



# Rising in the Perfect Storm

ANNUAL REPORT 2015-2016



In a business environment characterized by constant turbulence, there is no greater pride than that of successfully gaining ground. What is even more commendable; coming out in better shape and the pleasure of navigating what we call a 'Perfect Storm'.

A perfect storm is an amalgam of a series of routine and unprecedented changes. One that causes unusually challenging and uncertain situations. History has shown that nature has always inspired the best of human triumphs. Birds have always captivated us and represent the quintessence of freedom, the ability to transcend above the ordinary. Birds have inspired the invention of flight, aerodynamic structures, surveillance devices and a host of other everyday utilities.

A resounding testimony to the belief that when you give wings to your ambitions, you soar to success.

This year, we at Sasken, have relentlessly pursued the path to excellence with integrity and passion during challenging times, only to come out even better. As you turn the pages of this report, you will get insights on how agility, being venturous, teamspirit, continuous learning and perseverance has helped shape us as an organization.

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# Agility

By virtue of their speed, Pelicans have the agility to hunt as they scoop water in midair, showing great situational awareness.



By swiftly adapting to market changes and taking advantage of emerging opportunities with panache, Sasken has shown the flexibility to offer unique outcome-based business models to delight its customers.

# Board of Directors

Mr. Rajiv C. Mody	Chairman, Managing Director and CEO
Dr. Ashok Jhunjhunwala	Director
Mr. Banshi S. Mehta	Director
Mr. Bharat V. Patel	Director
Mr. Jyotindra B. Mody	Director
Prof. J. Ramachandran	Director
Mr. Pranabh D. Mody	Director
Mr. Sanjay M. Shah	Director
Mr. Sunirmal Talukdar	Director
Dr. G. Venkatesh	Director
Mr. Krishna J. Jhaveri	Whole Time Director
Ms. Neeta S. Revankar	Whole Time Director & Chief Financial Officer

## Committees of the Board

Audit Committee  
Corporate Social Responsibility Committee  
Nomination and Remuneration Committee  
Risk Management Committee  
Stakeholders Relationship Committee  
Strategy, Business and Marketing Review Committee

## Bankers

Citibank NA  
Deutsche Bank AG  
Union Bank of India  
Axis Bank Limited

## Registered and Corporate Office

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

## Company Secretary

Mr. S. Prasad

## Statutory Auditors

M/s. S. R. Batliboi & Associates LLP  
Chartered Accountants

# Letter to Shareholders



Dear Shareholder,

As I reflect on your Company's performance in the fiscal 2015-16, I am reminded of what I call a 'perfect storm'. Navigating the organization through these turbulent times successfully is a matter of pride and joy. To post a growth of close to 13% over the previous fiscal is gratifying. Tectonic shifts have affected our business from 2008 resulting in headwinds and challenges on the revenue front. Three of whom we counted as our largest customers, were charting choppy waters including either exiting the business or facing serious loss in market share and in one instance even filed for bankruptcy.

The cumulative impact of these developments resulted in us facing a decline in revenue for six years. We continued to build on our core competencies to access adjacent spaces for revenue growth. During this entire period, the management demonstrated its resolve to single mindedly focus on ensuring your Company continued to generate positive cash flows, remained profitable, and successfully completed four buybacks. We also vigorously defended your Company's business interests and successfully won a litigation award and subsequently a settlement.

Return to growth after this hiatus has been possible by building an organization which has a passion to pursue excellence. The ability to solve challenging technical problems is embedded in our DNA and helps us 'unleash creativity' and 'unlock value'. Our commitment in ensuring that our engineering core remains intact, by nurturing it through our training engines, has been instrumental in our growth story. In short, I call this a culture of 'embedding excellence'. Our enviable customer base continues to repose their confidence in us and entrusts us with work that is mission critical for their success.

We availed the services of one of the world's leading management consultants to sharpen our business focus. The consulting engagement has validated that the combination of our prowess in Product Engineering and Digital IT is unique and differentiated. Connectivity, computing, and analytics are bettering our lifestyle through machine learning. Our expertise in these areas puts us in a position of strength to better serve customers who are creating this 'Internet of Things' environment. I am spearheading the creation of an agile and accountable organization that will capitalize on the market opportunity in our Communication and Devices (C&D) and Digital IT business.

In the C&D business, we have repeatedly won business from the world's leading provider of Global Satellite Phone Service for providing full product design and engineering services for their family of Satellite Phones. In Automotive Electronics, we have catapulted to a leadership position by continuing to deliver open standards based In-Vehicle Infotainment systems to global Automotive Tier-1s. Buoyed by the wider adoption of Android, we have broadened our market reach and are now serving multiple segments in Consumer Electronics. In the Network Equipment space, we have successfully developed products built on the GSM-R standard for the European Railway Network. Our engineers are working with leading Semiconductor companies in helping their customers build flagship products on the latest silicon platforms. We are engaged with a pioneer in the Internet of Things (IoT) space and providing expertise in low power design.

We provide a spectrum of Testing services supported by our Sasken Test Automation Framework to ensure our customer's product reliability and quality.

In the IT services arena, we focus on helping enterprises enable mapping of the physical world into the digital realm. We deliver applications that improve customer engagement through mobile devices by leveraging insights from advanced big data analytics. A stellar example of this is our ability to save tens of millions of Euros for a European MVNO that uses our predictive data analytic insights platform for data driven decision making. We have taken advantage of our thorough understanding of connectivity and are engaged with smart tag manufacturers to develop unique solutions for enabling individualized consumer connect.

We have demonstrated the humility and resolve to meet or exceed customer expectations. At the same time, we have not hesitated to pursue and obtain what is rightfully due to us. In March 2015, a Non-Indian Licensee initiated another arbitration proceeding against your Company for determining, among other things, amounts payable to Sasken for use of the jointly developed IPR and Sasken's proprietary background IPR. Your Company had reached a settlement with the said Non-Indian Licensee in connection with the unauthorized use of Sasken's Protocol Stack IP by them. This settlement brought to an end, the ongoing arbitration and terminated all ongoing obligations of the parties under the relevant agreements. Towards this end, your Company has received a sum of USD 45 million in March, 2016.

During the year, your Company paid two interim dividends of (a) ₹3 per equity share in October 2015; and (b) ₹4 per equity share and also special dividend of ₹25 per equity share in March, 2016. The total dividend paid for the year ended March 31, 2016 thus amounted to ₹32 per equity share of ₹10 each. I trust that you would be happy to note that your Company has maintained its track record of paying dividends since its listing in 2005.

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

Thanking you,

**Rajiv C. Mody**

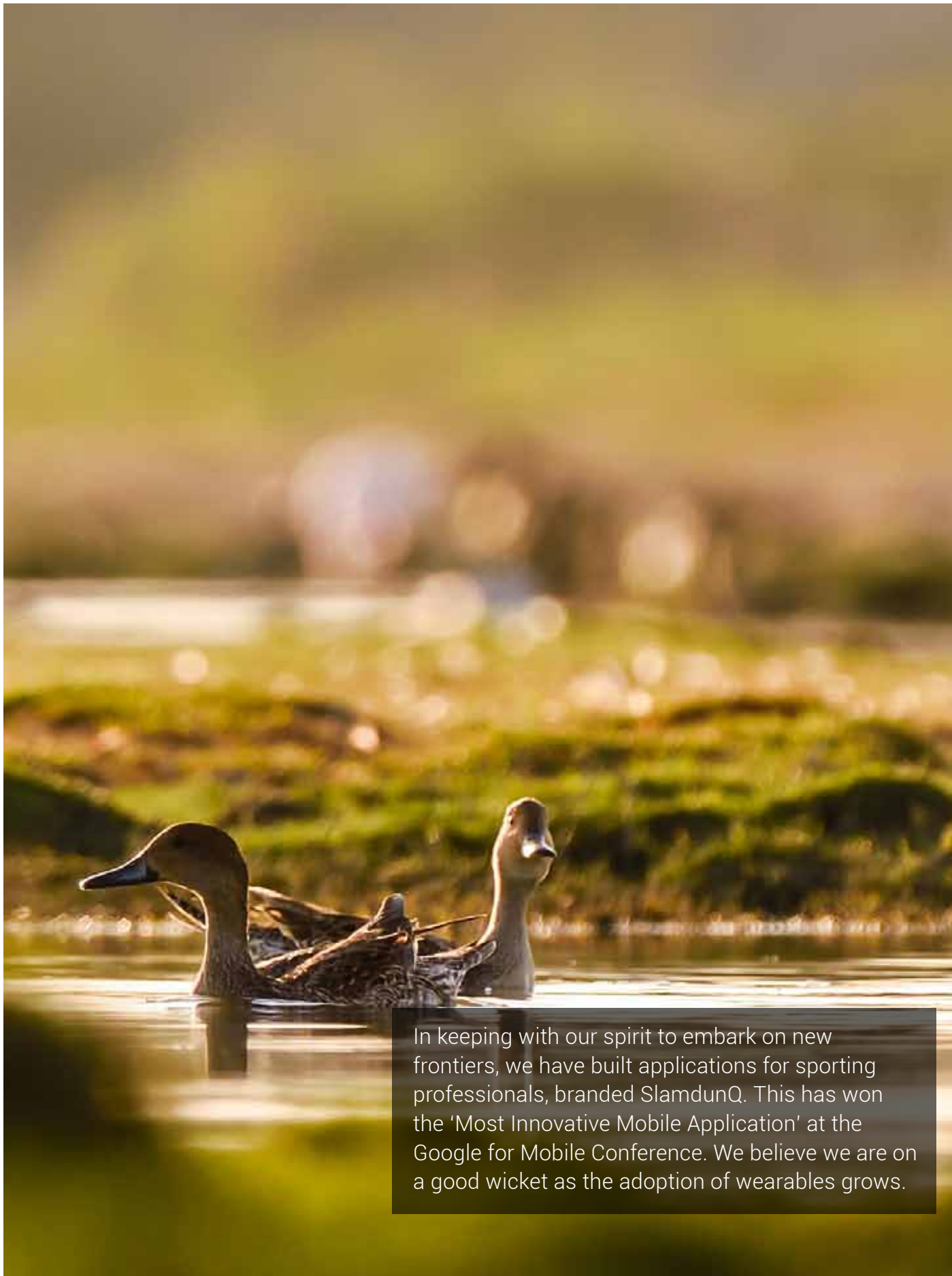
Chairman, Managing Director and CEO



## Venture

The omnivorous Crow occasionally has the gumption to pick prey as large as itself through observation backed by an instinct to venture.





