	9	11,715.34	5,693.34
Other Current Assets	10	3,671.32	3,918.14
Loans and Advances	11	4,818.71	4,737.48
Gross Current Assets	(A)	**34,202.08**	**27,988.07**
Less: Current Liabilities and Provisions	12		
Current Liabilities		9,453.12	4,811.00
Provisions		4,301.31	4,165.31
Total	(B)	**13,754.43**	**8,976.31**
Net Current Assets	(A-B)	20,447.65	19,011.76
Total Applications		**54,662.32**	**54,648.03**
Notes to Consolidated Accounts	19		

The Schedules referred to above and notes to consolidated accounts form an integral part of the Consolidated Balance Sheet.

As per our report of even date.

For S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Place : Bangalore
Date : June 29, 2009

For and on behalf of the Board of Directors of
Sasken Communication Technologies Ltd.

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Chief Financial Officer

R. Vittal
Company Secretary

Consolidated Profit and Loss Account

Amount in Rs. lakhs

	Schedule No.	For The Year Ended March 31, 2009	For The Year Ended March 31, 2008
Revenues		69,781.33	57,017.71
Cost of Revenues	13	47,228.54	40,889.99
Gross Profit		**22,552.79**	**16,127.72**
Research and Development Expenses	14	397.64	2,367.18
Gross Profit after Research and Development Expenses		**22,155.15**	**13,760.54**
Selling and Marketing Expenses	15	2,902.34	3,055.76
Administrative and General Expenses	16	6,842.12	6,450.10
Employee Stock Option Compensation Cost (credit) (net) (Refer Note 7 in the Notes to Consolidated Accounts)		(251.22)	359.71
Profit from Operations		**12,661.91**	**3,894.97**
Amortization of Non Compete Fees		20.54	154.10
Other Income	17	721.97	542.73
Exchange Gain / (Loss) (net)		(4,261.48)	1,799.93
Provision for diminution in value of investments		117.71	-
Profit Before Interest, Exceptional Item and Income Taxes		**8,984.15**	**6,083.53**
Interest Expense	18	381.77	402.58
Exceptional Item (Refer Note 4(o) in Notes to Consolidated Accounts)		1,519.70	-
Profit Before Taxes (including loss of Rs.401.31 lakhs from discontinued operations - Refer Note 3(b) and 3(c) in Notes to Consolidated Accounts)		**7,082.68**	**5,680.95**
Income Tax Expense / (Credit), net			
- Current (Refer Note 6 in Notes to Consolidated Accounts)		2,827.73	1,610.77
- Deferred		(100.05)	(52.79)
Fringe Benefit Tax [including Rs.1.31 lakhs for discontinued operations - Refer Note 3(b) and 3(c) in Notes to Consolidated Accounts]		124.59	184.54
Profit After Tax (including loss of Rs.402.62 lakhs from discontinued operations - Refer Note 3(b) and 3(c) in Notes to Consolidated Accounts)		**4,230.41**	**3,938.43**
Add: Balance brought forward		10,673.60	8,990.48
Less: Adjustment for transitional provision under AS 15 (revised) (Refer Note 4(i) in Notes to Consolidated Accounts)		-	(669.36)
Profit Available for Appropriations		**14,904.01**	**12,259.55**
Appropriations:			
Proposed dividend		1,084.44	1,142.43
Tax on dividend		184.30	194.16
Transfer to General Reserve		257.45	249.36
Balance carried to Consolidated Balance Sheet		13,377.82	10,673.60
Earnings Per Share (Equity Share par value Rs.10 each)			
Basic		15.17	13.80
Diluted		15.17	13.80

Consolidated Profit and Loss Account *(Contd.)*

	Schedule No.	For The Year Ended March 31, 2009	For The Year Ended March 31, 2008
Weighted Average Number of Equity Shares used in computation of			
Basic EPS		27,888,609	28,532,146
Diluted EPS		27,888,609	28,548,881
(Refer Note 10 in Notes to Consolidated Accounts)			
Notes to Consolidated Accounts	19		

The Schedules referred to above and the notes to consolidated accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date.

For S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Place : Bangalore
Date : June 29, 2009

For and on behalf of the Board of Directors of
Sasken Communication Technologies Ltd.

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Chief Financial Officer

R. Vittal
Company Secretary

Consolidated Cash Flow Statement

Amount in Rs. lakhs

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
A. Cash Flows from Operating Activities:		
Net Profit Before Tax	**7,082.68**	**5,680.95**
Adjustments for:		
Depreciation and Amortization of Technical Knowhow	3,057.36	2,795.91
Amortization of Non Compete Fees and Contract Rights	77.74	178.85
Amortizaton of Capitalized Software Costs	603.92	1,203.74
Other Non-Cash (Writeback) / Charges	483.14	357.43
Impairment Loss on Capitalized Software Product	1,519.70	-
Foreign Exchange Adjustments	2,041.76	607.40
Interest Expense	381.77	402.58
Other Income	(367.69)	(299.11)
Operating Profit before Working Capital Changes	14,880.38	10,927.75
Adjustments for:		
(Increase) / Decrease in Sundry Debtors	(810.07)	(2,021.81)
(Increase) / Decrease in Work in Progress	231.68	(231.42)
(Increase) / Decrease in Other Current Assets	298.62	(1,470.33)
(Increase) / Decrease in Loans & Advances	(58.21)	(121.84)
Increase / (Decrease) in Current Liabilities and Provisions	1,472.45	766.87
Cash Generated from Operations	16,014.85	7,849.22
Taxes (Paid) / Received, Net	(2,726.30)	(1,896.51)
Net Cash from Operations	**13,288.55**	**5,952.71**
B. Cash Flows from Investing Activities:		
Purchase of Fixed Assets and Intangible Assets	(2,881.56)	(2,626.61)
Sale of Fixed Assets	89.24	204.04
Interest / Dividend Received	324.73	60.97
Sale / (Purchase) of Investments, Net	499.57	1,286.97
Investments in Deposits	(19.03)	(16.50)
Net Cash used in Investing Activities	**(1,987.05)**	**(1,091.13)**
C. Cash Flows from Financing Activities:		
Proceeds from Issue of Shares (includes Share Application Money)	-	112.83
Buy Back of Shares	(1,548.37)	-
Proceeds from Government Subsidy - Net of Utilisation	-	(25.09)
Proceeds from Short-Term Loan and Borrowing	-	457.75

Consolidated Cash Flow Statement *(Contd.)*

Amount in Rs. lakhs

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Repayment of Short-Term Loan and Borrowing	(2,688.41)	(1,520.37)
Dividend Paid inclusive of Dividend Tax	(1,336.59)	(1,333.75)
Interest Paid	(381.77)	(402.58)
Net Cash used in Financing Activities	**(5,955.14)**	**(2,711.21)**
Net Increase / (Decrease) in Cash and Bank Balances (A+B+C)	5,346.36	2,150.37
Effect of Translation on Bank Balance	656.61	38.86
Cash and Bank Balances at the beginning of the year	5,646.58	3,457.35
Cash and Bank Balances at the end of the year	**11,649.55**	**5,646.58**
Cash on Hand and Remittance in Transit	241.35	12.18
Balances with Bank:		
- in Current Accounts	4,025.23	4,960.50
- in Deposit Accounts	7,448.76	720.66
Total	**11,715.34**	**5,693.34**
Less: Margin money for Bank Guarantees	(65.79)	(46.76)
Cash and Bank Balances at the end of the year	**11,649.55**	**5,646.58**
Supplementary Non-Cashflow Information		
Dividends Received and Re-invested in Units of Mutual Funds	125.82	178.35

As per our report of even date.

For S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.057828

Place : Bangalore
Date : June 29, 2009

For and on behalf of the Board of Directors of
Sasken Communication Technologies Ltd.

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Neeta S. Revankar
Chief Financial Officer

R. Vittal
Company Secretary

Schedules Forming Part of the Consolidated Balance Sheet

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
Schedule 1		
Share Capital		
Authorised Capital		
50,000,000 Equity Shares of Rs.10 each (At March 31, 2008, 50,000,000 Equity Shares of Rs.10 each)	5,000.00	5,000.00
Total	**5,000.00**	**5,000.00**
Issued, Subscribed and Paid Up Capital		
28,560,793* Equity Shares of Rs.10 each fully paid up (At March 31, 2008, 28,560,793 Equity Shares of Rs.10 each fully paid up) [Refer Note 7 in Notes to Accounts for options issued]	2,856.08	2,856.08
Less: 1,449,742 Equity Shares of Rs.10 each fully paid up extinguished pursuant to buy-back scheme. *[Including prior to Buy Back, 5,675,000 Equity Shares of Rs.10 each allotted as fully paid up Bonus shares by capitalization of balance in Profit and Loss Account of Rs.502.83 lakhs and General Reserve of Rs.64.67 lakhs]	(144.97)	-
Total	**2,711.11**	**2,856.08**
Schedule 2		
Reserves and Surplus		
Securities Premium		
Opening Balance	29,156.16	29,042.15
Add: Received during the year	-	114.01
Total	**29,156.16**	**29,156.16**
General Reserve		
Opening Balance	1,760.92	1,511.56
Less: Transferred to Capital Redemption Reserve	(144.97)	-
Less: Premium on Equity Shares Bought Back	(1,403.40)	-
Add: Transferred from Profit & Loss Account	257.45	249.36
Total	**470.00**	**1,760.92**
Capital Redemption Reserve		
Transfer from General Reserve	144.97	-
Total	**144.97**	**-**
Profit & Loss Account	13,377.82	10,673.60
Foreign Exchange Translation Reserve		
Opening Balance	912.19	(391.45)
Add: Movement during the year	1,244.42	1,303.64
Total	**2,156.61**	**912.19**
Total	**45,305.56**	**42,502.87**

Schedules Forming Part of the Consolidated Balance Sheet *(Contd.)*

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
Schedule 3		
Secured Loans		
Loan from Nordea Bank (Secured against shares of Sasken Finland Oy and corporate guarantee given by the Company)	5,524.79	7,157.79
Loan from OKO Bank (Secured against assets of Sasken Finland Oy)	820.84	1,075.46
Total	**6,345.63**	**8,233.25**
Schedule 4		
Unsecured Loans		
Loan from ABN Amro Bank (Against corporate guarantee given by the Company)	-	481.44
Loan - Others	26.38	49.53
Total	**26.38**	**530.97**

Schedule 5 - Fixed Assets

Amount in Rs. lakhs

Particulars	GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK	
	Balance as at April 1, 2008	Additions during the year	Deletions during the year	Adjustments *	Balance as at March 31, 2009	Balance as at April 1, 2008	For the year	Deletions during the year	Adjustments	Balance as at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Freehold Land	2,287.67	-	-	-	2,287.67	-	-	-	-	-	2,287.67	2,287.67
Building	3,310.98	-	-	-	3,310.98	1,127.70	167.35	-	-	1,295.05	2,015.93	2,183.28
Leasehold Improvements	1,023.85	147.06	61.78	(23.42)	1,085.71	403.53	233.18	51.97	(14.11)	570.63	515.08	620.32
Computers	5,408.95	826.97	17.78	1.82	6,219.96	3,945.13	812.70	16.35	2.83	4,744.31	1,475.65	1,463.82
Electrical Fittings	306.00	134.20	14.01	0.71	426.90	189.91	52.94	11.56	(0.47)	230.82	196.08	116.09
Furniture and Fittings	2,506.03	167.93	195.10	15.36	2,494.22	1,323.45	382.35	120.25	22.84	1,608.39	885.83	1,182.58
Plant & Machinery including Office Equipment	6,820.02	480.50	29.19	72.96	7,344.29	4,712.18	802.25	25.41	62.62	5,551.64	1,792.65	2,107.84
Vehicles	6.31	-	6.23	-	0.08	1.76	1.50	3.18	-	0.08	-	4.55
Intangible Assets:												
- Computer Software	3,294.76	1,038.61	-	35.77	4,369.14	2,843.62	605.09	-	31.67	3,480.38	888.76	451.14
- Goodwill in Consolidation	20,122.61	-	-	1,425.09	21,547.70	-	-	-	-	-	21,547.70	20,122.61
- Technical Knowhow	182.50	-	-	-	182.50	90.59	57.20	-	-	147.79	34.71	91.91
- Contracts	148.04	-	-	-	148.04	148.03	-	-	-	148.03	0.01	0.01
- Non Compete Fees	493.08	-	-	-	493.08	472.54	20.54	-	-	493.08	-	20.54
Total	**45,910.80**	**2,795.27**	**324.09**	**1,528.29**	**49,910.27**	**15,258.44**	**3,135.10**	**228.72**	**105.38**	**18,270.20**	**31,640.07**	**30,652.36**
Balance as at March 31, 2008	41,758.48	2,867.60	398.77	1,683.49	45,910.80	12,303.53	2,974.76	161.18	141.33	15,258.44	30,652.36	-

* Adjustments in Gross Block include Rs.21.29 lakhs, towards impairment of assets, held by a Joint Venture [Refer Note 3 (d) in the Notes to Consolidated Accounts].