In keeping with our spirit to embark on new frontiers, we have built applications for sporting professionals, branded SlamDunQ. This has won the 'Most Innovative Mobile Application' at the Google for Mobile Conference. We believe we are on a good wicket as the adoption of wearables grows.

# Technology and Markets

There is no debating the mantra 'change is the only constant'. Relentless change has made the need to maintain continuity and have constancy of purpose, a business priority. This is the era of platforms. Platforms are able to galvanize communities facilitating commerce and collaboration with unparalleled ease. The ascendance and ubiquity of connectivity and computing along with the availability of contextual information is changing the way we make decisions. Data driven decisions are the new norm. Platforms and the Internet of Things (IoT) continue to disrupt due to the power shifts they are causing. Industry pundits and economists have commented that platforms are causing the shift in power from the supply side or pipeline economies to the demand side or network economies. Platforms will prevail because they are democratizing commerce like never before and moving the narrative from confrontation to collaboration as well as from wanton consumption to sustainability.

Wireless connectivity, sensors, mobile and cloud computing, analytics, and social media remain at the epicenter of this change. Enhancements in these technologies and their burgeoning adoption by consumers and enterprises are fueling a transformation in the world of commerce. In the enterprise context, technology has moved from being viewed as a means to improve operational efficiency to taking center stage and being the key to survival and success. The upshot of this change is its potential to make a positive 'human impact'. Smart connected products will significantly enhance the quality of life and bring about irreversible changes in our lives. We will be able to work more collaboratively and efficiently, take better care of our health, and enjoy quality leisure time; consume yet conserve. There will be risks along the way including, but not limited to, the possible decimation of hitherto iconic organizations, shift in labour markets, a struggle to regulate new age industries, and increased vulnerabilities from cyber-attacks. The good news is that the benefits will far outweigh the risks and the march of technology led development will go on.

## Semiconductors

The growth drivers of the semiconductor industry are more broad-based than ever before. The increasing reliance on sensor networks, distributed and real time computing, wireless communication and data-driven decision making is driving growth in the semiconductor industry. The vectors of change demand an increased emphasis in areas of silicon design such as low power, high reliability, enhanced security, and denser integration on the one hand and increased compute power, better graphics, and greater integration with sensors on the other. The heterogeneous nature of demand that originates simultaneously from advanced and emerging economies creates the need for a dichotomous approach to design. There is an ever increasing need to be able to deliver similar functionality that the market demands but at very different price points.

From a vertical perspective, increased adoption of 4G Long Term Evolution and early stage investments in 5G will spawn demand for semiconductor development and testing from both the network and smart device sides. The automotive electronics sector forecasts a robust demand for components and subsystems that will enhance connectivity, autonomous driving, safety, infotainment, navigation and greener fuel consumption. Additionally, there is a need to service the demands of a highly mobile and hyper-connected industrial workforce. As the proliferation of IoT continues, there will be a growing need for low cost and energy efficient solutions that need to integrate microcontrollers, sensors, connectivity and storage. These have to be delivered in high density packages, high volumes and at very attractive price points.

Sasken is engaged with several of the top 10 vendors providing a range of IC Design and Software services for their flagship products. We are providing a comprehensive range of development, integration and testing services. Sasken offers customer flexibility to choose from an array of business models in spirit of its customer centric approach. We have other on-going engagements for enhancing connectivity based on standards such as USB, Bluetooth, Wi-Fi, and NFC spanning both development and testing across multiple silicon platforms of leading North American and European OEMs.

We continue to entrench ourselves as a partner of choice offering a range of services to support the adoption and evolution of the Android Operating System for the semiconductor industry, as well as their smart device customers. We have completed several upgrades to the latest version of Android OS for both these segments.

Sasken has made progress in entrenching its position in the Devices segment, while building a strong customer base in the Auto and IoT segments. Some stellar examples of such projects are the work we are executing to build Linux based IVI systems and IoT Home Gateways.

## Smart Devices

Smart Device manufacturers constantly strive to maintain a competitive advantage while juggling changes in core technologies. Smart Device manufacturers need to keep pace with the need for greater security, enhanced media processing and playback, integration of newer displays, cameras and other sensors whose complexity only increases with the launch of every new device. A key element of differentiation in open source based systems is the User Interface (UI). OEMs strive to provide an immersive and intuitive user experience that capitalizes on growing application ecosystem. Sasken is well placed to make significant contributions to companies that are desirous of sustaining or acquiring a leadership position in this space.

We provide existing customers with a spectrum of testing services using our Test Automation Framework for device testing. We are working with one of the world's largest wireless broadband rollouts in this space. We continue to provide testing solutions for Devices, Enterprise Mobility, Device Compatibility, Radio Frequency, etc. OEMs spanning from smart to rugged devices and semiconductor vendors continue to rely on our services for comprehensive product quality, inter-operability and field testing of devices.

## Consumer Electronics

The consumer electronics market is in a state of dynamic tension. While there is a modest growth in demand in some product categories like smartphones, tablets and consumer appliances that form the bulwark of the trade, it is offset by a drop in the average selling price (ASP) as demand shifts from mature to emerging markets. In addition, platforms have transitioned the focus from 'products to services' where there are greater profit pools to be tapped as devices get commoditized. Product categories ranging from infotainment, safety, navigation and autonomous driving products in vogue in the automotive sector to wearable equipment comprising mainly health and fitness trackers, smart home automation products, and rich media devices like 4K Ultra HD TV are driving growth in the consumer electronics industry. Some products that are in the nascent stage of development but have the potential for significant growth are: virtual and augmented reality products, drones, 3D printing and many more.

We have broadened our customer base and engaged with a leading OEM to build the next-generation Android Smart TV for the hospitality market. Building on our strengths in the smartphone segment we have established a strong presence in the ruggedized devices space. We are engaged with a leading rugged device OEM to integrate wireless connectivity based secure solutions for logistics applications. The rugged device segment has seen a major shift to Android from legacy systems. Saskaen has partnered with leaders in this space to enable their smooth and timely transition to the Android ecosystem including supporting upgrades to the latest version of Android.

## Wearables

Wearables continue to dominate our thought and have captured our imagination as the wave of the future. While the market is warming up and there is a positive uptick in the adoption and ownership of wearables, the preliminary uses seem to be confined to monitoring fitness and well-being, and ensuring safety of the wearer. The wearable device continues to leverage the smartphone as the primary hub which manages the application, provides credentials, and controls the information flow.

Pairing wearables that serve as wellness monitors with apparel and footwear can open a new world of possibilities that range from providing a more insightful analysis of the efficacy of the fitness programs to better brand engagement. Additionally, wearable devices will also lend themselves to be easily networked on an opt-in basis to enterprise (closed) and social (open) platforms. A gamification platform and appropriate service bundle can open a new world of possibilities that will increase tracking of progress against set goals. In the industrial context, wearables are beginning to see traction and are being deployed for locating people and monitoring their vitals in hazardous areas such as mining areas, oil-rigs etc. In the recreational and professional sports, wearables are being used to up the game while taking competition to the next level. In the near future, there will be a rapid surge in the demand for wearables and competitive pressure will unleash a virtuous cycle that will ensure users get better functionality and more affordable price points.

Our mobile application suite for sporting professionals, branded SlamDunQ, now covers Golf in addition to Cricket. Through the use of inbuilt sensors of the wearable, our application helps the golfer analyze his/her swing through biomechanics communicated clearly via expertly designed parameters. A state-of-the-art animation shows the exact movement of the swing providing the user with an action replay.

## Industrial Automation

We have broadened the scope of our Industrial Automation business to encompass the 'Industrial Workforce and Machine Mobility' space. Our focus here will be to help field service organizations explore means to improve operational efficiency and customer responsiveness in the face of heightened levels of competition. We continue to focus on the rugged device market which is accelerating the adoption of open software platforms for all new products. While rugged devices are indistinguishable from smartphones, they are the lifeline of the enterprise front line and back end workforce. They are an order of magnitude more complex to engineer and build due to the stringent reliability and compliance requirements.

## Satellite

The satellite communication market is seeing a steady growth which is expected to continue in the foreseeable future. The mounting need for enhanced data communications and reliable access across challenging terrains is driving this growth. There is an ever increasing reliance on satellite networks for a host of services including emergency communication, security, telemetry, tracking and field support for personnel in remote locations. Additionally, the demand for high-speed internet and data connection is accelerating the adoption of Broadband Global Area Network (BGAN) and portable terminals. Plans are afoot to build and launch services that will allow passengers in the commercial aviation sector to experience services that seamlessly switch between satellite and ground segments and deliver a wide range of broadband service for both professional and social consumption.

Our excellent track record in delivering complex Product Engineering Services has resulted in our winning repeat business from the world leader in providing Global Satellite Phone Service (GSPS). We have been entrusted with the task of providing turnkey 'full product' design and engineering services for their next generation Satellite Phone. Our experience across hardware, software and system engineering is yielding multifold benefit to our customers in the satellite segment.

## Automotive

The dawn of the platform era and the ubiquitous presence of wireless connectivity have given rise to radical changes spanning from shared mobility, ability to offer and upgrade services over the air, prognostic and diagnostic support, occupant safety, and navigation. The norm in the industry is to up the ante and offer a broad range of digitally enabled services that create better engagement with the customer through the product ownership life-cycle.

Enhancement in car, car to car, and car to service desk connectivity has enabled the ability to introduce novel ways in which the driver and passenger avail media and services. The increasing reliance on automotive electronic systems has accelerated the velocity of change in an industry given to longer product life cycles. These systems require frequent upgrades in both the underlying hardware and software platforms as they continue to advance at a rapid pace.

In automotive infotainment we have multiple engagements with global Tier-1 suppliers and have developed complete Infotainment platforms for both passenger and commercial vehicles. Our customers have come to depend on our vast expertise in wireless connectivity and have entrusted us with autonomy and ownership to develop and enhance connectivity solutions for several product lines.



## Team Spirit

Sandhill Cranes are social, live in family groups, yet partner with other cranes, forming 'survival groups' to successfully migrate and thrive.



Our ability to foster and nurture effective partnerships with a leading global smart tag maker has allowed us to be a key player in an ecosystem that delivers innovative solutions to enhance brand engagement.

In addition to Infotainment, we have developed an initial bouquet of offerings addressing the needs for Advanced Driver Assistance Systems (ADAS) and Telematics. Our expertise in Auto Grade Silicon Platforms and the ability to develop and support complex systems makes us a valuable partner for companies who are stepping up efforts to launch products that target this market. Our leadership position as a key player in the Automotive Infotainment space is further consolidated on the back of several new client acquisitions.

## Networks

Our strategy in the Networks business follows the industry's evolution curve to enhance bandwidth and embrace technologies such as Software Defined Networks (SDN) and Network Function Virtualization (NFV). We have commenced building proof-of-concept and solutions based on the next generation wireless standard – 5G. Our longstanding expertise in GSM based technologies for railways has made us one of the world's market leaders in this space.

GSM-R as a technology has evolved to embrace Packet-based transmission and support the application of the European Train Control System (ETCS). Industry expert groups are debating the evolution of the air interface to 3GPP/LTE based standards. Availability of spectrum will play an important part in shaping the direction and pace of this evolution.

In the NEM space, we take pride in our near two-decade long association with the leading provider of wireless communication systems based on the GSM-R standard for the European Railway Network. Our team has successfully delivered new versions of software for their latest product family.

## Application & Data Services

The era of platforms, has created an urgent need for enterprises to enable the Physical and Digital (P2D) worlds conjoin seamlessly. Systemic investments in P2D solutions are abetting enterprises to use advanced analytics and data driven decision making. At the heart of this transformation is the ability to leverage connectivity, cloud computing, communication to ensure physical objects segue into the digital space. Fast Moving Consumer Goods (FMCG) companies are using technologies like Radio Frequency Identification (RFID) to enhance consumer engagement and increase brand loyalty.

We have delivered a predictive analytics-based solution to help mobile virtual network operators (MVNO) understand consumer consumption patterns. This allows the optimal management of bandwidth provisioning and enables them to offer competitive service bundles. We have engaged in providing innovative solutions using short-range wireless technology for one of the world leaders in the sporting goods industry.

We have engaged with a leading global manufacturer of smart tags and have emerged as the first Systems Integration Partner for their newly launched cloud-based IoT platform. In addition, we are providing a bouquet of services from Intelligent Transportation systems to Big Data consulting. We have struck partnerships with key players in the mobile application development platform (MADP) space. These will enable Sasken to accelerate development of mobile apps across all device platforms. We have entered into partnerships with a leader in cross-platform development software and another who is a front-runner in data visualization products.

We are providing testing and product quality assurance services for a leading multilingual messaging services provider across all mobile platforms. In the Digital IT arena, we are engaged with a large Greenfield telco to test and ensure the reliability of their application and messaging platforms. We have begun to address the test requirements emerging from next-gen Industrial Automation and IoT platforms and expect customer traction to increase in these areas.

We have supported a key customer in developing a mobile point-of-sale (mPoS) application for queue busting in retail chains and restaurants for the Indian market. Our solution, based on Xamarin Mobility platform, delivered a suite of readily-configurable applications.



# mBachat- A Sasken CSR Initiative

Sasken has always stood committed to leveraging what it does best – to use technology for the betterment of the society. Connectivity has been a catalyst and helped bring about digital inclusion as well as provide livelihood opportunities for a vast majority of our population. Identifying the need for including women in the mainstream of the economy, Sasken has partnered with SEWA to increase the velocity of SEWA's micro banking initiatives. The mBachat program elegantly combines connectivity and computing technologies to improve the reach of banking to the underserved population. Over two years, Sasken and SEWA have built and rigorously tested the mBachat solution in Anand and Kheda district of Gujarat.

Speaking about the initiative, Reema Nanavaty, SEWA said, "Our members are very excited with the new technology being developed in partnership with Sasken. Now, they can do their work of savings collection with much more efficiency." Pravina who is a SEWA leader from Kheda district said, "I am a member of SEWA for 12 years now. I am also trustee of our Savings Association in Kheda district. I look after 60 Self Help Groups

(SHGs). With the help of mBachat I am able to meet individual members and also form 2 to 3 new groups which saves a lot of time, labour and cost. The application has all the data of the 60 groups I work with. Therefore, I do not have to carry notebooks and registers and I am able to complete all my work in a day."

This testimony from SEWA is very gratifying and will motivate us to continue to scale the reach of this technology throughout Gujarat, and eventually pan-India



Scan this QR code to access  
m-Bachat video.