Schedules Forming Part of the Consolidated Balance Sheet *(Contd.)*

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
Schedule 6		
Investments		
A. Long term, Unquoted, Non Trade, at cost		
Investment in Omni Capital Fund L.P., a Limited Liability Partnership in USA	590.70	590.70
Less: Provision for diminution in value of investment	(85.35)	-
14,584 fully paid Common Stock of 2Wire Inc, a company incorporated in USA (As on March 31, 2008 - 14,584 fully paid common stock)	83.00	83.00
Less: Provision for diminution in value of investment	(83.00)	(50.86)
392,285 fully paid equity shares of Rs.10 each of Prime Telesystems Ltd. (As on March 31, 2008 - 392,285 fully paid equity shares of Rs.10 each)	240.00	240.00
Less: Provision for diminution in value of investment	(240.00)	(240.00)
203,500 common shares of Extandon Inc, a company incorporated in USA	0.23	0.23
Less: Provision for diminution in value of investment (Refer Note 4(e) in the Notes to Consolidated Accounts)	(0.23)	-
B. Current - Non Trade, Unquoted at lower of cost and net realisable value		
- Deutsche Floating Rate Fund Regular Plan Weekly Dividend [As at March 31, 2009 - Nil Units]; [Market Value - Rs.Nil] [As at March 31, 2008 - 6,031,998 Units of Rs.10.0509]; [Market value - Rs.606.51 lakhs]	-	606.27
- LIC MF Liquid Fund - Daily Dividend Plan [As at March 31, 2009 - Nil Units]; [Market Value - Rs.Nil] [As at March 31, 2008 - 1,003,281.60 Units of Rs.10.000 each]; [Market value - Rs.100.33 lakhs]	-	100.33
- TFLD Tata Floater Fund - Daily Dividend [As at March 31, 2009 - 5,036,809.158 Units of Rs.10.0356]; [Market Value - Rs.505.47 lakhs] [As at March 31, 2008 - 7,172,181.985 Units of Rs.10.0356 each]; [Market value - Rs.719.77 lakhs]	505.47	719.77
- Birla Cash Plus- Institutional Premium - Daily Dividend Investment [As at March 31, 2009 - 10,086,055.291 Units of Rs.10.0055 each]; [Market value- Rs.1009.16 lakhs] [As at March 31, 2008 - 5,891,979.827 Units of Rs.10.0195 each]; [Market value - Rs.590.35 lakhs]	1,009.16	590.35
- HDFC Cash Management Mutual Fund [As at March 31, 2009 - Nil Units]; [Market Value - Rs.Nil] [As at March 31, 2008 - 505,376 Units of Rs.4.8006 each]; [Market value - Rs.24.26 lakhs]	-	24.26
Total	**2,019.98**	**2,664.05**
Schedule 7		
Inventories		
Raw Material	40.39	86.74
Work-in-Progress	59.53	226.32
Total	**99.92**	**313.06**

Schedules Forming Part of the Consolidated Balance Sheet *(Contd.)*

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
Schedule 8		
Sundry Debtors		
(a) Debts outstanding for a period exceeding six months		
- Unsecured, Considered Good	250.89	427.75
- Unsecured, Considered Doubtful	539.98	280.22
(b) Other Debts		
- Unsecured, Considered Good	13,645.90	12,898.30
- Unsecured, Considered Doubtful	297.29	14.06
Less: Provisions for Doubtful Debts	(837.27)	(294.28)
(Refer Note 4(m) in the Notes to Consolidated Accounts)		
Total	**13,896.79**	**13,326.05**
Schedule 9		
Cash and Bank Balances		
Cash on Hand	14.10	12.18
Remittance in Transit	227.25	-
Balances with Banks:		
- in Current Accounts	4,025.23	4,960.50
- in Deposit Accounts	7,448.76	720.66
(held as margin money for bank guarantees / letters of credit as on March 31, 2009 - Rs.65.79 lakhs; as on March 31, 2008 - Rs.46.76 lakhs)		
Total	**11,715.34**	**5,693.34**
Schedule 10		
Other Current Assets		
Interest Income Accrued	48.28	5.32
Unbilled Revenues	3,623.04	3,912.82
Total	**3,671.32**	**3,918.14**
Schedule 11		
Loans and Advances		
(Unsecured, considered good except otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	2,515.55	1,813.04
Deposits with Government Departments and others [Considered doubtful Rs.64.65 lakhs]; [March 31, 2008 - Rs.Nil]	1,404.06	1,723.44
Loans and Advances to Staff	258.41	409.73
Advance Income Tax (Net of Provision)	683.97	787.86
Advance Fringe Benefit Tax (Net of Provision)	21.37	3.41
Less: Provision for doubtful deposits	(64.65)	-
Total	**4,818.71**	**4,737.48**

Schedules Forming Part of the Consolidated Balance Sheet *(Contd.)*

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
Schedule 12		
Current Liabilities and Provisions		
(A) Current Liabilities		
Sundry Creditors for Goods, Expenses and Services		
- Dues to Micro and Small Enterprises	-	-
- Dues to Other Creditors	4,180.60	2,739.13
Liability for Forward Cover Contracts / Instruments	2,870.50	149.18
Other Liabilities	1,731.05	1,680.80
Deferred Revenues	293.26	197.75
Advance Received from Customers	377.71	44.14
Total (A)	**9,453.12**	**4,811.00**
(B) Provisions		
Provision for Income Tax	283.82	13.31
Provision for Fringe Benefit Tax	7.58	138.00
Proposed Equity Dividend	1,084.44	1,142.43
Tax on Proposed Equity Dividend	184.30	194.16
Provision for Warranty	37.53	97.98
Provision for Gratuity and Pension	217.48	118.55
Provision for Employee Compensated Absences	1,823.11	2,129.44
Provision for Other Employee Benefits	663.05	331.44
Total (B)	**4,301.31**	**4,165.31**
Total (A) + (B)	**13,754.43**	**8,976.31**

Schedules Forming Part of the Consolidated Profit and Loss Account

Amount in Rs. lakhs

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Schedule 13		
Cost of Revenues		
Salaries & Bonus	31,100.62	26,628.01
Contribution to Provident and Other Funds	3,056.66	2,699.21
Staff Welfare	393.40	380.22
Recruitment and Relocation	215.37	189.90
Rent	2,530.46	2,287.36
Repairs and Maintenance		
- Plant & Machinery	532.97	327.38
- Building	330.73	299.15
- Others	108.39	182.54
Communication Expenses	692.90	553.00
Travel Expenses	1,291.93	1,257.76
Electricity and Water Charges	690.46	671.74
Professional & Consultancy Charges	764.39	607.76
Depreciation	2,725.37	2,234.99
Contract Staff Cost	974.78	753.78
Software Expenses	311.15	262.73
Training and Conference Expenses	227.85	218.98
Warranty Expenses [Net of reversal]	(60.45)	91.89
Miscellaneous	373.23	126.22
Commission [Net of reversal of provision Rs.5.20 lakhs; Previous year Rs.81.39 lakhs]	89.91	(20.69)
Provision for Diminution in Inventory	16.22	-
Provision for Doubtful Deposits	36.00	-
Sub Total	46,402.34	39,751.93
Amortization of Capitalized Software Product Costs	603.92	1,203.74
Amortization of Technical Knowhow	57.20	79.02
Add: Opening Balance of Work in Progress	224.61	79.91
Less: Closing Balance of Work in Progress	(59.53)	(224.61)
Total	**47,228.54**	**40,889.99**

Schedules Forming Part of the Consolidated Profit and Loss Account *(Contd.)*

Amount in Rs. lakhs

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Schedule 14		
Research and Development Expenses		
Salaries & Bonus	229.63	1,388.54
Contribution to Provident and Other Funds	11.34	95.66
Staff Welfare	2.35	22.53
Recruitment and Relocation	(0.27)	24.41
Rent	25.13	106.33
Repairs and Maintenance		
- Plant & Machinery	2.55	107.15
- Building	(1.89)	14.32
- Others	0.22	12.26
Communication Expenses	5.43	30.61
Travel Expenses	10.46	71.10
Electricity and Water Charges	4.73	39.60
Professional & Consultancy Charges	21.81	193.35
Depreciation	62.49	203.86
Software Expenses	4.05	32.91
Training and Conference Expenses	19.61	24.55
Total	**397.64**	**2,367.18**
Schedule 15		
Selling and Marketing Expenses		
Salaries & Bonus	1,498.86	1,664.90
Contribution to Provident and Other Funds	88.23	115.35
Staff Welfare	37.64	74.54
Recruitment and Relocation	3.92	31.18
Rent	85.46	124.48
Repairs and Maintenance		
- Plant & Machinery	7.96	7.03
- Building	(18.18)	12.63
- Others	4.99	6.22
Communication Expenses	96.42	125.22
Travel Expenses	257.64	371.37
Electricity and Water Charges	7.40	11.44
Professional, Legal & Consultancy Charges	143.40	198.66
Selling Expenses - others	105.68	180.02
Depreciation	33.27	40.95
Training and Conference Expenses	6.05	12.44
Bad Debts written off	0.22	-
Doubtful Debts Provided / (Reversed), Net	542.99	76.16
Software Expenses	0.39	3.17
Total	**2,902.34**	**3,055.76**

Schedules Forming Part of the Consolidated Profit and Loss Account *(Contd.)*

Amount in Rs. lakhs

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Schedule 16		
Administrative and General Expenses		
Salaries & Bonus	2,911.58	3,002.29
Contribution to Provident and Other Funds	355.04	365.95
Staff Welfare	118.73	158.28
Recruitment and Relocation	42.07	104.36
Rent	331.64	270.74
Rates and Taxes	249.42	123.44
Repairs and Maintenance		
- Plant & Machinery	83.55	60.95
- Building	220.07	84.82
- Others	124.06	53.22
Communication Expenses	142.00	90.57
Travel Expenses	324.62	473.18
Electricity and Water Charges	99.58	102.61
Depreciation	236.23	261.84
Professional, Legal & Consultancy Charges	653.62	383.66
Membership & Subscriptions	148.48	76.14
Software Expenses	23.23	80.06
Auditors' Remuneration		
- Audit Fees	14.30	13.00
- Others	7.55	-
- Out of Pocket Expenses (including Service Tax)	3.04	1.37
Training and Conference Expenses	53.70	137.17
Directors' Sitting Fees	2.30	2.97
Donations	36.78	20.40
Insurance	184.83	115.23
Loss on Sale of Fixed Assets / Discarded Assets	14.28	40.86
Miscellaneous	527.92	426.99
Impairment of Assets	21.29	-
Loss on Sale of Investments	26.79	-
Provision for Doubtful Deposits	28.65	-
Less: Capitalization of ERP Cost	(143.23)	-
Total	**6,842.12**	**6,450.10**

Schedules Forming Part of the Consolidated Profit and Loss Account *(Contd.)*

Amount in Rs. lakhs

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Schedule 17		
Other Income		
Miscellaneous Income	11.52	47.70
Dividend Received on Current Investments (Non Trade)	125.82	183.15
Net gain on Sale of Current Investments (Non Trade)	-	49.91
Interest Income on Bank Deposits	212.94	64.85
Write Back of Advance from Customer / Provisions	7.70	30.36
Profit on Sale of Fixed Assets	8.15	7.55
Asset Recovery Charge	53.77	-
Research and Technology Tax Incentive	273.14	158.01
Other Interest Income	28.93	1.20
Total	**721.97**	**542.73**
Schedule 18		
Interest Expense		
Term loans from Banks and Others	381.77	402.58
Total	**381.77**	**402.58**

Notes Forming part of Consolidated Accounts

Schedule 19

1. Description of Business

Sasken Communication Technologies Limited ("Sasken" or "the Company") and its subsidiaries and joint ventures (hereinafter collectively referred to as "the Group") is a provider of telecommunication software services and solutions to network equipment manufacturers, mobile terminal vendors and semiconductor companies around the world. Sasken delivers end-to-end solutions that enable richer content delivery on next generation networks.

Sasken has its headquarters in Bangalore, India with offices in Pune, Chennai, Hyderabad, China, Germany, Japan, Sweden, United Kingdom (UK) and the United States of America (USA).

2. Significant Accounting Policies

(a) Basis for Preparation of Financial Statements

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

Name of Subsidiary	Country of Incorporation	% Holding
Sasken Network Engineering Limited (SNEL)	India	100.00%
Sasken Network Solutions Inc (SNSI)*	USA	100.00%
Sasken Communication Technologies, S.A. de C.V (Sasken Mexico)	Mexico	100.00%
Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China)	China	100.00%
Sasken Communication Technologies Oy (Sasken Oy)	Finland	100.00%
Sasken Finland Oy (Sasken Finland)**	Finland	100.00%
Sasken Japan KK (Sasken Japan)	Japan	100.00%
Sasken Inc (Sasken USA)	USA	100.00%
Name of Joint Venture	**Country of Incorporation**	**% Holding**
TACO Sasken Automotive Electronics Limited	India	50.00%
ConnectM Technology Solutions Pvt. Ltd	India	50.00%

* Fully held by Sasken Network Engineering Limited

** Fully held by Sasken Oy

The consolidated financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. Except as disclosed, the financial statements have been prepared under the historical cost convention on an accrual basis. Except as disclosed, the accounting policies have been consistently applied by the Group and are consistent with those used during the previous year.

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. All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. The excess of the cost to the Company of its investments in subsidiaries and joint ventures, 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 ventures 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.

(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 the terms of the agreement, provided collection is probable.

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

Dividend income is recognized when the right to receive dividend is established.

Interest income is recognized on an accrual basis.

(c) Inventories and Work in Progress

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

Other inventory items are valued at lower of cost or net realizable value. Cost is determined on specific identification basis and 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 less impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets, 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.

Notes Forming part of Consolidated Accounts *(Contd.)*

(e) Depreciation

Depreciation is provided on Straight Line Method (SLM) 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 - $33^1/_3$	16.21
Electrical Fittings	20	4.75
Furniture & Fittings	10 – 20	6.33
Plant & Machinery including Office Equipment	20 – 25	4.75
Vehicles	20	9.50

Leasehold improvements at leased property are depreciated over the estimated useful life or the lease period of the property, whichever is lower.