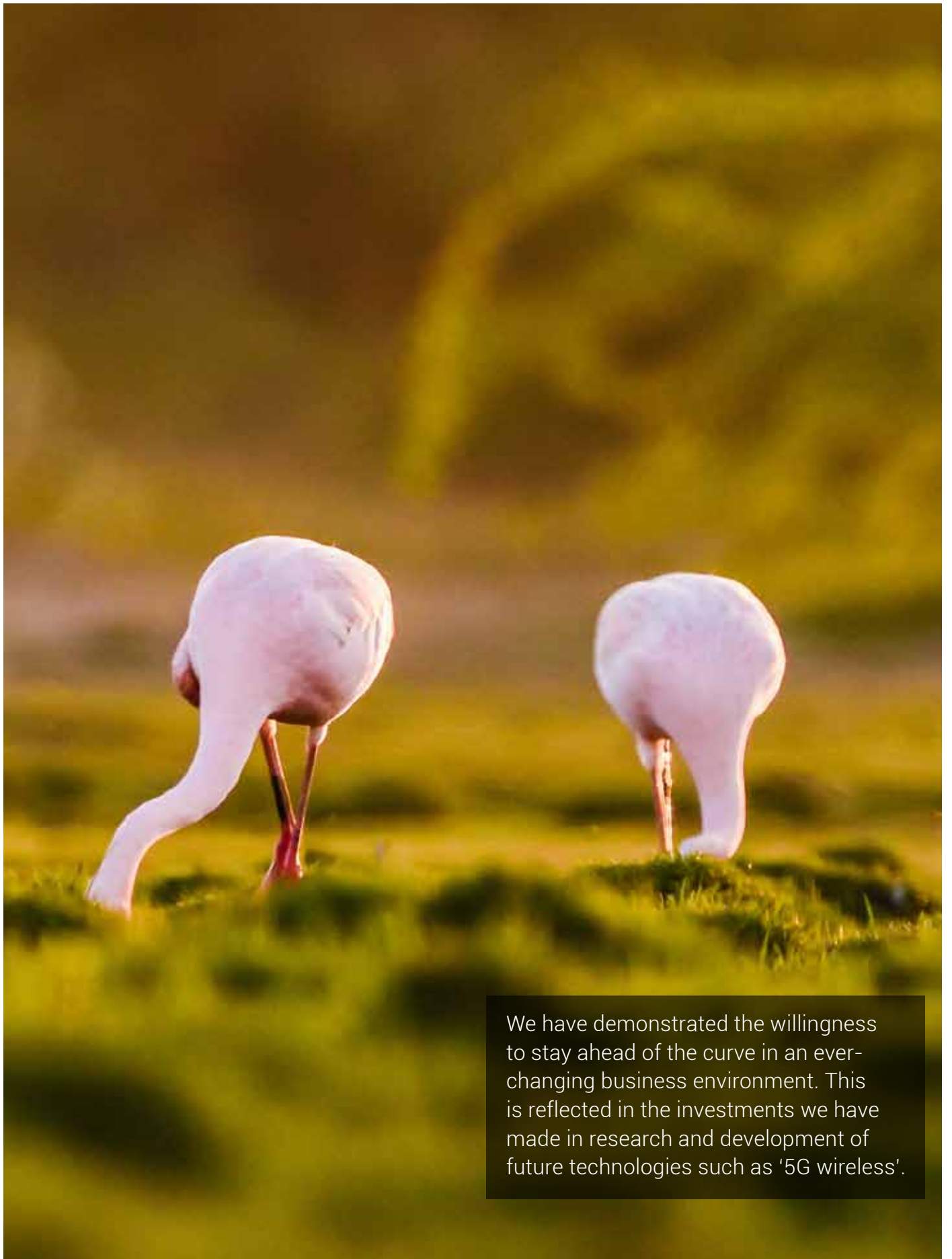




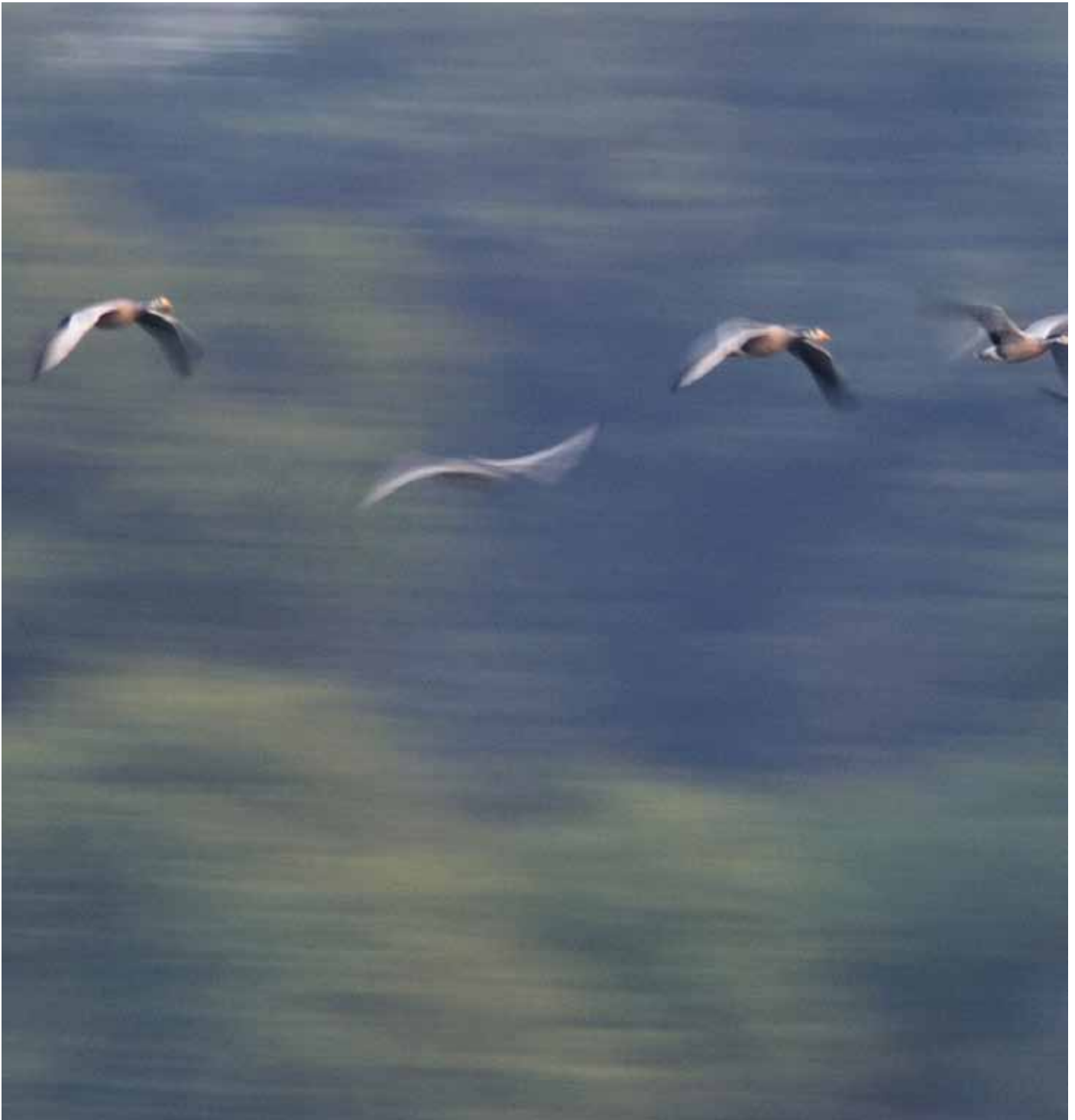
# Learning

In some terrains, Flamingos have learnt to feed in groups, taking turns to keep an eye on the surroundings while the others feed, staying safe from other predators.



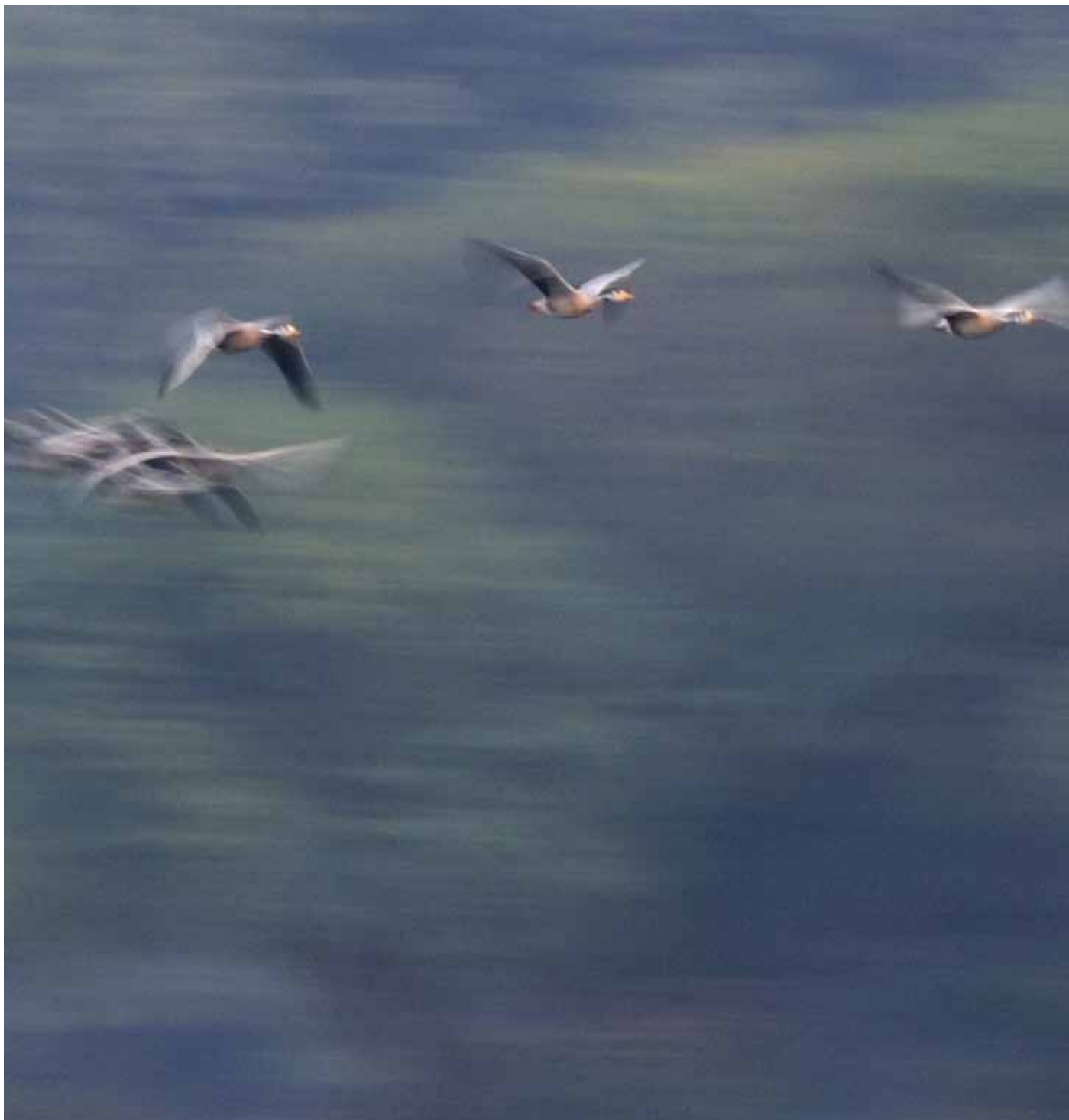


We have demonstrated the willingness to stay ahead of the curve in an ever-changing business environment. This is reflected in the investments we have made in research and development of future technologies such as '5G wireless'.



## Sasken People

Since inception, Sasken has built an organization with 'people' at its core. In the year gone by, the organizational imperatives of the Human Resource (HR) function have been to strengthen our work culture and embrace an approach that fosters Discipline, Performance, and Growth. We have relentlessly pursued practices that have enabled our employees to take Pride in being outcome-oriented and to take on the responsibility of ensuring that they contribute to the growth of the organization.



We are strengthening the HR function and are positioning ourselves as a strong and reliable business partner. Also, we have worked with our business lines in a consultative mode to support their quest to grow our business by creating an agile engine that caters to both the recruitment and resourcing needs of business with dexterity. Our commitment to create a high-performance organization has been possible by deftly managing the retention of high-performers, retraining those who needed support, and gracefully parting ways with people who did not measure up.