Assets with unit value of Rs.5,000 or less are depreciated entirely in the year of acquisition, except in case of Sasken Finland where the assets with unit value of Euro 5,000 or less are depreciated entirely in the period of acquisition.

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

1. Goodwill – Goodwill represents the excess of the purchase price over the book value of the net assets of the acquired subsidiary companies on the date of investment. Goodwill is not amortized but is tested for impairment on a periodic basis.

2. Computer Software -

   (a) Computer Software used for development of software/rendering software services – Over the life of the project/product – over 1 to 5 years.

   (b) Generic Computer Software – over 12 months.

   (c) Product Software for administration purposes – 3 years.

3. Contract Rights – over 1 to 3 years.

4. Non-compete fee – over the contract period of 24 months.

5. Technical Knowhow – over a period of 36 months.

6. Capitalized Software – over a period of 36 months.

7. In case of Sasken Finland -

   Software licenses

   (a) Over Euro 3,000 – 3 years.

   (b) Development – 5 years.

   (c) Business value (Mechanical) – 3 years.

(f) Capitalization and Amortization of Software Products

Cost incurred during the research phase are expensed off as period costs. Costs incurred towards development of computer software products meant for sale, lease or otherwise marketed, are capitalized subsequent to establishing the technological feasibility. The costs are expensed as period costs, if the technological feasibility is not established. 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 or 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.

(h) Foreign Currency Transactions

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

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

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

(iv) Forward Exchange Contracts - The Group uses forward exchange contracts to hedge its exposure to movements in foreign exchange rates. The Group does not use the forward exchange contracts for trading or speculation purposes. 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, to the extent of the underlying assets recognized as at the Balance Sheet date, are recognized in the statement of Profit and Loss of the relevant year. Any Profit or Loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

(v) Foreign Operations - 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 financial statements of non-integral operation for incorporation in financial statements, income and expenditure items are translated at the average exchange rates for the year and the assets and liabilities both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate. Exchange differences arising from such translations are accumulated in 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) Employee Benefits

(i) Gratuity

The Group provides for gratuity, a defined benefit retirement 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 Group.

The Group contributes to gratuity funds maintained by insurance companies. The amount of contribution is determined based upon actuarial valuations as at the year end. Such contributions are charged off to the Profit & Loss Account. Provision is made for the difference between the actuarial valuation as per the projected unit credit method and the funded balance with the insurance companies as at the Balance Sheet date.

(ii) Provident Fund

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

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

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

(iii) Compensated absences

Short-term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation, done as per projected unit cost method, as at Balance Sheet date.

(iv) Superannuation

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

(v) Actuarial gains / losses

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

(j) Impairment of Assets

(i) The carrying amounts of assets are reviewed at each Balance Sheet date 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 at the weighted average cost of capital.

(ii) After impairment, depreciation is provided on the revised carrying amount of the asset 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

The Group provides for the estimated costs, based on trend of past analysis and nature of services rendered, which may be incurred under free warranties, as provided in licensing and service contracts.

(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 is charged to expense as research and development costs.

(m) Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are 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 period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. 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 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 Company 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 Company 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.

(n) Stock Compensation Expense

The Group accounts for stock compensation expense based on the fair value of the options granted 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 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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting 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

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to 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.

(q) Segment Policy

Identification of segments:

The Group is primarily focused in the telecommunication 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 Telecom Software Services, Telecom Software Products, Network Engineering Services and Automotive, Utilities and 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 Corporate and other segment includes 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 Profit and Loss Account on a straight-line basis over the lease term.

(s) Derivatives

As per the ICAI announcement, the Group provides for net losses in respect of all outstanding derivative contracts as at the Balance Sheet date by marking them to market on a portfolio basis. Net gains are ignored.

(t) CONACYT Tax Credit

Sasken Mexico is participating in the program called CONACYT offered and managed by Federal Government of Mexico. The program offers non cash tax incentive for the companies carrying out Research and Development work which is to be utilized for discharging the tax liability within a span of 10 years. Sasken Mexico was sanctioned with a funding of MXN 12,313,185 for the year 2007. The Company has utilized MXN 7,948,200 (INR 27,314,970) during the year ended March 31, 2009 (MXN 4,364,985, INR 15,801,246 for the year ended March 31, 2008)

The accounting treatment given to account for receipt of funds from Government and its utilization are in line with AS 12 and guidelines issued by ICAI.

(u) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet 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.

(v) Government Subsidy

Sasken Mexico is participating in program called PROSOFT offered and managed by State Government of Nuevo León, México and Federal Government of Mexico. The program offers incentive in the area of Information Technologies to sponsor their projects with advance funding to be utilized broadly towards Training, Implementing processes for Quality certification, Purchases of Infrastructure and Office Equipment and participation in trade shows/job fare. Sasken was sanctioned with a funding of MXN 5,780,000 for the year 2006. As per the rules of operations the funds were to be utilized for the said activities for the projects during the year 2006 or to apply for an extension. Sasken Mexico applied for an extension to utilize the funds until March 31,2007 and utilized MXN 4,373,867 part of which (MXN 635,788) was allowed by the State Government to be adjusted against investment made by Sasken Mexico to set up infrastructure and the balance unutilized funds of MXN 1,406,133 was returned to Government (Federal MXN 1,015,333 and State Government MXN 390,800).

Sasken Mexico carried MXN 635,788 referred above under capital reserve, awaiting for the final approvals on the PROSOFT 2006 report submitted to Government. In the month of June 2007, the Federal Government upon their assessment of the report advised Sasken Mexico to refund MXN 126,035.37 as final dues. Sasken Mexico refunded the said amount as on June 29, 2007 and adjusted the balance funds MXN 509,752.63 (Rs.19.09 lakhs) against the investment to leasehold improvements made by Sasken Mexico to increase its facility infrastructure.

3. Joint Ventures

(a) ConnectM Technology Solutions Pvt. Ltd. (“ConnectM”)

In June 2007, Sasken and IDG Ventures formed a joint venture company called ConnectM Technology Solutions Pvt. Ltd. (“ConnectM”) in Bangalore. ConnectM intends to explore and focus on end-to-end cycle development and sustenance to the Transportation, Industrial, Utilities and Enterprise markets enabled by Machine-to-Machine (M2M) communications. As at March 31, 2009, the Company and IDG Ventures each hold 50.00% 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.

(b) TACO Sasken Automotive Electronics Limited (“TSAE”) –(Formerly known as TACO Sasken Automotive Electronics Private Limited)

In January 2007, Sasken and Tata AutoComp Systems Limited (“TACO”) formed a joint venture company called TACO Sasken Automotive Electronics Limited (formerly known as TACO Sasken Automotive Electronics Private Limited) (“TSAE”) in Pune. The Board of Directors of TSAE has, at the meeting held on January 09, 2009, decided to close down the operations of the company and operations of the company are being discontinued.

Accordingly the financial statements of TSAE have not been prepared under the going concern assumption and all assets have been stated at realisable values and all liabilities have been considered at their estimated settlement values.

Notes Forming part of Consolidated Accounts *(Contd.)*

As at March 31, 2009, the Company and TACO each hold 50% of the equity in TSAE. In accordance with Accounting Standard 27 on "Financial Reporting of Interest in Joint Venture", the Group has consolidated the results of TSAE in proportion to its interest in the Joint Venture. The results of TSAE are included in the Automotive, Utilities & Industrial segment.

The proportionate share of net cash flows attributable to TSAE is as follows:

Amount in Rs. lakhs

	March 31, 2009
Operating	(339.30)
Investing	(3.31)
Financing	-
Net cash inflows / (outflows)	(342.61)

(c) The proportionate share of assets and liabilities as at March 31, 2009 and income and expenditure for the year, in respect of the jointly controlled entities, are given below:

Amount in Rs. lakhs

	TSAE*		ConnectM	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Reserves and Surplus	(713.67)	(311.05)	(495.99)	(166.97)
Secured Loans	-	-	50.00	-
Fixed Assets, net	29.62	70.82	28.08	20.76
Investments	-	-	-	24.51
Inventories	-	-	4.13	-
Sundry Debtors	-	2.54	21.07	4.08
Cash and Bank	36.19	8.81	392.17	204.64
Loans and Advances	6.34	38.92	46.03	19.85
Current Liabilities and Provisions	43.60	59.92	33.18	28.14
Contingent Liabilities and Capital Commitment	-	3.68	-	5.17

Notes Forming part of Consolidated Accounts *(Contd.)*

Amount in Rs. lakhs

	TSAE*		ConnectM	
	Year Ended March 31, 2009	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2008
Revenue	39.33	5.00	32.29	18.93
Cost of Revenue	33.26	4.48	207.67	50.12
Research and Development Expenses	169.59	131.77	-	-
Selling and Marketing Expenses	17.10	10.32	102.93	63.24
Administrative and General Expenses	225.26	110.16	75.70	86.91
Employee Stock Option Cost	-	-	1.30	0.55
Other Income including Exchange Gain or Loss	4.57	0.59	28.04	15.91
Interest	-	-	(0.54)	(0.29)
Profit / (Loss) Before Tax	(401.31)	(251.14)	(327.81)	(166.27)
Provision for Tax	(1.31)	(1.38)	(1.21)	(0.70)
Profit / (Loss) After Tax	(402.62)	(252.52)	(329.02)	(166.97)

* The operations of TSAE are discontinued as disclosed above in Note 3(b).

(d) The proportionate share of impairment loss for each class of asset, for the year, is provided below :

Amount in Rs. lakhs

	TSAE	
	March 31, 2009	March 31, 2008
Leasehold Equipment	5.66	-
Tools & Dyes	0.25	-
Computers & Accessories	2.26	-
Intangible Assets – Software	8.39	-
Office Equipment	4.73	-
Total	**21.29**	**-**

4. Other Notes

(a) The Board of Directors of the Company at its meeting held on December 15, 2008 resolved to approach the High Court of Karnataka, Bangalore to create a Business Restructuring Reserve to be carved out from Securities Premium account in terms of a Scheme under Section 391 / 394 of the Companies Act, 1956 whereby inter-alia, the losses on impairment of capitalized software products will be adjusted against the said Reserve. The Scheme has been approved by the shareholders and creditors and has been notified to the stock exchanges. Pending approval of the Scheme by the Honourable High Court of Karnataka, the Company has provided for impairment loss of Rs.1,519.70 lakhs in respect of capitalized software products, as exceptional item, included in Telecom Software Product Segment, which is subject to reversal in terms of the Scheme after its becoming effective in law.

Notes Forming part of Consolidated Accounts *(Contd.)*

(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) amounted to Rs.129.64 lakhs (As at March 31, 2008 Rs.116.60 lakhs).

(c) Contingent Liabilities:

Contingent liabilities towards income taxes and indirect taxes not provided for amount to Rs.974.60 lakhs (As at March 31, 2008 Rs.936.99 lakhs) and Rs.833.57 lakhs (As at March 31, 2008 Rs.667.23 lakhs) respectively. There are certain claims made against the Company by an investee Company, which are a subject matter of arbitration proceedings. In the view of the management of the Company such claims are frivolous and are not tenable. No provision has been made for such claims pending completion of legal proceedings as the amount of claims are currently not ascertainable.

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
Bank Guarantees	289.69	569.37
Corporate Guarantee	12,474.70	11,948.00

(d) Gain on account of unamortized premium for foreign exchange forward contracts entered into by the Company to be recognized in the future financial periods amount to Rs.234.21 lakhs as at March 31, 2009 (Rs.117.55 lakhs as at March 31, 2008).

(e) The shares of Extandon Inc, US, fully paid up are held by Extandon Inc as collateral to secure the Company's compliance with all terms and conditions under a software licensing agreement entered into by the Company with Extandon Inc and performance of the delivery obligations under the repurchase options available with Extandon Inc under the terms of investment agreement.

(f) Non-compete Fee:

The Company has incurred Rs.493.08 lakhs as non compete fees in respect of two of its key employees under their respective non-compete agreements. The non-compete agreement restricts the employees from solicitation of Company's and its subsidiary's customers and employees and restricts such employees from joining as employee or otherwise providing similar services to the Company's and its subsidiary's competitor. The contract is for a period of two years. Such non-compete fee has been recorded as an intangible asset under Accounting Standard 26 – Intangible Assets and the same is being amortized over two years on a straight-line basis from the date of termination of services.

(g) The Group enters into foreign exchange forward contracts to hedge its net foreign currency receivables position including its future receivables. As at March 31, 2009, the Group had foreign exchange forward contracts amounting to USD 516.00 lakhs at an average forward exchange rate of Rs.46.04 and Euro 5.00 lakhs at an average forward exchange rate of Rs.66.28 [March 31, 2008 USD 477 lakhs at an average forward exchange rate of Rs.40.28 and Euro - Nil] and USD 9.20 lakhs at an average forward exchange rate of 14.3381 MXN [March 31, 2008 USD 7.00 lakhs at an average forward exchange rate of 11.094 MXN].

Notes Forming part of Consolidated Accounts *(Contd.)*

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

Amount in Foreign Currency Lakhs

	As at March 31, 2009			As at March 31, 2008		
Currency	Receivables	Payables	Net Receivable/ (Payable)	Receivables	Payables	Net Receivable/ (Payable)
EUR	0.03	3.34	(3.31)	0.15	0.19	(0.04)
GBP	0.11	0.14	(0.03)	0.30	0.61	(0.31)
JPY	-	2.53	(2.53)	-	6.51	(6.51)
USD	2.00	16.86	(14.86)	8.40	29.31	(20.91)
CNY	-	0.26	(0.26)	-	-	-
CAD	0.96	0.13	0.83	3.31	-	3.31

(i) Revised Accounting Standard 15:

Effective April 1, 2007, the Group adopted the revised Accounting Standard 15 – Employee Benefits (hereinafter referred to as 'Revised AS 15'). Accordingly, the Group has made provision for the defined employee benefit plans and employee short term and long term compensated absences, which were not covered earlier in the pre-revised AS 15. In accordance with the transitional provisions of Revised AS 15, the Group has adjusted the balance in Profit and Loss Account as at April 1, 2007 for a sum of Rs.669.36 lakhs (net of deferred tax of Rs.6.21 lakhs), being the liability assessed under the Revised AS 15 as at April 1, 2007.

(i) During the year ended March 31, 2009 and 2008, the Group contributed the following amounts to the defined contribution plans:

Amount in Rs. lakhs

	Year Ended March 31, 2009	Year Ended March 31, 2008
Provident Fund	946.65	987.04
Superannuation Fund	42.84	36.08

(ii) Defined Benefit Plan: Gratuity and Pension

Amount in Rs. lakhs

	Gratuity As at March 31, 2009	Pension As at March 31, 2009	Gratuity As at March 31, 2008	Pension As at March 31, 2008
1 Change in benefit obligations:				
Projected benefit obligations at beginning of the year	886.79	391.25	615.53	-
Current Service Cost	286.97	34.90	280.37	-
Interest Cost	45.40	18.79	46.44	-
Benefits Paid	(259.95)	-	(158.64)	-
Actuarial (Gain) / Loss	87.39	15.01	103.09	-
Projected benefit obligations (PBO) at the end of the year	1,046.60	459.95	886.79	-
2 Change in Plan Assets:				
Plan Assets at the beginning of the year at fair value	768.24	317.77	517.94	-
Contributions	325.00	-	333.50	-
Expected Return on Plan Assets	56.88	16.37	55.69	-
Actuarial Gain / (Loss)	(35.91)	100.67	19.75	-
Benefits Paid	(259.95)	-	(158.64)	-
Plan Assets at the end of the year at fair value	854.26	434.81	768.24	-
3 Present value of the defined benefit obligation	1,046.60	459.95	886.79	-
Plan Assets at the end of the year at fair value	(854.26)	(434.81)	(768.24)	-
Liability recognized in the Balance Sheet	192.34	25.14	118.55	-
4 Cost for the year:	Year Ended March 31, 2009	Year Ended March 31, 2009	Year Ended March 31, 2008	Year Ended March 31, 2008
Current Service Cost	286.97	34.90	280.37	-
Interest Cost	45.40	18.79	46.44	-
Expected Return on Plan Assets	(56.88)	(16.37)	(55.69)	-
Actuarial (Gain) / Loss	123.30	(85.66)	83.34	-
Expense recognized in the statement of Profit & Loss (net)	398.79	(48.34)	354.46	-
5 Actual Return on Plan Assets	20.87	117.04	75.44	-
6 Assumptions				
Interest Rate for Discount	6.00% P.A	5.00% P.A	8.66% P.A	-
Estimated Rate of Return on Plan Assets	7.00% P.A	5.90% P.A	8.66% P.A	-

Amount for the current and previous periods are as follows:

Gratuity	2009	2008
Defined Benefit Obligation	1,046.60	886.79
Plan Assets	854.26	768.24
Surplus / (Deficit)	(192.34)	(118.55)
Experience (Gain) / Loss adjustments on Plan Liabilities	(81.59)	-
Experience Gain / (Loss) adjustments on Plan Assets	(49.38)	-

Pension	2009	2008
Defined Benefit Obligation	459.95	-
Plan Assets	434.81	-
Surplus / (Deficit)	(25.14)	-
Experience (Gain) / Loss adjustments on Plan Liabilities	15.01	-
Experience Gain / (Loss) adjustments on Plan Assets	100.67	-

Previous year being the first year of adoption of AS 15 (Revised) by the Company, the prior year's comparative information has not been furnished.

The Guidance Note on implementing AS 15, Employee Benefits (revised 2005) states that provident funds set up by employers, which require interest shortfall to be met by employer, needs to be treated as a defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the actuary has expressed inability to reliably measure the provident fund obligations and the fair valuation of plan assets and accordingly, disclosures have not been made in this respect. However, the Company has fully provided for the cumulative actuarial liability amounting to Rs.413.73 lakhs (March 31, 2008 Rs.327.82 lakhs) on projected unit credit method.

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 Rs.225.00 lakhs and Rs.80.00 lakhs to gratuity and pension plan, respectively in 2009-10.

The major categories of plan assets as a percentage of the total plan assets are as follows:

	March 31, 2009	March 31, 2008
Investment with insurers	100%	100%

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

(j) Buy-Back of Equity Shares

In terms of decision of the Board of Directors dated April 18, 2008 and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, the Company offered to buy-back its equity shares of face value of Rs.10 each, upto a maximum amount of Rs.4,000 lakhs at a maximum price of Rs.260 per share from open market. The Company commenced the buy-back on September 15, 2008 and concluded it on November 3, 2008. The Company has bought back 1,449,742 equity shares at an average price of Rs.106.80 per share, utilizing a sum of Rs.1,548.37 lakhs. The amount paid towards buy-back of shares, in excess of the face value, has been appropriated out of General Reserve.

In terms of the provisions of Section 77A of the Companies Act 1956, and SEBI (Buy-back of Securities) Regulations 1998, the Company has extinguished the above mentioned 1,449,742 shares as on March 31, 2009 and has created Capital Redemption Reserve of Rs.144.97 lakhs towards the face value of 1,449,742 shares of Rs.10/- each by way of appropriation against General Reserve.

(k) Accounting for Derivatives

Pursuant to The Institute of Chartered Accountants of India's (ICAI) Announcement dated March 29, 2008 on "Accounting for Derivatives", the Company has, based on the principles of prudence enunciated in Accounting Standard-1 on "Disclosure of Accounting Policies", recognized mark to market losses on derivative contracts outstanding, (including forward contracts for highly probable collections), to the extent the losses are not offset by the fair value gain on the underlying hedge items. For the purpose of arriving at the net losses on foreign currency derivative contracts, the Company has considered foreign currency derivative contracts as one portfolio and accordingly, loss amounting to Rs.1,239.30 lakhs and Rs.102.36 lakhs has been recognized in Profit and Loss Account during the year ended March 31, 2009 and year ended March 31, 2008 respectively.

Sasken Oy has taken a variable interest term loan from a bank. With a view to hedge its interest outflows on the loan, Sasken Oy has entered into a variable-to-fixed interest rate swap (to receive EURIBOR linked interest on the notional amount of outstanding term loan and to pay fixed rate of 3.87% on the notional amount of outstanding term loan) with a bank. The critical terms of the interest rate swap matches with that of the interest terms. The hedge, cash flow in nature, is considered to be highly effective since the gains / losses on the fair value of the hedging instrument are offset by the corresponding fair value losses / gains on the hedged item.

(l) On April 28, 2008, the Company entered into an Asset Transfer Agreement (ATA) with a customer whereby effective June 1, 2008 (Closing Date), the Company has acquired certain assets of the customer for a consideration of € 124,000 and also assumed the transfer of certain employees of the customer.

(m) A provision of Rs.225.85 lakhs has been made, during the year, in respect of receivables from certain entities of a customer, which have filed for protection against bankruptcy proceedings. Out of the total amount outstanding as at March 31, 2009, from various legal entities of the customer amounting to Rs.2,390.53 lakhs, the Company has received part payment subsequent to the Balance Sheet date. The remaining amount due from the legal entities that have filed for protection is covered by credit insurance.

(n) Revenue for the year ended March 31, 2008 includes a sum of Rs.1,038.10 lakhs towards a charge for cancellation by a customer of its' commitment for a minimum order in a given time period.

(o) Capitalized Software

Amount in Rs. lakhs

	Year Ended	
	March 31, 2009	**March 31, 2008**
Gross Block	3,634.66	3,634.66
Less: Accumulated Amortization	2,114.96	1,511.04
Less: Impairment Loss (shown as exceptional item in the Profit and Loss Account)	1,519.70	-
Net Block	-	2,123.62

Notes Forming part of Consolidated Accounts *(Contd.)*

5. Managerial Remuneration

Managerial remuneration paid / payable to Directors:

Amount in Rs. lakhs

	Year Ended March 31, 2009	Year Ended March 31, 2008
Whole Time Directors		
Salaries and Bonus	145.67	179.54
Contribution to Provident Fund and Other Funds #	9.60	10.75
Total (A)	**155.27**	**190.29**
Non Whole Time Directors		
Commission	33.70	52.80
Sitting Fees	2.30	2.97
Total (B)	**36.00**	**55.77**
Total Remuneration (A)+(B)	**191.27**	**246.06**

The above does not include provisions for gratuity determined on an actuarial basis and provisions for leave encashment.

Stock compensation cost in respect of options issued to the directors of Rs.11.70 lakhs for the year ended March 31, 2009 (for the year ended March 31, 2008 Rs.20.07 lakhs) has not been considered as managerial remuneration.

6. Provision for Taxation

The Company is registered under the Software Technology Park Scheme and Special Economic Zone Scheme and is claiming tax benefits under Section 10A and 10AA of the Income Tax Act, 1961. Pending clarity on extension of the tax holiday period beyond March 31, 2010 the Company is not able to reliably estimate the future income against which deferred tax assets will be realized. Accordingly, as a matter of prudence, deferred tax asset has not been recognized in respect of its Indian operations.

The operations of other Group companies are taxable under the respective tax laws. Deferred Tax Asset (DTA) is recognized only where it is reasonably / virtually certain, as the case may be such DTA would be realized. The following are the components of the Deferred Tax Asset (DTA) and Deferred Tax Liability (DTL):

Amount in Rs. lakhs

Deferred Tax Asset	As at March 31, 2009	As at March 31, 2008
Depreciation		
- SNEL	60.06	59.55
- Sasken Mexico	81.04	34.48
Other timing differences		
- SNEL	56.96	17.50
- Sasken Mexico	18.60	13.77
Total	**216.66**	**125.30**

Notes Forming part of Consolidated Accounts *(Contd.)*

7. Employee Stock Option Plan (Equity Settled)

Sasken ESOP 2000

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

On April 2, 2004 and June 1, 2004, the Company issued 378,925 options to 1,372 employees and 971,533 options to 347 employees, respectively convertible into equity shares of Rs.10 each. These options carry a vesting period ranging one to four years at an exercise price ranging from Rs.160 to Rs.256 per share of Rs.10 each depending upon the vesting period being the fair value of the Company's share as determined by the Company as at the date of grant.

On February 23, 2005, the Company issued 42,530 options to 41 employees of Sasken Network Systems Ltd. (SNS, since amalgamated with the Company) and 2,735 options to 3 employees of the Company. These options carry a vesting period ranging one to four years at an exercise price ranging from Rs.184 to Rs.256 per share depending upon the vesting period, being the fair value of the Company's share as determined by the Company as at the date of grant.

On April 19, 2005, the Company issued 304,050 options to 1,212 employees including 25,350 options to 80 employees of SNS and 21,100 options to 113 employees of SNEL. These options carry a vesting period ranging one to four years at an exercise price ranging from Rs.225 to Rs.321 per share depending upon the vesting period, being the fair value of the Company's share as determined by the Company as at the date of grant.

All the options granted have an exercise period of two years from the date of vesting.

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 3,575,000 shares of Rs.10 each duly adjusted for any bonus, splits, etc. A Compensation Committee of the Board administers the Scheme. The terms of each issuance would be determined by the Compensation Committee. The options vest subject to continuation of employment.

On June 17, 2006 and October 18, 2006, the Company issued 138,750 options to 5 employees and 4 non-executive directors, and 150,000 options to 1 employee, respectively, convertible into equity shares of Rs.10 each. These options carry a vesting period ranging one to four years at an exercise price ranging from Rs.234 to Rs.394 per share of Rs.10 each depending upon the vesting period, being the fair value of the Company's share as determined by the Company as at the date of grant.

On January 1,2007, the Company issued 5,000 options to 1 employee, convertible into equity share of Rs.10 each. These options carry a vesting period ranging one to four years at an exercise price ranging from Rs.367 to Rs.559 per share of Rs.10 each depending upon the vesting period, being the fair value of the Company's share as determined by the Company as at the date of grant.

On April 1, 2007, the Company issued 2,35,000 options to 5 employees, convertible into equity shares of Rs.10 each. These options carry a vesting period ranging one to four years at an exercise price ranging from Rs.475 to Rs.667 per share of Rs.10 each depending upon the vesting period, being the fair value of the Company's share as determined by the Company as at the date of grant.

Notes Forming part of Consolidated Accounts *(Contd.)*

On July 1, 2007, the Company issued 90,000 options to 4 employees, convertible into equity share of Rs.10 each. These options carry a vesting period ranging one to four years at an exercise price ranging from Rs.554 to Rs.746 per share of Rs.10 each depending upon the vesting period, being the fair value of the Company's share as determined by the Company as at the date of grant.

On October 1, 2007, the Company issued 10,000 options to 2 employees, convertible into equity share of Rs.10 each. These options carry a vesting period ranging one to four years at an exercise price ranging from Rs.410 to Rs.602 per share of Rs.10 each depending upon the vesting period, being the fair value of the Company's share as determined by the Company as at the date of grant.

All the options granted have an exercise period of two years from the date of vesting.