All these measures notwithstanding, our attrition has shown a continuous decline during the year and stands close to that of our peers. We have been able to increase our head count by attracting both freshers and lateral recruits. There were 2,118 permanent employees on rolls as on March 31, 2016. Our talent base and prospective employees appreciate the value of working in an organization that provides an environment that is conducive to learning, challenging and yet facilitates work-life balance.



# Perseverance

The Egrets and Herons may stand motionless for hours waiting for prey to come within striking distance but their patience usually pays huge dividends.



We take pride in our resolve, patience, persistence, teamwork, venturesome spirit, and agility. This has helped us post a handsome increase in both revenues and profitability.

We stood committed to measuring and strengthening the foundational competencies of all our engineers. This is in line with our belief that Sasken is an organization that is admired for its technical knowhow by its customers, peers, and competitors alike. In addition, we have diligently created programs delivered by both in-house and external subject matter experts to cover our basket of 'technical competencies'. This has helped our practice and delivery teams craft new solutions, deliver better customer satisfaction, and win new business.

Our credo of being a 'high-tech, high-touch' organization has seen us put a number of measures to enhance employee engagement and wellbeing. Working on the themes of 'Fun, Fairness, Fitness' our employee engagement function has delivered many programs that have helped complement and manage the demands of the high quality of work expected of every Sasian. We have created several platforms to showcase the multi-faceted talents of our Sasians in arts, music, dance, photography, etc. Our employees have willingly participated in various company led as well as individual programs in support of the underprivileged and the needy. This included community initiatives such as helping differently abled people, environmental sustainability, conservation of resources, education and so on. We have encouraged Sasians to stay fit and have participated in many runs and sporting events, allowing our young workforce to positively channelize their energy.

Under the banner of 'Mandhaara', our in-house program, Sasians got the exciting opportunity to meet and interact with leading personalities from various fields. It has served as a refreshing platform for employees to refine and rejuvenate their skill sets via lateral thinking. This year, we had the privilege of hosting stalwarts including renowned painter Atul Dodia, critically acclaimed actor Nandita Das, and celebrated dance exponents Malavika Sarukai and Aditi Mangaldas. The program conducted with the support of the India Foundation for the Arts (IFA) – a national, not-for-profit, grant-making organization that supports the practice, research, and education in the arts in India.

Thus, we believe that Sasians have given their thumbs up in our quest to strengthen the core values of HR epitomized by our 3C model - 'Character, Competence, and Commitment'. Going forward, we are confident that we will regain the status of being amongst the best places to work, known for an unfailing commitment to be the gold standard for discipline, equity, fairness, growth, and humility.



This year, Sasken is proud to feature the work of nature photographer Prathap DK. An ex-Sasian, Prathap quit his high-paying software job to pursue his passion in photography. Today he is a highly respected photographer and blogger with publications in leading magazines and newspapers. For further enquiries about corporate coffee table books, photography workshops, or seminars, write to Prathap:

[prathapdk@gmail.com](mailto:prathapdk@gmail.com)



## Board's Report

### To the Members,

Your Directors have pleasure in presenting the Report on the business and operations of the Company along with the Standalone and Consolidated Audited Financial Statements for the financial year ended March 31, 2016.

### 1. FINANCIAL PERFORMANCE

A summary of the Company's financial performance in 2016:

(₹ in lakhs)

Particulars	Consolidated for the year ended March 31		Standalone for the year ended March 31	
	2016	2015	2016	2015
Revenue	48,316.74	42,800.99	40,192.40	34,676.38
Profit Before Interest and Depreciation	6,337.27	5,418.34	6,202.38	4,705.87
Finance Charges	18.89	13.87	-	-
Gross Profit	6,318.38	5,404.47	6,202.38	4,705.87
Provision for Depreciation	660.08	1,119.76	586.04	1,039.23
Exceptional Items Income/(Expenses)	23,294.27	17,333.30	23,333.27	21,716.10
Net Profit Before Tax	28,952.57	21,618.01	28,949.61	25,382.74
Provision for Tax	8,323.32	9,661.57	8,055.22	9,503.70
Net Profit After Tax	20,629.25	11,956.44	20,894.39	15,879.04
Balance of Profit brought forward	29,603.94	25,970.49	30,266.42	22,573.20
Balance available for appropriation	50,233.19	37,926.93	51,160.81	38,452.24
Retained Earnings Adjustment	-	36.46	-	35.89
Dividend (Interim & Special) on equity shares	5,506.00	5,757.94	5,506.00	5,757.94
Dividend tax	921.56	940.69	796.93	804.09
Transfer to General Reserve	2,080.44	1,587.90	2,080.44	1,587.90
Surplus carried to Balance Sheet	41,725.19	29,603.94	42,777.44	30,266.42

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

On a consolidated basis, your Company's revenues from operation for the financial year 2015-16 have increased by 12.89% in rupee terms from ₹42,800.99 lakhs in 2014-15 to ₹48,316.74 lakhs in 2015-16. In the current year, Software Services, including Network Engineering Services contributed 95.22% to the revenues, while the Software Products revenues contributed 4.15%. The net profits increased from ₹11,956.44 lakhs in FY 15 to ₹20,629.25 lakhs during the year, an increase of 72.53%. This has translated to a Basic Earnings Per Share of ₹107.14 in 2015-16 vs. ₹56.11 in 2014-15.

There was no change in the nature of business of the Company, its subsidiaries and JV's.

### 2. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### 3. DIVIDEND:

During the year, your Company paid two interim dividends of (a) ₹3 per equity share in October 2015; and (b) ₹4 per equity share and also special dividend of ₹25 per equity share in March 2016. The total dividend paid for the year ended March 31, 2016 thus amounted to ₹32 per equity share of ₹10 each.

### 4. BUY-BACK OF SHARES

In terms of decision of the Board of Directors (Board) dated April 23, 2015 and in accordance with the provisions of Companies Act, 2013 (the Act) and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and with the approval of shareholders by Postal Ballot on June 25, 2015, the Company had offered to buy-back 41,57,000 fully paid up equity shares of ₹10 each, at a price of ₹260 per share for an aggregate amount of up to ₹10,808.20 lakhs from the existing shareholders of the Company under Tender Offer mechanism. The offer size was 19.48% of the aggregate paid up capital and free reserves of the Company as at March 31, 2015. The offer was kept open from August 10, 2015 to August 24, 2015. Your Company has bought back 36,56,560 equity shares representing 87.96% of the issue size and extinguished all the shares bought under buy-back on September 4, 2015.

### 5. SCHEME OF AMALGAMATION

The Board at its meeting held on September 14, 2015 decided to amalgamate Sasken Network Engineering Limited (SNEL), the wholly owned subsidiary with your Company. The appointed date for the proposed scheme is April 1, 2015. An application was made to the Stock Exchanges on September 28, 2015 in accordance with Clause 24(f) of the Listing Agreement seeking their in-principle approval. The Stock Exchanges have provided their in-principle approval to the Scheme on December 8, 2015. SNEL has received the consent of its creditors and shareholders and has since made an application to the Hon'ble High Court of Karnataka for their approval of the Scheme.

### 6. BUSINESS OUTLOOK, ECONOMIC & REGULATORY SCENARIO AND OPPORTUNITIES

Sasken operates in a market that has witnessed several discontinuities due to rapid changes in underlying technologies. Additionally, the hypercompetitive nature of markets has resulted in consolidation as some traditional players have been marginalized and / or acquired, and newer ones have emerged. However, there are strong indicators that augur well for the growth in demand for Engineering R&D (ER&D) & Digital IT service providers. There is a significant growth potential, especially in areas such as Automotive & Consumer Electronics, Semiconductors, and Telecommunications. Data Analytics services are much in demand, especially in the retail and insurance industries.

We have identified key sectors that offer growth opportunities for us in ER&D services and have sharpened our focus on them. In similar vein, we believe that there is a significant upside for Digital IT services from several sectors. We have designed a five year opportunity prioritization model and roadmap after evaluating the market attractiveness and our capability to achieve the desired velocity and growth in the ER&D and Digital IT market spaces. Our two and a half decade long experience and expertise as a leader in providing product engineering services will enable us to offer a differentiated and unique value proposition.

Overall, we believe that your company is well positioned to achieve significant revenue growth based on the portfolio of service offerings we have in ER&D & Digital IT. Additionally, we continue to incubate the creation of solutions for emerging areas such as cyber security, healthcare analytics, and surveillance, platform and software services. Our objective is to build a predictable and sustainable revenue stream by investing in the creation of a targeted service portfolio that has a healthy potential to garner repeat business. Our emphasis will be on addressing opportunities that have potentially longer product life cycles and maintenance horizons. We are also investing in establishing partnerships to forge an eco-system that can both tap and sell with models to expand our market reach. We will continue to pro-actively offer customers the option of engaging with us using new business models especially ones that result in a win-win for both parties.

The outsourced ER&D services market continues to present a growth opportunity on account of two key reasons. First, increased spends in R&D and outsourcing and second, the key sectors where Sasken currently leads, Semiconductor & Automotive electronics are expected to drive a significant portion of this growth. Our growth strategy is to expand our presence in the Semiconductor sector which offers significant headroom for growth. We have a blueprint for expanding our footprint in this area through systematic account expansion and acquisition.