On April 21, 2008, the Company issued 87,000 options to 4 employees, convertible into equity share of Rs.10 each. These options carry a vesting period of one year at an exercise price of Rs.120 per share of Rs.10 each. The above options granted have an exercise period of three months from the date of vesting.

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

Amount in Rs. lakhs

	March 31, 2009	March 31, 2008
Total Accounting Value of Options Outstanding (A)	339.14	890.89
Deferred Compensation Cost	339.14	890.89
Less: Amortized	273.64	524.86
Net Deferred Compensation Cost (B)	65.50	366.03
(A)-(B)	**273.64**	**524.86**

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

Shares Underlying Options Outstanding

	March 31, 2009		March 31, 2008	
	No. of Shares	Weighted average Exercise Price (Rs.)	No. of Shares	Weighted average Exercise Price (Rs.)
Outstanding at the beginning of the year	816,766	376.09	719,673	255.73
Granted during the year	87,000	120.00	335,000	609.48
Forfeited during the year	481,843	369.45	(177,250)	393.57
Exercised during the year	-	-	(60,657)	186.00
Outstanding at the end of the year	421,923	330.86	816,766	376.09
Exercisable at the end of the year	281,823	262.43	348,876	239.84
Weighted average remaining contractual life (in years)	1.24	-	2.45	-
Weighted average fair value of options granted during the year	-	51.41	-	175.27

The weighted average market price of the Company's shares during the year ended March 31, 2009 was Rs.99.06 per share (March 31, 2008 Rs.341.99 per share).

The estimated weighted average fair value of options granted in April 2008 is Rs.51.41

Notes Forming part of Consolidated Accounts *(Contd.)*

This was calculated by applying the Black – Scholes – Merton formula with the following assumptions:

	April 2008
Average risk free interest rate	7.95%
Weighted average expected life of options granted in (years)	1.13
Expected dividend yield	2.91%
Volatility (annualised) *	67.36%
Weighted average market price	144.00

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

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

As at March 31, 2009

Range of exercise price (Rs.)	Number of options outstanding	Weighted average remaining life of options (in years)	Weighted average exercise price (Rs.)
120-225	91,190	0.20	182.69
226-321	210,733	0.81	253.58
322-474	6,000	1.75	427.67
475-746	114,000	2.89	588.32

As at March 31, 2008

Range of exercise price (Rs.)	Number of options outstanding	Weighted average remaining life of options (in years)	Weighted average exercise price (Rs.)
160 - 225	123,913	0.73	212.83
226 – 321	342,853	1.73	262.51
322 – 474	96,000	3.34	362.35
475 - 746	254,000	3.92	614.24

8. Related Party Disclosures

Remuneration paid to Key Managerial Personnel

Amount in Rs. lakhs

Name of the related party	Relationship	Year Ended March 31, 2009	Year Ended March 31, 2008
Rajiv C. Mody	Managing Director	70.25	93.07
Krishna J. Jhaveri	Whole Time Director	30.02	32.64
G. Venkatesh	Whole Time Director	55.00	64.58

The above does not include provision for gratuity determined on actuarial basis and provision for leave encashment.

Notes Forming part of Consolidated Accounts *(Contd.)*

9. Segment Reporting

The business segmental information is given based on the following segments-Telecom Software Services, Telecom Software Products, Network Engineering Services and Automotive, Utilities and Industrial. Telecom Software Services that are related with Intellectual Property based product offerings are considered part of the Telecom 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 and Industrial segment provides services to customers in the area of telematics and infotainment.

(a) Business Segment Information

Segment Balance Sheet

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
Segment Assets		
Telecom Software Services	41,697.25	40,278.44
Telecom Software Products	1,382.04	4,759.16
Network Engineering Services	3,226.81	2,853.37
Automotive, Utilities and Industrial	560.59	392.19
Unallocated Corporate Assets	21,550.06	15,341.18
TOTAL	**68,416.75**	**63,624.34**
Segment Liabilities		
Telecom Software Services	10,776.46	11,956.11
Telecom Software Products	146.56	422.02
Network Engineering Services	613.83	569.71
Automotive, Utilities and Industrial	125.59	88.32
Unallocated Corporate Liabilities	8,464.00	4,704.37
TOTAL	**20,126.44**	**17,740.53**
Capital Expenditure		
Telecom Software Services	1,095.45	1,565.03
Telecom Software Products	117.42	214.71
Network Engineering Services	216.35	151.01
Automotive, Utilities and Industrial	25.49	108.64
Corporate and Others	1,607.58	828.21
TOTAL	**3,062.29**	**2,867.60**
Capitalized Software Product Costs		
Telecom Software Products	-	2,123.62
TOTAL	**-**	**2,123.62**

Notes Forming part of Consolidated Accounts *(Contd.)*

Segment Results

Amount in Rs. lakhs

	Year Ended March 31, 2009	Year Ended March 31, 2008
Revenues	**69,781.33**	**57,017.71**
Telecom Software Services	59,561.06	48,958.06
Telecom Software Products	6,146.43	4,597.19
Automotive, Utilities and Industrial	60.39	23.74
Network Engineering Services	4,013.45	3,438.72
Segmental Profit	**20,635.45**	**13,760.54**
Telecom Software Services	19,027.62	14,125.49
Telecom Software Products *	746.89	(917.69)
Automotive, Utilities and Industrial	(338.53)	(251.59)
Network Engineering Services	1,199.47	804.33
Less:		
Corporate Expenses	9,493.24	9,865.57
Profit from Operations	**11,142.21**	**3,894.97**
Less: Amortization	20.54	154.10
Less: Interest	381.77	402.58
Add: Other Income including Exchange gain / (loss), net	(3,539.51)	2,342.66
Less: Provision for diminution in value of investments	117.71	-
Profit Before Taxes (including discontinued operations)	**7,082.68**	**5,680.95**
Income Taxes including Fringe Benefit Tax	2,852.27	1,742.52
Profit After Taxes	**4,230.41**	**3,938.43**
Depreciation / Amortization	**3,739.02**	**4,178.50**
Telecom Software Services	2,378.92	2,050.82
Telecom Software Products	920.34	1,588.31
Network Engineering Services	90.45	172.65
Automotive, Utilities and Industrial	25.48	27.86
Unallocated Depreciation	323.83	338.86

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 based on the related utilization by the respective segments, as used by management for its internal reporting purposes.

* After considering impairment loss of Rs.1,519.70 lakhs, shown as exceptional item in the Profit and Loss Account.

Notes Forming part of Consolidated Accounts *(Contd.)*

(b) **Geographic Segment Information:**

Revenues:

Amount in Rs. lakhs

Region	Year Ended March 31, 2009	Year Ended March 31, 2008
North America (including Canada)	14,110.30	15,659.29
Europe (including Middle East)	35,965.61	28,987.91
Asia Pacific (other than India)	3,495.73	1,758.05
India	16,209.69	10,612.46
Total	**69,781.33**	**57,017.71**

Assets:

Amount in Rs. lakhs

Region	As at March 31, 2009	As at March 31, 2008
North America (including Canada)	4,854.07	6,551.03
Europe (including Middle East)	33,257.26	34,321.16
Asia Pacific (other than India)	2,045.99	621.44
India	28,259.43	22,130.71
Total	**68,416.75**	**63,624.34**

Additions: Tangible and Intangible Assets

Amount in Rs. lakhs

Region	As at March 31, 2009	As at March 31, 2008
North America (including Canada)	173.87	1,043.33
Europe (including Middle East)	208.48	378.28
Asia Pacific (other than India)	436.14	0.04
India	2,243.80	1,445.95
Total	**3,062.29**	**2,867.60**

10. 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:

	Year Ended March 31, 2009	Year Ended March 31, 2008
Profit for computation of basic and diluted EPS - Amount in Rs. lakhs	4,230.41	3,938.43
Weighted average number of shares considered for basic EPS	27,888,609	28,532,146
Add: Effect of stock options	-	16,735
Weighted average number of shares considered for diluted EPS	27,888,609	28,548,881

Notes Forming part of Consolidated Accounts *(Contd.)*

11. Operating Lease

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

Amount in Rs. lakhs

	Year Ended March 31, 2009	Year Ended March 31, 2008
Rent expenses included in Profit and Loss Account towards operating leases	2,972.69	2,788.91

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

Amount in Rs. lakhs

	As at March 31, 2009	As at March 31, 2008
Due within one year of the Balance Sheet date	1,284.67	1,383.94
Due between one to five years	1,127.36	1,448.03
Due after five years	-	-

12. Provisions

The following table provides disclosures in accordance with Accounting Standard 29 on "Provisions, Contingent Liabilities & Contingent Assets":

Amount in Rs. lakhs

Particulars	Provision for Warranty	
	As at March 31, 2009	As at March 31, 2008
Opening Balance	97.98	6.09
Additions during the year	118.96	97.86
Less: Amounts used/paid during the year	179.41	5.97
Closing balance	37.53	97.98

13. Comparatives

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

Signature to Schedules 1 to 19

For S.R. Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors of
Sasken Communication Technologies Ltd.

per Kaustav Ghose
Partner
Membership No.057828

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Place: Bangalore
Date : June 29, 2009

Neeta S. Revankar
Chief Financial Officer

R. Vittal
Company Secretary

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

(In Rs.)

Name of the Subsidiary	Sasken Network Engineering Limited	Sasken Communication Technologies Mexico S.A de C.V	Sasken Communication Technologies (Shanghai) Co. Ltd.	Sasken Communication Technologies Oy	Sasken Finland Oy	Sasken Inc	Sasken Japan KK	Sasken Network Solutions Inc.
Financial year / period of the Subsidiary ended on	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
1 Holding Company's interest	100%	100%	100%	100%	100%	100%	100%	100%
Equity Share Capital	3,050,000 equity shares of Rs.10 each fully paid up	9,600 equity shares of 500 Mexican Peso each fully paid up		24,008,000 equity shares of 1 Euro each fully paid up	20,197 equity shares of 1 Euro each fully paid up	1,500,000 equity shares of USD 1 each fully paid up	176,100 equity shares of Yen 100 each, fully paid up	20,000 equity shares of USD 1 each
2 Net aggregate amounts of the profits / (losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company								
- For the financial year of the subsidiary	12,211,459	34,411,306	(22,964,893)	Nil	143,176,643	(8,744,517)	2,490,035	7,883,494
- For the previous financial year of the subsidiary since it became its subsidiary	19,766,294	45,101,667	(6,761,839)	35,851,332	85,006,208	Nil	(1,324,565)	Nil
3 Net aggregate amounts of the profits / (losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company								
- For the financial year of the subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
- For the previous financial year of the subsidiary since it became its subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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

	Name of the Subsidiary	Sasken Network Engineering Limited	Sasken Communication Technologies Mexico S.A de C.V	Sasken Communication Technologies (Shanghai) Co. Ltd.	Sasken Communication Technologies Oy	Sasken Finland Oy	Sasken Inc	Sasken Japan KK	Sasken Network Solutions Inc.
	Financial year / period of the Subsidiary ended on	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
4	Capital	30,500,000	17,674,619	50,002,460	1,433,298,420	1,208,924	59,070,400	7,575,869	911,400
5	Reserves	57,464,397	87,029,337	(35,419,047)	184,407,648	879,074,340	(8,744,517)	2,163,799	8,277,785
6	Total Assets	296,687,758	219,481,304	72,963,883	2,316,553,744	1,036,983,173	51,242,159	41,772,175	49,767,283
7	Total Liabilities	208,723,361	114,777,348	58,380,470	698,847,676	156,699,909	916,276	32,032,507	40,578,098
8	Details of Investments (except Investment in Subsidiary)	Nil	Nil	Nil	Nil	Nil	50,535,340	Nil	Nil
9	Turnover	238,674,914	387,318,879	38,263,479	Nil	1,521,308,096	Nil	97,374,330	47,185,913
10	Profit Before Taxation	15,113,459	62,859,921	(20,669,122)	Nil	195,799,238	(8,744,517)	2,872,810	12,790,005
11	Provision for Taxation	2,902,000	28,448,615	2,295,771	Nil	52,622,595	Nil	382,775	4,906,511
12	Profit After Taxation	12,211,459	34,411,306	(22,964,893)	Nil	143,176,643	(8,744,517)	2,490,035	7,883,494
13	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Rajiv C. Mody
Managing Director

G. Venkatesh
Whole Time Director

Place : Bangalore
Date : June 29, 2009

Neeta S. Revankar
Chief Financial Officer

R. Vittal
Company Secretary

Management Discussion and Analysis Report

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

Management's Discussion and Analysis of Financial Performance

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

Company Brief

Sasken Communication Technologies Limited (Sasken), established in 1989 and headquartered in Bangalore, India is an embedded communications solutions company, which helps businesses across the communications value chain accelerate product development life cycles through a unique combination of research and development consultancy, wireless software products and software services. Sasken employs 3,277 people, who work from state of the art research and development centers in Bangalore, Chennai and Pune in India, and near shore development centers in Finland, Mexico and China and branch offices in Germany, Sweden, UK and US. Sasken has relationships with many of the top Network OEMs, Semiconductor Vendors, Satellite Communication Equipment Vendors and all of the top 5 handset vendors across the world.

Committed to innovation, Sasken works with customers to help them get to market ahead of the competition, and stay focused on new product development and manufacturing. With deep understanding of the communications industry, access to current and emerging technologies, mature development processes, global resources and a proven track record, Sasken creates complete solutions to help clients succeed. Clients choose Sasken for the comprehensive range of application solutions and services, backed by a proven reputation for expert support and high quality. Our growth strategy is offering compelling value propositions to our customers by spotting and exploiting opportunities to help them grow.

In addition to being directly involved in the development of a variety of technologies, Sasken is a member of premier technology bodies including ITU, 3GPP, GCF, MPEG-ISO, WiMAX, NFC, DLNA and ATM, DSL & SDR forums. Sasken is SEI CMM Level 5 certified and its' solutions are backed by ISO 9001:2000, ISO 27001 and TL 9000 certifications. Sasken's proprietary quality management systems strengthen our business offerings thus ensuring customer satisfaction. Sasken's commitment to environment is highlighted by its ISO 14001 certification.

Outlook

The economic downturn in FY 09 resulted in tightening of R&D spends by our customers. These events have posed significant challenges for the Company.

Networks business continued to remain sluggish due to pressures faced by Network equipment manufacturers. One of our key customers in the NEMS space has filed for protection against bankruptcy proceedings in the North Americas and Europe, which has impacted us significantly in terms of business volumes declining and also collection of oustandings as on date of bankruptcy filing. Overall, the environment continues to be challenging for NEMS and the Company is working on solutions that enable networking vendors to reduce expenditure (capital and operating) for their customers by deploying efficient technology solutions. In FY 09, the Company made certain key investments in 4G technologies such as WiMax / LTE / Femtocells to enable the Company to address the future requirements in this place.

The handset side of the business continued to show robust growth despite pressures from certain pockets. To increase traction with a key handset vendor, a proximity centre has been created in Beijing and the Company entered in to an asset transfer agreement, with its customer, in Germany for transfer of resources. This is in line with the Company's global delivery strategy. The proximity centers in Mexico and Finland now place the Company in good stead to take it to the next growth phase. There are however challenges that we continue to work on in the hardware business. We are making all efforts through our multi site strategy, focusing on creating and delivering cost optimal solutions.

In FY 09, a number of semiconductor vendors went through similar budget pressures. We saw lower R&D spends from one of the key customers in this segment. However, there are signs of stabilization and we have recently acquired two key Tier 1 customers for our ICDS and software services offering and migrated one of our existing relationship to a full fledged offshore development centre. We expanded on our IC Design offering for a key semiconductor vendor and are now offering software services to this vendor.

On the products side of the business, we continue to build on our successes in the Japanese market and the models that carry our solutions are the latest in the lineup of rich media phones, which have been well received by the discerning and demanding Japanese consumer. However, we have been cautious about further investments into our products business, in view of the uncertain market conditions and we do not see significant opportunities there right now.

In the last quarter, we engaged with a leading mobile satellite communications provider to develop the next generation global dual-mode satellite phone. This engagement will position us to deliver the complete phone design that would include hardware and antenna design, development and testing, software development comprising protocol stacks, application framework and test lab offerings. This engagement also marks a first for an Indian company to be completely responsible for production ready design of complex terminals for the satellite space, involving extensive hardware and software capabilities.

Due to a slowdown in the automotive segment and keeping the current environment in mind, both Sasken and the JV partner, have decided to discontinue further investments and close down the joint venture TSAE.

Sasken has believed in striking the right balance to the commitments made to all stakeholders, viz. customers, employees and investors. Given the volatile and challenging environment, we wanted to ensure that as an organization we fortify ourselves suitably to overcome the challenges that we face in our business. Over the last six months, we have taken several steps to control costs and make the organization agile.

We have restructured the organization to enhance the efficiencies and utilization of organization resources in line with the prevailing tough market conditions. We believe this will enable us to continue to focus on our ability to connect the dots in the communication value chain and provide robust end to end customer solutions aligned with our customer's strategic imperative to realize more value out of their investments. We moved into the site based delivery model during the year. Our site strategy is composed of three interlinked elements – proximity centre, centre of excellence and multi-site execution, in sync with requirements of our key customers who want to address their global delivery needs. We are now geared up to move to the next stage of managing multi-site projects, where we offer flexibility and convenience to customers by being close to their R&D centres while managing costs by blending delivery from both low cost and high cost centres.

Financial Highlights for the year ended March 31, 2009

- Consolidated revenues increased by 22.4%, from Rs.57,017.71 lakhs in fiscal 2008 to Rs.69,781.33 lakhs in fiscal 2009.
- Software Services revenue grew by 21.7%, Software Products revenue grew by 33.7% and Network Engineering Services revenue recorded a growth of 16.7%.
- The revenue mix amongst Software Services, Network Engineering Services and Software Products changed from 86:6:8 in fiscal 2008 to 85:6:9 in fiscal 2009.

Management Discussion and Analysis Report *(Contd.)*

- The R&D investments have significantly decreased in the current year, from Rs.2,367.18 lakhs to Rs.397.64 lakhs.
- Gross profit, after research and development expenses, increased from 24.1% in 2008 to 31.7% in 2009.
- Selling, General and administration costs have reduced from 17.3% in 2008 to 13.6% in 2009.
- Consolidated EBITDA margins improved from Rs.7,919.37 lakhs in FY 08 to Rs.16,380.39 lakhs in FY 09, an increase of Rs.8,461.02 lakhs.
- Exchange gains / (losses) moved from a gain of Rs.1,799.93 lakhs in FY 08 to a loss of Rs.4,261.48 lakhs in FY 09.
- Consolidated Profit After Tax (PAT) increased by Rs.291.98 lakhs from the previous year's PAT of Rs.3,938.43 lakhs to Rs.4,230.41 lakhs In FY 09.
- Consolidated basic Earnings Per Share (EPS) for fiscal 2009 was Rs.15.17 (Rs.13.80 - fiscal 2008) and diluted Earnings Per Share was Rs.15.17 (Rs.13.80 fiscal 2008). EPS from services business (including Network Engineering Services) is Rs.19.58 for the year March 31, 2009.
- Cash and cash equivalents (including investments in mutual funds) stood at Rs.13,229.97 lakhs as on March 31, 2009.
- Headcount of the group stood at 3,277 as on March 31, 2009.
- In the current year, the Company invested Rs.387.87 lakhs in its subsidiary in Japan and China and Rs.486.20 lakhs in ConnectM, its joint venture with IDG.
- The Board of Directors recommended a dividend of 40%.

Results of Operations

Particulars	Year ended March 31, 2009		Year ended March 31, 2008		
	Rs. in lakhs	%	Rs. in lakhs	%	Increase/ (Decrease) %
Revenues	**69,781.33**	**100.0**	**57,017.71**	**100.0**	**22.4**
Cost of Revenues	47,228.54	67.7	40,889.99	71.7	15.5
Gross Profit	22,552.79	32.3	16,127.72	28.3	39.8
Research and Development	397.64	0.6	2,367.18	4.2	(83.2)
Gross Profit after Research and Development	22,155.15	31.7	13,760.54	24.1	61.0
Selling and Marketing Expenses	2,902.34	4.2	3,055.76	5.4	(5.0)
Administrative and General Expenses	6,842.12	9.8	6,450.10	11.3	6.1
ESOP Compensation Cost	(251.22)	(0.4)	359.71	0.6	(169.8)
Profit from Operations	**12,661.91**	**18.1**	**3,894.97**	**6.8**	**225.1**
Amortization of Non-compete Fees	20.54	0.0	154.10	0.3	(86.7)
Other Income	721.97	1.0	542.73	1.0	33.0
Exchange Gain / (Loss) (Net)	(4,261.48)	(6.1)	1,799.93	3.2	(336.8)
Provision for Diminution in Value of Investments	117.71	0.2	-	-	-
Profit Before Interest and Income Taxes	8,984.15	12.9	6,083.53	10.7	47.7
Interest	381.77	0.5	402.58	0.7	(5.2)
Exceptional Item	1,519.70	2.2	-	-	-
Profit Before Taxes	7,082.68	10.1	5,680.95	10.0	24.7
Income Taxes including FBT, Net	2,852.27	4.1	1,742.52	3.1	63.7
Profit After Taxes	**4,230.41**	**6.1**	**3,938.43**	**6.9**	**7.4**

Management Discussion and Analysis Report *(Contd.)*

Segmental Revenue and EBITDA — Amount in Rs. lakhs

	Year ended March 31, 2009	Year ended March 31, 2008
Total Revenue	**69,781.33**	**57,017.71**
Telecom Software Services	59,561.06	48,958.06
Network Engineering Services	4,013.45	3,438.72
Telecom Software Products	6,146.43	4,597.19
Automotive, Utilities and Industrial	60.39	23.74
EBITDA Margins	**16,380.39**	**7,919.37**
Telecom Software Services	13,725.95	8,185.91
Network Engineering Services	768.22	382.08
Telecom Software Products	2,615.74	(176.56)
Automotive, Utilities and Industrial	(729.52)	(472.06)
EBITDA Margins in %	**23.5%**	**13.9%**
Telecom Software Services	23.0%	16.7%
Network Engineering Services	19.1%	11.1%
Telecom Software Products	42.6%	(3.8%)
Automotive, Utilities and Industrial	(1208.0%)	(1988.5%)

The USD revenues in the current year increased by 5.9% at the consolidated level. The revenue in INR terms increased by 22.4% year on year. The rupee depreciated by 15.5%, against the USD, from an average revenue booking rate of Rs.40.14 in FY 08 to Rs.46.38 in FY 09. The Company experienced revenue growth in all the business segments, both in USD and INR terms, in the current year. The revenues in the services segment, including network engineering services, grew by 5% in USD terms. The products segment witnessed a growth of 15.8% in USD terms, for FY 09.

The revenues from network engineering services continued to contribute 5.8% to the consolidated revenues during the year ended March 31, 2009. The revenues from software products increased to 8.8% during the year ended March 31, 2009 from 8.1% during the year ended March 31, 2008. The Company had higher royalty revenues, from our product offerings in the current year. The product line continues to see good traction in the Asian markets as new models are being launched.

EBITDA margins from telecom software services business, in the current year has increased to 23.0% from 16.7%. This was driven by the favourable rupee rates, increase in volumes and efficiencies in SG&A costs.

EBITDA margins from network engineering services, in the current year has increased to 19.1% from 11.1%. The segment witnessed growth in our US operations.

EBITDA margins from telecom software products, in the current year has increased to 42.6% from negative 3.8%. This segment witnessed an increase of Rs.1,549.24 lakhs in revenue, mainly from royalties and a cost decrease, largely driven by reduction in employment costs, in the current year.

Cost of Revenues

Cost of revenues comprise of costs incurred by the business units, towards revenue generation activities, and operating costs allocated to the business unit, based on the related utilization by each of the segments. Cost of revenues increased to Rs.47,228.54 lakhs during the year ended March 31, 2009 from Rs.40,889.99 lakhs during the year ended March 31, 2008, an increase of 15.50% and by Rs.6,338.55 lakhs in absolute terms. The employment costs have increased by Rs.4,868.71 lakhs. The Company entered into an asset transfer agreement, with one of its customers, in Germany by which some assets and employees in the development centre were transferred to the Company. The employee costs in Germany, along with related professional charges and rental costs have contributed to the increase in cost of revenues. Rupee depreciated against Euro in FY 09, due to which the cost of revenues of our subsidiary in Finland have increased. The depreciation charge in the current year has increased by Rs.490.38 lakhs due to additional investments in fixed assets and a one time accelerated depreciation charge on some of the facilities that we have exited. Capitalized software was amortized only for 6 months in FY 09 as against 12 months in the previous year FY 08. The balance of capitalized software of Rs.1,519.70 lakhs has been completely charged off as an exceptional item. The consolidated results also include cost of revenues incurred by the joint ventures TSAE and ConnectM.

Research and Development Expenses

Research and Development expenses include the costs of product development, and modifications and enhancements to products. In absolute terms, there has been a decrease in the amount of expenses incurred in research and development by Rs.1,969.54 lakhs, which represents a decrease of 83% year on year. During the current year, the consolidated R&D costs have significantly reduced as (a) investments in product R&D has reduced (b) some of the earlier R&D projects have moved in to maintenance mode and these costs are included in cost of revenues. R & D incurred by our JV, TSAE, whose operations have been discontinued, has also led to reduction in the R&D charges for the current year.

Selling and Marketing Expenses

Selling and marketing expenses primarily include costs related to employment and travel expenses of the marketing and sales staff, rent for foreign offices, provision for doubtful debts and bad debts. The selling and marketing expenses were at Rs.2,902.34 lakhs in FY 09, as compared to Rs.3,055.76 lakhs in FY 08, amounting to a decrease of Rs.153.42 lakhs year on year. The decrease has been on account of rationalization of the onsite sales team in the current year, which has led to reduction in overseas salaries and travel costs. During the current year, there was also a provision for doubtful debts amounting to Rs.542.99 lakhs, of which a significant portion was on account of one of our largest customers filing for bankruptcy protection.

Administrative and General Expenses

Administrative and general expenses primarily include costs related to employment expenses of the leadership team, corporate functions, rent, professional, legal and consultancy fees and training expenses. Administrative and general expenses increased by Rs.392.02 lakhs during the year ended March 31, 2009. Costs have increased due to discontinued operation charges incurred by the JV, TSAE and due to additional charges relating to indirect taxes in India.

Employee Stock Compensation Cost

During FY 09, the Company issued 87,000 options, which carry a vesting period of one year at an exercise price of Rs.120.00 per share. The Company accounts for stock compensation expenses based on the fair value of the options granted on the date of grant. A reversal of Rs.251.22 lakhs is recorded as compensation cost to the Profit and Loss Account during the year ended March 31, 2009, due to (a) non exercise of options granted in current year and previous years, and (b) vesting conditions not being satisfied, as against a charge of Rs.359.71 lakhs during the year ended March 31, 2008.