The scope and scale of offerings will expand beyond modem connectivity and include new areas. Our expanded portfolio of offerings will address the growing market for applications such as low power chips, automotive electronics, and wireless connectivity. We continue to invest in 4G technologies such as Long Term Evolution (LTE) and have commenced pilot projects to build our knowledge base and solution portfolio in 5G that will give us an early mover advantage. While industry consolidation may continue to happen over a five year horizon, we believe that having a strong portfolio of service offerings and clients in the vertical allows for a hedge against this and a more robust mechanism to ride the increase in R&D spending cycle we are currently in.

In the automotive electronics area, we have emerged as leaders in In-Vehicle Infotainment (IVI) and connectivity. We are making a concerted push by targeting newer areas including telematics and Advanced Driver Assistance Systems (ADAS). Our longstanding relationships with OEMs, Tier-1 suppliers, and leading Semiconductor platform providers makes us an attractive go-to partner for creating new products on both traditional and open source platforms. We have longstanding relationships with key players in the telecommunication and consumer electronic segment. In both these segments, we have a stable base of customers and comprehensive offering portfolio. We will continue to defend our position in these verticals and are confident of sustaining or posting a moderate growth in the coming years.

Other adjacent spaces in the devices market have proven to be attractive, especially rugged devices, satellite terminals and public safety. In these areas, there is a concerted effort to move from legacy platforms to those used by smart devices manufacturers. In the preceding two years, we have made considerable inroads and are engaged with the world leaders in this segment. We provide them an array of product engineering services spanning development, enhancements, derivative creation and testing. We believe that all these adjacent spaces will offer a tremendous upside for growth in the coming years.

Another area that holds potential is Industrial Workforce & Machine Mobility (IWMM). Enterprises are increasingly providing mobile technology solutions for enhancing the productivity & safety of their workforce. In warehouses, industrial plants, field environments there is an increasing trend to provide mobile computing devices to all people deployed in such locations.

Consumers continue to adopt and enjoy the benefits of digitization and convenience of platforms. This has bridged the gap between the physical and digital world. Today, platforms have changed the way we communicate and conduct business. In such a dynamic environment, it becomes imperative to seamlessly bring together product engineering and digital IT to stay relevant and profitable.

In the Digital IT space, we have identified four sectors that have the potential to provide high growth opportunities and are complementary to some of the markets we already address. Automotive, Industrial, Retail and Insurance sectors have among the highest adoption rates of both digital and mobile technologies. The adoption of technologies including Social Mobile Analytics and Cloud (SMAC), is now equally visible in both traditional and new age companies. Wireless technologies such as Radio Frequency Identification (RFID), Near Field Communication (NFC), wireless beacons have fundamentally changed the way enterprise engages with consumers. These innovative technologies can work on creating better customer engagement and loyalty during all the stages of a typical buying process. First, to understand a customer pre-purchase, secondly using this data to simplify the buying process and finally to engage with the customer post-purchase to build brand loyalty.

In the automotive arena, the use of On Board Devices (OBD) and connectivity have opened up possibilities for OEMs to enhance customer connect and offer vertical-specific solutions such as asset/fleet tracking. We are positioned uniquely to leverage opportunities in such interstices as they require capabilities in both ER&D and Digital IT. As data-driven decision making continues to be sought after, our ability to offer services that span data acquisition to cloud-based data infrastructure and advanced analytics will see a considerable uptick. Some of these applications include In-store analytics from video-feed and other sensors transported over wireless technologies to provide end-to-end analytical solutions.

For a more detailed discussion of our areas of business, please refer to the Technology and Markets section.





## Board's Report (Contd.)

### Litigation

During March 2015, a Non-Indian Licensee initiated another arbitration proceeding against your Company for determining among other things, amounts payable to Sasken for use of the jointly developed IPR and Sasken's proprietary background IPR. Your Company had reached a settlement with the said Non-Indian Licensee in connection with the unauthorized use of Sasken's Protocol Stack IP by them. This settlement brought to an end, the ongoing arbitration and terminated all ongoing obligations of the parties under the relevant agreements. Towards this end, your Company has received a sum of USD 45 million in March 2016.

### 7. SHARE CAPITAL

During the year, your Company issued and allotted 31,500 equity shares to eligible employees on exercise of options granted under Employee Stock Option Plan – 2006 and bought back 36,56,560 equity shares under Tender Offer mechanism. Consequently, the issued, subscribed and paid-up capital of the Company decreased from 2,13,44,873 as on April 1, 2015 equity shares to 1,77,19,813 equity shares of ₹10 each as at March 31, 2016.

#### 7.1. Employees Stock Option Plan (ESOP) - 2006

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

As on March 31, 2016, there were no options pending exercise with employees. There are 16,81,200 unissued options as on March 31, 2016.

The details required under SEBI (Share Based Employee Benefits) Regulations, 2014, as on March 31, 2016, is annexed herewith as "Annexure A".

### 8. DEPOSITS

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

### 9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

### 10. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure B".

### 11. RISK MANAGEMENT POLICY, INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Pursuant to the requirement of Section 134 of the Act and Clause 49 of the erstwhile Listing Agreement, your Company has constituted a Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are also discussed at the meetings of the Audit Committee and the Board of the Company.

During the year, your Company appointed a globally known firm to evaluate the internal financial controls in the system. The said firm apprised the Audit Committee about the adequacy and effectiveness of the internal controls.

The key business risks identified by the Company and its mitigation plans are detailed in the Management Discussion and Analysis Report.

### 12. CORPORATE SOCIAL RESPONSIBILITY

Your Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Act. The details of the CSR Policy and the annual report on CSR activities as prescribed under the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014, is annexed herewith as "Annexure C".

We take pride in being an organization that has believed and put in place a number of initiatives towards CSR. As guided by our CSR Committee, we continue to assist Self Employed Women's Association (SEWA) to implement a mobile automated transaction platform called mBachat, for microfinance activities under their district associations.

SEWA is an organization in Ahmedabad that supports self-employed women workers to obtain work security, income security, food security and social security. For self-employed rural women engaged in the unorganized sector, various District Associations in the State of Gujarat, owned and managed by SEWA members, provide suitable financial services for socio-economic empowerment and self-development.

In addition, employees made a significant contribution to the Prime Minister's National Relief Fund in aid of the victims of the earthquake that affected people in Nepal and certain parts of India as well as to the Chief Minister's Relief Fund for victims of the Chennai floods. In both cases, the Company matched/exceeded the contribution made by the employees.

Your Company had allocated ₹238.80 lakhs towards CSR for the year 2015-16 and spent ₹120 lakhs, thus utilized 50.25% of the amount.

During the year, a number of events were held periodically to encourage donation in cash and kind to reputed agencies who were in our campus as part of our Joy of Giving month. Other campaigns were conducted to encourage Blood Donation Camps, Bone Marrow

## Board's Report (Contd.)

Awareness and Donation Drives, Road Safety Awareness, etc. Your Company also contributed to a Research Project as well as to the local welfare association. As these expenditures were not part of the items detailed in the CSR Policy, your Company has not recognized the same in its reporting.

### 13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report.

### 14. DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Mr. Kiran S. Karnik, an Independent Director, resigned from the Board on August 24, 2015 and your Company places on record its appreciation for the valuable services and guidance rendered by him as an Independent Director of the Company during his tenure.

Mr. Sunirmal Talukdar was co-opted as an Additional Director on February 16, 2016 and holds office up to the date of the forthcoming Annual General Meeting. A proposal for his appointment as a Director is being placed before the shareholders for approval.

In accordance with the provisions of the Act and in terms of the Memorandum and Articles of Association of the Company, Ms. Neeta S. Revankar and Mr. Pranabh D. Mody retire by rotation and are eligible for re-appointment.

#### 14.1. Board Evaluation

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually and the Committees.

The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- a) Attendance of Board and other Committee Meetings of the Board.
- b) Quality of contribution to Board deliberations.
- c) Strategic perspectives or inputs regarding future growth of the Company and its performance.
- d) Providing perspectives and feedback going beyond information provided by the management.
- e) Commitment to shareholder and other stakeholder interests.

#### 14.2. Board independence

Our definition of 'Independence' of Directors is derived from Regulation 16 of the Listing Regulations and Section 149(6) of the Act. Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, the following Directors are Independent:

- a) Dr. Ashok Jhunjhunwala
- b) Mr. Bansi S. Mehta
- c) Mr. Bharat V. Patel
- d) Prof. J. Ramachandran
- e) Mr. Sanjay M. Shah
- f) Mr. Sunirmal Talukdar

#### 14.3. Nomination & Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Act. The Remuneration Policy and the composition of the said Committee have been stated in the Corporate Governance Report.

#### 14.4. Meetings of the Board and its Committees

The details of (a) the meetings of the Board and its Committees and (b) composition and terms of reference of the Committees are detailed in the Corporate Governance Report.

#### 14.5. Code of conduct

The Board has approved a Code of Business Conduct which is applicable to the Members of the Board and all employees. The Code has been posted on the Company's website ([www.sasken.com/investors](http://www.sasken.com/investors)). The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

### 15. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Act that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;



## Board's Report (Contd.)

- b) accounting policies have been selected and applied consistently and, judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended March 31, 2016;
- c) proper and sufficient care has been taken for 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;
- d) the annual accounts have been prepared on a going concern basis;
- e) proper internal financial controls to be followed by the Company were in place and that such internal financial controls were adequate and were operating effectively with no material defects; and
- f) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### 16. SUBSIDIARY COMPANIES & JOINT VENTURES

The Company has one wholly owned subsidiary in India and four wholly owned subsidiaries overseas and one Joint Venture viz. ConnectM Technology Solutions Pvt. Ltd.