Amortization of Non Compete Fees

During the year ended March 31, 2006, the Company paid non-compete fees of Rs.493.08 lakhs to some of its senior employees under a non-compete and non-solicitation agreement entered into with these employees. The non-compete fee for one of the employees has been fully amortized in FY 08. Accordingly, the amortization is lesser in the current year and the balance of Rs.20.54 lakhs has been fully charged in FY 09.

Other Income and Exchange Gain / (Loss)

Other income and exchange gain / (loss) amounted to Rs.721.97 lakhs and Rs.(4,261.48) lakhs respectively, constituting 1.0% and (6.1%), of total revenues during the year ended March 31, 2009. The average investments in FY 09 were higher due to which the returns were higher as compared to FY 08.

The Company manages its foreign exchange exposures in line with its hedging policy. The policy is not so much to make profit from currency movements but to ensure that foreign exchange exposures on exports and imports are properly monitored, limiting risks to tolerable levels. Thus, risk limitation / reduction is the prime objective. The exchange gain / loss is primarily on account of exchange differences on forward contracts and related underlying assets. FY 09 witnessed a rupee depreciation of around 15.5% as compared to FY 08, resulting in a loss for the year.

Provision for Diminution in Value of Investments

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. We have recorded a provision for diminution in the value of some of our long term unquoted investments.

Exceptional Item

The Board of Directors of the Company, at its meeting held on December 15, 2008 resolved to approach the High Court of Karnataka, Bangalore to create a Business Restructuring Reserve to be carved out from Securities Premium account in terms of a Scheme under Section 391 / 394 of the Companies Act,1956 whereby inter-alia, the losses on impairment of capitalized software products will be adjusted against the said Reserve. The Scheme has been approved by the shareholders and creditors and has been notified to the stock exchanges. Pending approval of the Scheme by the Honourable High Court of Karnataka, the Company has provided for impairment loss of Rs.1,519.70 lakhs in respect of capitalized software products, as exceptional item, included in Telecom Software Product Segment, which is subject to reversal in terms of the Scheme after its becoming effective in law.

Interest

Interest expense in FY 09 was Rs.381.77 lakhs as compared to Rs.402.58 lakhs in FY 08. The interest payment is largely on account of the loan of 13 Million Euros, used towards acquisition of Sasken Finland in August 2006.

Income Taxes

The income tax expense was 4.1% of revenues during FY 09, while the income tax for FY 08 was 3.1% of revenues. The Group incurs taxation of 26% and 29% in the subsidiaries in Finland and Mexico respectively. The higher taxation in absolute amount has been a result of increased profits, higher overseas branch taxation in US and Germany, withholding tax on royalty and licensing revenues and an increase of domestic income. The effective tax rate for the year, including FBT, for the Group is 40.3%.

Profit After Taxation

Consolidated profit after taxation was at 6.1% in FY 09, as compared to 6.91% in FY 08. The profit after taxation, for fiscal 2009, stood at Rs.4,230.41.

Management Discussion and Analysis Report *(Contd.)*

Financial Position

	As at March 31, 2009		As at March 31, 2008	
	Rs. in lakhs	%	Rs. in lakhs	%
Liabilities				
Share Capital (including Share Application)	2,711.11	5.0	2,856.08	5.2
ESOP Outstanding	273.64	0.5	524.86	1.0
Reserves & Surplus	45,305.56	82.9	42,502.87	77.8
Borrowing	6,372.01	11.7	8,764.22	16.0
Total Liabilities	**54,662.32**	**100.0**	**54,648.03**	**100.0**
Assets				
Net Fixed Assets	31,978.03	58.5	30,723.30	56.2
Capitalized Software Product Costs (Net of Amortization)	-	-	2,123.62	3.9
Investments	2,019.98	3.7	2,664.05	4.9
Deferred Tax Asset	216.66	0.4	125.30	0.2
Current Assets				
Cash and equivalents	11,715.34	21.4	5,693.34	10.4
Receivables	13,896.79	25.4	13,326.05	24.4
Other Current Assets	8,589.95	15.7	8,968.68	16.4
Total Current Assets	34,202.08	62.6	27,988.07	51.2
Current Liabilities	13,754.43	25.2	8,976.31	16.5
Net Current Assets	20,447.65	37.4	19,011.76	34.8
Total Assets	**54,662.32**	**100.0**	**54,648.03**	**100.0**

Share Capital

The issued share capital decreased to Rs.2,711.11 lakhs as at March 31, 2009 as against Rs.2,856.08 lakhs as at March 31, 2008. The decrease was due to buyback of 14,49,742 equity shares under the buyback scheme.

Employee Stock Options (Net of Deferred Compensation Cost)

The employee stock option outstanding (net of deferred compensation cost) has decreased to Rs.273.64 lakhs. During the current year the Company issued 87,000 options to its employees under the ESOP Scheme. The ESOP outstanding has reduced as 481,843 options have lapsed, due to non exercise by the employees and vesting conditions not being satisfied.

Reserves and Surplus

Reserves and surplus as at March 31, 2009 was Rs.45,305.56 lakhs, as against Rs.42,502.87 lakhs as at March 31, 2008.
The increase in reserves and surplus is due to a mix of:-

(i) Transfer of profits to the reserves.

(ii) Recognition of Translation reserve on non integral operations in Finland and Mexico.

(iii) Off set by a reduction due to payment of premium on buyback of shares over the face value.

Secured Loans

Secured loans have reduced to Rs.6,345.63 lakhs as at March 31, 2009, as against Rs.8,233.25 lakhs as at March 31, 2008. The secured loan is primarily represented by the debt arrangement for acquisition of Sasken Finland.

Unsecured Loans

Unsecured loans have decreased to Rs.26.38 lakhs as at March 31, 2009, from Rs.530.97 lakhs as at March 31, 2008. The working capital loan, outstanding at the beginning of the year in Sasken Mexico, has been completely settled in the current year.

Fixed Assets

The Net Fixed Assets, including capital work-in-progress, represents 58.50% of the total assets. The fixed assets, as at March 31, 2009, were at Rs.31,978.03 lakhs as against Rs.30,723.30 lakhs as at March 31, 2008. The increase in fixed assets during FY 09 is primarily attributable to:-

(i) Creation of new SEZ and STP facility space in India operations.
(ii) Additional investments in Computer equipment and software tools.
(iii) Increase in goodwill due to exchange rate movements between Euro and INR.
(iv) Acquisition of assets in Germany, due to asset transfer agreement with a customer.

Capitalized Software Product Costs (Net of Amortization)

The capitalized software product costs comprises of development costs of ‘Sasken Application Framework’ (SAF). The Company recorded amortization for 2 quarters and has impaired the balance Rs.1,519.70 lakhs as an exceptional item.

Investments

The investments, representing 3.70% of the total assets, as at March 31, 2009 were Rs.2,019.98 lakhs, as against Rs.2,664.05 lakhs, as at March 31, 2008.

The Company invests surplus funds in highly rated Mutual Fund papers, considering the safety and liquidity as the key determinants for the investment in a fund.

Deferred Tax Asset and Liability

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 assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have a legal right to do so. The Deferred tax assets have been recognized on Mexico and Network engineering services operations, since there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Inventories

Inventories represent (a) Work-in-progress – that is costs related to project milestones that have not been met. The Work-in-progress, as at March 31, 2009 was at Rs.59.53 lakhs, as against Rs.226.32 lakhs as at March 31, 2008. (b) Stock-in-trade – costs related to stock of software / hardware held for sale. The Stock-in-trade, as at March 31, 2009 was at Rs.40.39 lakhs, as against Rs.86.74 lakhs as at March 31, 2008.

Management Discussion and Analysis Report *(Contd.)*

Sundry Debtors

Sundry debtors, representing 25.4% of the total assets, as at March 31, 2009 were at Rs.13,896.79 lakhs, as against Rs.13,326.05 lakhs as at March 31, 2008. The increase in debtors is primarily due to the increase of revenue in business. The collection days have reduced from 110 days to 91 days in FY 09, reflecting improved collections. The management periodically reviews the quality of receivables and makes provision where necessary.

Cash and Bank Balances

Cash and Bank balances, representing 21.4% of the total assets, as at March 31, 2009 were at Rs.11,715.34 lakhs, as against Rs.5,693.34 lakhs as at March 31, 2008. The Company maintains sufficient cash balance for operational requirements and invests surplus funds in highly rated Mutual Fund papers and fixed deposits. With a view to safeguarding the investments, the Company invested some surplus funds in fixed deposits, ranging between 15 to 180 days, in Public sector Indian banks.

Other Current Assets

Other Current Assests, representing 6.7% of the total assets, as at March 31, 2009 were at Rs. 3,671.32 lakhs, as against Rs.3,918.14 lakhs as at March 31, 2008. The decrease is primarily due to decrease in unbilled revenue for March 2009. Unbilled revenue represents amounts recognized based on services performed in accordance with contract terms and where invoices have not been raised.

Loans and Advances

Loans and advances, representing 8.8% of the total assets, as at March 31, 2009 were at Rs.4,818.71 lakhs, as against Rs.4,737.48 lakhs as at March 31, 2008. The increase is primarily due to amounts paid in response to demands raised by taxation authorities in connection with disputed taxes.

Current Liabilities and Provisions

Current liabilities and provisions, representing 25.2% of the total assets, as at March 31, 2009 were at Rs.13,754.43 lakhs, as against Rs.8,976.31 lakhs as at March 31, 2008. The increase is significantly due to increase in business operations, increase in liability for forward contracts, statutory liabilities and provision for employee compensated absences.

Cash Flow

The net cash from operating activities was Rs.13,288.55 lakhs during the year ended March 31, 2009 as against Rs.5,952.71 lakhs during the year ended March 31, 2008.

The inflow on account of Operating profits before working capital changes was Rs.14,880.38 lakhs during the year ended March 31, 2009 as against Rs.10,927.75 lakhs during the year ended March 31, 2008, an increase of Rs.3,952.63 lakhs. The increase was mainly on account of improved collections on debtors, higher profits before taxes, depreciation and amortization compared with that of the previous year. The inflow on account of working capital was Rs.1,134.47 lakhs for the year ended March 31, 2009 as against an outflow of Rs.3,078.53 lakhs during the year ended March 31, 2008.

The net cash used in investing activities was Rs.1,987.05 lakhs during the year ended March 31, 2009 as against Rs.1,091.13 lakhs net cash used during the year ended March 31, 2008. In the current year, the funds were used for purchase of fixed assets in new premises, computer and software infrastructure.

Management Discussion and Analysis Report *(Contd.)*

The net cash used in financing activities was Rs.5,955.14 lakhs during the year ended March 31, 2009 as against net cash used of Rs.2,711.21 lakhs during the year ended March 31, 2008. The outflow was on account of buyback of 1,449,742 shares and due to repayment of the long term loan, which the Company had borrowed for Sasken Finland acquisition.

Opportunities and Threats

We continue to face challenges due to pressures on R&D spend by key customers and increased competition from other players in the market, leading to pricing pressures.

Operators face an increasingly competitive environment as the dominant source of ARPU shifts from traditional circuit switched voice, data and SMS messaging into a diverse set of packet data services. In the wireless domain there are a large number of service providers, service life cycles are becoming shorter and operators are under pressure to invest in new service capabilities. Operators and Network equipment vendors continue to upgrade their networks using 3G / 4G technologies like HSDPA, HSUPA & WiMax and they face significant challenges in testing, integration and migration of their platforms. This presents great opportunities for us and we are making appropriate investments in key technologies that would help us in addressing these opportunities.

The global handset market growth is being driven by the smart phone segment, and your Company with competencies and recognized strengths in the Multimedia segment is well placed to exploit this trend. We are developing capabilities in Google's Android framework to service our customers' requirements in this technology. We have put in place a robust capability development and training programme to address our challenges of scaling up and to drive efficiencies.

We see a trend of semiconductor vendors increasing R&D spend on integrated application processors and niche connectivity applications. Again, here your Company is well positioned to exploit this trend and we see significant demand for services in this segment.

We are working on strategies to address the opportunities in emerging markets like China and India.

The Company is consciously moving towards increasing the proportion of fixed price contracts and exploring other risk-reward sharing with our customers, which would help in realizing higher efficiencies and improve your Company's profitability. The Company is also investing in market spaces adjacent to telecom, which would help propel growth in the coming years.

Material Developments in HR

Our total employee head count, excluding contractors, stood at 3,277 employees as of March 31, 2009. Our attrition rate for the full year was around 26% and this continues to be an area of concern for us. However we are putting in efforts to get this number down. Our focus this year was to increase the touch time with the employees, increase the extent of communication of the leadership team with employees, increase training for first time managers, increase the linkage between performance and total compensation. We have introduced a variable pay plan that links variable pay to the Company's and individual's performance. This, we believe, would help in creating a culture of high performance within the organization and will also help the Company by way of making expenses vary with performance.

Risk and Concerns

The management of Sasken actively takes steps to manage the various risks that the Company is exposed to. The major activities to this end are as follows:

Management Discussion and Analysis Report *(Contd.)*

Business Risks

One of the key aspects of our strategy has been to remain focused on the telecom vertical. This exposes us to the risks associated with operating in a single industry vertical, as compared to our peers in the industry, who are more diversified.
Revenues from software products were approximately 8.8% of the Company's revenues in FY 2009.

Our product business by nature is unpredictable and hence it is not appropriate to look at past performance and derive future trends. The contribution of our top 5 customers has reduced to 66% of the total revenues in the last quarter of the financial year. Some of our key customers are facing challenges and we have seen trends of volume decline with these customers, in the second half of FY 2009.