There has been no change in the nature of business of the subsidiaries or the joint venture, during the year under review. In accordance with Section 129(3) of the Act, the Company has prepared a consolidated financial statement of the Company and all its subsidiary companies and joint venture, which is forming part of the Annual Report. A statement containing salient features of the financial statements of the subsidiary companies and joint venture is also included in the Annual Report.

In accordance with third proviso of Section 136(1) of the Act, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company ([www.sasken.com/investors](http://www.sasken.com/investors)). Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary companies and joint venture have also been placed on the website of the Company ([www.sasken.com/investors](http://www.sasken.com/investors)). Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's registered office.

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The Company does not have any material unlisted Indian subsidiary companies. The Company has a policy for determining 'material subsidiaries' which is disclosed on its website.

Sasken Network Engineering Limited has filed an application with the Hon'ble High Court of Karnataka for amalgamating with the Company.

### 17. AUDITORS

#### 17.1. Statutory Auditors and Statutory Audit Report

The Company's Auditors, M/s. S.R. Batliboi & Associates, LLP, were appointed at the last Annual General Meeting to hold office until the conclusion of the forthcoming Annual General Meeting in the casual vacancy caused by the resignation of M/s. S.R. Batliboi & Co. LLP. They have confirmed their eligibility under Section 141 of the Act and the Rules framed thereunder for appointment as Statutory Auditors of the Company. As required under Regulation 33 of the Listing Regulations, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. As required under Section 139 of the Act, a resolution is being placed before the shareholders at the forthcoming Annual General Meeting for their re-appointment.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors, in their report.

#### 17.2. Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. K. Rajshekar, Practising Company Secretary to undertake the Secretarial Audit of the Company. The Practising Company Secretary has submitted his report which is annexed herewith as "Annexure D".

In the said Report he has made certain observations. Whilst your Company being compliant, has made certain inadvertent, insignificant delays. We will strive to comply with the regulatory requirements within the stipulated time and such delays will not be repeated going forward.

### 18. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

The Company is committed to maintaining high standards of Governance. The Report on Corporate Governance as stipulated under Schedule V of the Listing Regulations, Shareholders Information together with a Corporate Governance Compliance Certificate from Ms. Aarthi G. Krishna, Practising Company Secretary confirming compliance, forms an integral part of this Report which is annexed herewith as "Annexure E".

### 19. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Schedule V of the Listing Regulations is given separately forming part of this Annual Report.

### 20. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. None of the Directors has any pecuniary relationships or transactions with the Company.

## Board's Report (Contd.)

The Company has in place a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions. This policy has been approved by the Board and is available on the website of the Company ([www.sasken.com/investors](http://www.sasken.com/investors)).

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC- 2, of the rules prescribed under Chapter IX relating to Accounts of Companies under the Act, is annexed herewith as "Annexure F".

### 21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are certain on-going litigations / disputes in the normal course of business. However, there are no significant and / or material orders passed by the Regulators / Courts having a material impact on the operations of the Company during the year under review.

### 22. AWARDS

Zinnov, a reputed and independent advisory and consulting firm, has rated Sasken as an established and niche player in their Global Service Providers Ratings – 2015 for Engineering R&D Services. In segment wise rankings, Sasken has been rated in the Leadership Zone for Semiconductors and Telecommunications, Execution Zone in Automotive and Consumer Electronics, and Breakout Zone in Enterprise and Consumer Software and industrial automation. This validates the uniqueness and breadth of our services portfolio in both Product Engineering and Digital IT.

Your Company's Annual Report 2014-15 received the Gold award from the League of American Communication Professionals. The Report made it to the Top 100 reports among more than 1,500 reports worldwide for its superb narrative and outstanding creative presentation of its theme 'Bringing Joy to Lives'.

Sasken's mobile app for sports professionals, focused on the wearables market, made it to the Final 16 from over 1,000 applicants for the 'Most Innovative Pitch' at the prestigious 3<sup>rd</sup> Edition of Google Launchpad. Subsequently, the SlamDunQ cricket application won the award for the 'Most Innovative Mobile Application' at the Google For Mobile Conference held in September 2015.

In December 2015, Sasken received the Saint-Gobain and The Economic Times Smart Green award for its Solar DC power solution. The Solar DC technology, which is a first-of-its-kind in Bengaluru and adopted in our Corporate Office, generates power in DC form. The power is fed to a Green Office and Apartment (GOA) controller unit with an output of 48 volts DC and in turn powers all LED tube lights of 18 watts capacity. The GOA unit provides DC electricity connecting only DC-run appliances such as tube lights, bulbs and brushless DC fans. Unlike Solar AC technology, the losses are minimized in DC technology thus, savings can be up to 45 percent in a payback period of 3 years.

### 23. PATENTS

	US	India
Applied#	59	32
Granted	35	8
Abandoned	10	8
Pending	10	16
Sold	4	-
Granted since last report	-	-

# includes provisional patents

### 24. QUALITY CERTIFICATIONS

#### ISO 14001:2004

Sasken is certified for ISO 14001:2004 [Environment Management System Standard]. Sasken is committed to contribute towards environment management, being a responsible corporate member of the communities in which it operates. This reaffirms our Company as a responsible corporate citizen.

#### ISO/IEC 27001:2013

Sasken is certified for ISO/IEC 27001:2013 [Information Security Management System Standard]. This is important for assuring our stakeholders (like Customers, Partners, Vendors, Investors and Employees) of our commitment in protecting their information assets and Intellectual Properties (IPs), as well as sensitizing all employees about importance of confidentiality, integrity and availability of information assets of our stakeholders.

#### ISO 9001:2008

Sasken is certified for ISO 9001:2008 Quality Management System (QMS) requirements. It helps us to deliver quality deliverables to our customers with schedule and cost predictability through established organization systems and processes.

#### CMMI-Dev-V1.3-ML3

On delivery excellence, Sasken leverages industry best practices and standards to establish and continuously improve delivery systems and processes. Sasken has established a delivery platform called Sasken Delivery Platform (SDP). SDP is an integrated project management platform for project managers, team members and other stakeholders. Sasken's QMS has been formally assessed at Maturity Level 3 of the CMMI-Dev-V1.3. Our processes are also compliant to requirements of technology vertical specific standards like TL9000 R5.5/5.0.



## Board's Report (Contd.) & Annexure to the Board's Report

### 25. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) issued by the Institute of Chartered Accountants of India form part of this Annual Report.

### 26. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as "Annexure G".

### 27. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as "Annexure H1".

A statement containing name of employees employed throughout the financial year and in receipt of remuneration of ₹60 lakhs or more, or if employed for part of the year and in receipt of ₹5 lakhs or more per month, pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as "Annexure H2".

### 28. ACKNOWLEDGEMENTS

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

For and on behalf of the Board of Directors

Bengaluru  
April 22, 2016

Rajiv C. Mody  
Chairman & Managing Director

### Annexure A

#### Disclosures under SEBI (Share Based Employee Benefits) Regulations, 2014

Sl.No.	Description	Apr 2015 to Mar 2016
1.	Total no. of options outstanding as on April 1, 2015	54,000
2.	Total no. of options granted during the year	-
3.	Total no. of options vested (but not exercised) cumulative till March 31, 2016	-
4.	Total no. of options exercised during the year	31,500
5.	Total no. of shares arising as a result of exercise of options	31,500
6.	Total no. of options lapsed (due to resignation, etc.) during the year ended March 31, 2016	22,500
7.	Total no. of options outstanding as on March 31, 2016	-
8.	Money realized by the exercise of options (₹)	40,90,500
9.	Total no. of options in force	-

10. Variation of terms of Options – Nil

11. Pricing formula for the grant:

Pricing of the Option will be at market price, as may be determined by the Nomination & Remuneration Committee of the Company. The first lot of Options will vest after one year from the date of grant of Option and the subsequent lots will vest thereafter. The Optionholder 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 Nomination & Remuneration Committee.

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

13. Employee-wise details of Options granted to:

Other Employees who were in receipt of grants amounting to 5% or more of total Options granted during the year Nil

Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant Nil

14. Consolidated Diluted Earnings Per Share (EPS) calculated in accordance with the Indian Accounting Standard 20 is ₹17.52 per share (Before exceptional items) and ₹103.84 per share (After exceptional items).

**Conservation of energy, technology absorption and foreign exchange earnings and outgo****A) Conservation of Energy – Environmental Management System (EMS)****We strive to continue saving energy for the next generations**

From inception Sasken has been doing its utmost to put in place systems and practices that are sustainable and that are environmentally friendly. Towards its end, we have sensitized our employees to embrace practices including:

- 100% compliance to all applicable legislation
- Creating awareness on the consumption of environment's resources
- Recycling and re-using resources
- Promoting environment friendly products
- Using Water recycling plant
- Continuously monitoring Metrics on Power and water consumption
- Regular energy Audits to find gaps if any and take corrective actions

In fiscal 2016 these efforts helped us keep our electricity consumption at 1.8 Kwh / sq. ft. against the benchmark of 1.9 Kwh / sq. ft. Additionally, we put in place measures to lower our paper consumption by approximately 6% compared to fiscal 2015.