In the current financial year, we added more key tier 1 customers. We increased the number of tier 1 customers from 23 in FY 08 to 27 in FY 09. This is in line with our stated intent to mitigate business risks by diversifying our key customer accounts.

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 Company 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

Sasken assigns much importance to the confidentiality of its software, trade secrets, internal data, systems and processes. Sasken 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 Sasken, 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 Sasken to risks, are proportionate with the benefits accruing from the contract. Sasken is also protected by insurance coverage.

Management Discussion and Analysis Report *(Contd.)*

Financial risks:

Foreign Exchange Fluctuation Risk

Most of Sasken revenues are in US Dollars and Euros, while its expenses are in Indian Rupees. Operating profits are therefore subject to fluctuations in exchange rates. The exchange rate between the Rupee and the US Dollar has changed substantially in the recent year. In FY 09, Rupee depreciated by around 15.5%, against USD and was volatile through out the year, closing at Rs.50.75 to a Dollar.

The following are the de-risking measures we adopt to minimize the impact of exchange fluctuations.

The Company periodically reviews its foreign exchange exposures and takes appropriate hedges regularly. The policy of the Company is to take hedges for risk mitigation and not for profit maximization. The Company has pre set loss limits and unhedged exposures are subject to these loss limits for the purpose of deciding the hedge.

Liquidity Risk

The Board reviews the liquidity position periodically and determines the need for infusion of equity and debt capital into the business. The Group has met its working capital requirements through internal cash accruals during the current year. The Company has fund based and non fund based lines of credit available, to satisfy any working capital requirements, if required.

Internal Control Systems

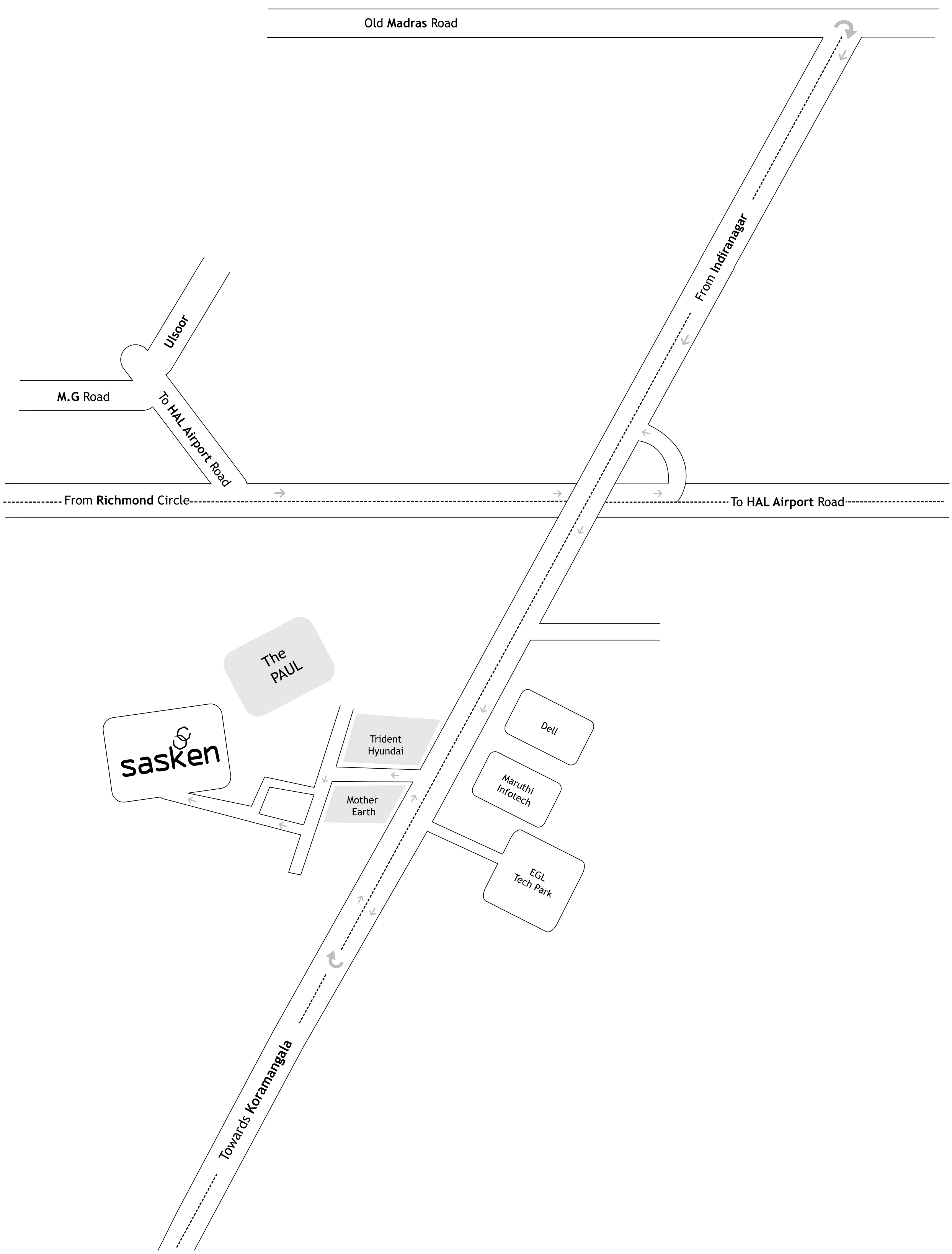
The Company continues to comply with the requirements of Enterprise Risk Management (ERM), which is mandated by Clause 49 of the listing agreement. Apart from identifying and documenting 'Entity level' risks and controls, the exercise involves identifying all significant (a) locations and (b) business processes, followed by (c) documenting each of the process flows (d) creation of risk registers and (e) an assessment of controls by way of testing. The risk register captures all areas of potential financial risks and operational risks and, the associated internal controls that are already in place or have been identified. Annual certification is an important procedure which ends with the CEO and CFO certification.It starts from the 'control' owner and then on to the 'process' owner and upwards, leading to the CXOs.

As part of the assessment exercise conducted, certain proposed controls identified in previous periods have been implemented and tested for their effectiveness, and other proposed controls are being implemented. Additionally, certain new controls have been identified for matters of significant importance or relevance, for implementation in the coming periods.

The Company continues to 'capture and track', risks and controls. The Company continues to do a regular assessment of the risks and controls for the existing and new process flows. The processes followed by other subsidiary companies would also be brought under the purview of ERM.

Further, as a good corporate governance measure, all matters of significant importance or relevance have been reported to the Audit Committee and the Company's Statutory Auditors.

Route Map to Sasken Registered Office



Notes

Sasken Communication Technologies Limited

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

Attendance Slip

I hereby certify that I am a shareholder/proxy for the shareholder of the Company. I hereby record my presence at the Twenty first Annual General Meeting of Sasken Communication Technologies Limited held at the Registered Office at 139/25, Ring Road, Domlur, Bangalore 560 071 on Saturday, September 19, 2009 at 9.00 AM.

Name of the attending shareholder (In block letters)	:	________________
Name of the proxy (To be filled in if the proxy attends instead of the shareholder)	:	________________
Signature of the shareholder	:	________________
Signature of the proxy	:	________________
Member's Folio Number/DP ID & Client Id	:	________________
No of Shares held	:	________________

Note: Shareholders/proxy holders are requested to bring the Attendance Slips with them duly completed and signed when they come to the meeting and hand them over at the Reception.

Sasken Communication Technologies Limited

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

Annual General Meeting to be held on Saturday, September 19, 2009 at 9.00 AM at the Registered Office.

Proxy Form

I/We ______________ of ______________ in the district of ________ being a member/members of Sasken Communication Technologies Limited hereby appoint ____________ of ____________ in the district of __________ or failing him ____________ of ________ in the district of ____________ as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty first Annual General Meeting of the Company to be held on Saturday, September 19, 2009 at 9.00 AM at the Registered Office of the Company at 139/25, Ring Road, Domlur, Bangalore 560 071 and at any adjournment thereof.

Signed this ______________ day of ____________2009.

Member's Folio Number/DP ID & Client Id ____________________

No of Shares held ______________________________

Signature of the Member ____________Signature of Proxy ____________

Affix Re.1
Revenue stamp

Note: The proxy must be deposited at the Registered Office of the Company at 139/25, Ring Road, Domlur, Bangalore 560 071, not later than 48 hours before the time for holding the meeting.

ECS MANDATE FORM

Shareholders holding shares in Physical Mode	Shareholders holding shares in Demat Mode
Please complete this form and send it to: Karvy Computershare Pvt. Ltd. Unit: Sasken Communication Technologies Ltd. Plot No.17-24, Vittalrao Nagar, Cyberabad, Madhapur, Hyderabad 500 081.	Please inform your DPs directly (if not done earlier)

I hereby consent to have the amount of dividend on my equity shares credited through the Electronic Clearing Service (Credit Clearing) – (ECS). The particulars are:

1	Folio No. / Certificate No.	
2	Name of 1st Holder	
3	Name of the Bank	
4	Full address of the Branch	
5	Account No.	
6	Account Type (Please tick the relevant account)	Savings / Current / Cash Credit
7	9 Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number)	

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I will not hold the Company responsible.

____

Signature of the 1st Holder as per the specimen signature with the Company

Name : ________________________

Date : __________________

Address : ____________________________

____

Our Contact Details

Address	Telephone	Fax
Sasken Communication Technologies Ltd. 139/25, Ring Road, Domlur, Bangalore 560 071, India	+91 80 3981 1122	+91 80 3981 3329
Adarsh Prime Projects. SEZ Deverabisanahalli Outer Ring Road - Sarjapur Road, Bangalore 560 103	+91 80 6699 4005	+91 80 6699 4008
Bagmane Parin Building, Bagmane Tech Park Sy. No.65/2, Byrasandra Village, C. V. Raman Nagar, Bangalore -560 093, India	+91 80 3981 1122	+91 80 3981 3329
NSG IT Park, Unit No.201, 2nd Flr. S.No.127/2 B, Aundh, Pune – 411 007, India	+91 20 2588 1300	+91 20 2588 1333
Suite# 8, Vatika Business Centre, Plot No. 1-4, 3rd Floor, NSL - ICON [Reliance Digital Bldg.], Road No. 12, Banjara Hills, Hyderabad – 500 034, India	+91 40 4431 1111	+91 40 4431 1100
Unit No 702, 7th Floor, Campus 3B, RMZ Millenia Business Park, 143 Dr M G R Road, Kandanchavady, Chennai 600 096, India	+91 44 3981 8000	+91 44 3981 8029
Niederlassung Deutschland. Beethovenstrasse 8-10 60325 Frankfurt, AM Main Germany	+49 699 755 4525	+49 699 755 4100
3rd floor, PCS Building, Rensingstraße 15, D-44807 Bochum, Germany	+49 234 9014 9911	
Solna Strandväg 78, SE-171 54 Solna, Stockholm, Sweden		
3000, Cathedral Hill, Guildford, Surrey , GU2 7YB, UK	+44 1483 243 572	+44 1483 245 184
1700 Alma Dr, Suite # 350, Plano, TX 75075–6932, USA	+1 972 943 1040	+1 972 943 1047
2900 Gordon Avenue, Suite 105, Santa Clara, CA 95051, USA	+1 408 730 0114	+1 408 774 1007
Zurich Towers Center, 1450 East American Lane, Suite 1423 Schaumburg, IL 60173, USA		

Subsidiary Companies:

Address	Telephone	Fax
Sasken Network Engineering Ltd. 139/25, Ring Road, Domlur, Bangalore 560 071, India	+91 80 3981 1122	+91 80 3981 3329
Sasken Network Engineering Ltd. Pine Valley, 4th Floor, Office ‘B’ , Embassy GolfLinks BusinessPark, Off Intermediate Ring Road, Domlur, Bangalore – 560 071, India	+91 80 4126 5236	+91 80 4126 5235
Sasken Communication Technologies (Shanghai) Co. Ltd. 6F, Tower B, Haoli Building, No. 18 Longqing Street, BDA, Beijing, China. 100176	+86 10 6788 6717 +86 10 6788 6821	+86 10 6788 6855
Sasken Communication Technologies Oy Elektroniikkatie 8, FI-90570, Oulu, Finland	+358 10 408 1111	+358 8 551 3471
Sasken Finland Oy, Hermiankatu 12B, FI-33720, Tampere, Finland	+358 10 408 1111	+358 3 318 6100
Sasken Finland Oy, Elektronikkatie 8, FI-90570, Oulu, Finland	+358 10 408 1111	+358 8 861 2370
Sasken Finland Oy, P.O. Box 29, FI-69601, Kaustinen, Finland	+358 10 408 1111	+358 6 861 2370
Sasken Japan KK, Shinkawaya Center, Bldg 3F, 4-24-5 Kuji, Takatsu-ku, Kawasaki-Shi, Kanagawa Pref. 213-0032, Japan	+81 44 850 9860	+81 44 850 9861
Sasken Communication Technologies México S.A. de C.V. Carretera Miguel Alemian K.M 14.5, Monterrey Business Park, Apodaca, 666433, Nuevo Leon, Mexico	+52 81 8625 7400	+52 81 8625 7447
Sasken Network Solutions Inc., 1700 Alma Dr, Suite # 350, Plano, TX 75075–6932, USA	+1 972 943 1040	+1 972 943 1047
Sasken Inc., 1700 Alma Dr, Suite # 350, Plano, TX 75075–6932, USA	+1 972 943 1040	+1 972 943 1047

sasken

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