We are exploring methods to reduce water consumption and are evaluating the efficacy of waterless urinals which if successful would reduce water consumption. In the current fiscal year our efforts to conserve water has resulted in a 5% reduction in water consumption when compared to the fiscal 2015.

In keeping with our commitment to use renewable energy sources we adopted Solar lighting system in our basement areas. By replacing close to 250 fluorescent lights by LED and the use of solar power, we have been able to prune electricity consumption by 700 units per month. Additionally measures to monitor and reduce energy consumption have resulted in lowering our energy consumption by 5% on a Year on Year basis.

*At Sasken our philosophy every drop counts, every tree is precious and every watt is valuable continues to motivate us to make a difference.*

**B) Research & Development and Technology Absorption**

The Company continues its focus on areas including Multimedia, Connectivity, Wireless Broadband and their application in a broad range of industry verticals including Automotive & Consumer Electronics, Satellite communications, Secure and rugged terminals, Networks and Semiconductors. In addition, we work with technologies pertaining to mobility of enterprises and industrial workforce.

In this financial year your Company has initiated technology development activity in 5G wireless and Computer Vision areas to enhance its offerings in the image/video analytics, IoT and wireless space. As part of the 5G wireless activity a Multiple Input Multiple Output (MIMO) management solution is being developed. This solution will help in achieving higher data rates with less Radio Frequency (RF) power over wireless channels. The 5G wireless activity will help the Company acquire good capability in the physical layer and protocol stack areas of 5G standards and enhance its offerings in the wireless space as well as modem design space which will require 5G capability. The Company's initiative in the Computer vision area involves development of smart, low cost vision sensors which can help in building bandwidth efficient IoT networks for its customers. Computer vision work will also help in Physical to Digital space as well as in Image/Video analytics for shop floor, home, buildings and other surveillance applications.

Capability building within Testing Practice is a continuous activity and the focus continues to be on developing test automation skills including the development of the Sasken Test Automation System.

**C) Foreign Exchange Earnings and outgo**

	Amount in ₹ lakhs	
	As at March 31, 2016	As at March 31, 2015
Foreign exchange earnings	60,607.06	55,322.59
Foreign exchange expenditure	13,722.54	12,962.85



## Annexure to the Board's Report (Contd.)

### Annexure C

#### Annual Report on Corporate Social Responsibility (CSR) activities

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Kindly refer the Company's website, [http://www.sasken.com/investors/corporate-governance/CSR Policy](http://www.sasken.com/investors/corporate-governance/CSR%20Policy).

2. The Composition of the CSR Committee:

- Mr. Rajiv C. Mody, Chairman
- Mr. Sanjay M. Shah, Member
- Ms. Neeta S. Revankar, Member

3. Average net profit of the Company for last three financial years:

₹11,939.91 lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

₹238.80 lakhs

5. Details of CSR spent during the financial year:

- a. Total amount to be spent for the financial year - ₹238.80 lakhs
- b. Amount unspent, if any - ₹118.80 lakhs
- c. Manner in which the amount spent during the financial year is detailed below:

₹ In lakhs

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise for the year	Amount spent on the projects or Programs or Programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
1	Self Employed Women's Association (SEWA)	Women Empowerment	1. Other 2. State : Gujarat Districts: Anand and others	94.16	94.16	164.02	Directly
2	Disaster Relief	Flood Relief	Prime Minister's National Relief Fund	10.00	10.00	10.00	Through Prime Minister's National Relief Fund
3	Disaster Relief	Flood Relief	Tamil Nadu Chief Minister's Public Relief Fund	10.84	10.84	10.84	Through Tamil Nadu Chief Minister's Public Relief Fund
4	Promotion of Employment to Disabled	Promotion of Employment to Disabled People	National Centre for Promotion of Employment for Disabled People	5.00	5.00	5.00	Through National Centre for Promotion of Employment for Disabled People
	TOTAL			120.00	120.00	189.86	

Details of implementing agency: None

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

We expected to spend larger amounts on the SEWA project, but the progress was slower than our expectation. Sasken remains committed to its social responsibilities and will make continual contributions in the years to come.

Your Company had allocated ₹238.80 lakhs towards CSR for the year 2015-16 and spent ₹120 lakhs as above and have utilized 50.25% of the amount. Your Company is in the process of finding suitable project(s) which blends technology, that have maximum social and environmental impact for catering to future CSR requirements and will contribute in the coming months. There were a number of other social contributions made which do not qualify as CSR and hence are not listed above. We will continue to make these contributions to worthy causes.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the CSR Committee

Bengaluru  
April 22, 2016

Rajiv C. Mody  
Chairman

Form No. MR-3  
SECRETARIAL AUDIT REPORT\*

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,  
**Sasken Communication Technologies Limited,**  
Bengaluru.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sasken Communication Technologies Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **Sasken Communication Technologies Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Sasken Communication Technologies Limited** ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;<sup>1</sup>
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;<sup>2</sup>
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;<sup>3</sup>
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;<sup>2</sup>
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;<sup>2</sup> and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.<sup>4</sup>
- (vi) **Other Laws as applicable to IT Services Company viz:-**
  - (a) EXIM Policy of India; Policy relating to Software Technology Parks of India and its Regulations and The Special Economic Zone, 2005
  - (b) Information Technology Act, 2000
  - (c) The Indian Copyright Act, 1957; The Trade Marks Act, 1999; The Patents Act, 1970
  - (d) Environment (Protection) Act, 1986; Water (Prevention and Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution) Act, 1981; e-waste (Management and Handling Rules), 2010.

I have also examined compliance with applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) The listing Agreement entered into by the Company with the National Stock Exchange of India Limited and BSE Limited;<sup>5</sup>

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc, mentioned above subject to the following observations:

- (i) Reporting to the Registrar of Companies, Karnataka, two percent or more change in the shareholding position of Promoters and top ten shareholders has not been complied with.
- (ii) The Company could not spend the entire funds allocated for CSR activities.
- (iii) Application for Approval of Central Government for re-appointment of Non Resident Wholtime Director has not been filed.
- (iv) Procedural delays in complying with reporting requirements under Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.
- (v) Independent Director was appointed after the stipulated period of three months from the vacancy.

My opinion is based on audit evidence, explanations and information given to me during the audit and the Management Representation Letter in support of compliances in respect of the Act, Rules, Regulations, Guidelines, Standards, etc, mentioned above.





## Annexure to the Board's Report (Contd.)

### I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

My opinion on the Board Structures/systems and process during the Audit period as reported above is subject to the following observations;

- (i) The Directors retiring by rotation is not explicitly mentioned in the resolution passed by the shareholders for re-appointment of Whole-time Directors.
- (ii) One Board meeting was convened at shorter notice but Independent Directors were present.

**I further report that** during the audit period the company has:

- (i) Allotted 31,500 equity shares of ₹10/- each to employees who exercised their option under the Employee Stock Option Plans.
- (ii) Bought back 36,56,560 shares at a price of ₹260/- per share through Tender Offer Route, with the approval of the Members through Postal Ballot Process.
- (iii) Obtained the approval of the Members for Re-appointment of Chairman & Managing Director and two Whole-time Directors for a period of five years from 1<sup>st</sup> April, 2015.
- (iv) Proposed the amalgamation of its Wholly owned Subsidiary Sasken Network Engineering Limited with the company, subject to approval of the Scheme by the Members and the Honourable High Court of Karnataka.

Place: Bengaluru  
Date: April 22, 2016

Name of Company Secretary in practice: **K RAJSHEKAR**  
FCS No.: 4078  
C P No.: 2468

\* To be read with our letter annexed hereto which forms an integral part of this report

<sup>1</sup> Replaced with SEBI(Prohibition of Insider Trading) Regulations, 2015

<sup>2</sup> There were no actions necessitating compliance under these Regulations.

<sup>3</sup> Replaced with SEBI (Share Based Employee Benefits) Regulations, 2014

<sup>4</sup> Including SEBI (Buy-back of Securities) (Amendment) Regulations, 2015.

<sup>5</sup> and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Annexure

To,  
The Members,  
**Sasken Communication Technologies Limited,**  
Bengaluru.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report 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.

Place: Bengaluru  
Date: April 22, 2016

Name of Company Secretary in practice: **K RAJSHEKAR**  
FCS No.: 4078  
C P No.: 2468

## REPORT ON CORPORATE GOVERNANCE

Your Company has a strong legacy of fair, transparent and ethical governance practices since inception and continues to lay a strong emphasis on transparency, accountability and integrity. Your Company continuously strives to maintain the work environment based on its core values - "IRISE" which stands for Integrity, Respect for Individual, Innovation, Customer Centricity and Excellence. Such values are an integral part of the Management system and results in enhancing the trust of all stakeholders, both internal and external.

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have increased the requirements of the governance regime in the country. Your Company is in compliance with the governance requirements provided under the new law except on the composition of Board for a brief period of time. In line with the requirements of new law, your Company has in place all the statutory Committees. Details of Board Committees along with their terms of reference, composition and meetings of the Board and Board Committees held during the year, are provided in this Report.

The Board of Directors believes in upholding the highest standards of governance and accountability. The Board has taken cognizance of various regulatory changes in the overall governance framework that has recently evolved in India and remains committed to imbuing the spirit of the law and regulations. Your Company has in place new policies and amended existing policies such as Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, Policy on Related Party Transactions, Policy on Material Subsidiaries, CSR Policy and Whistle Blower Policy, familiarization program imparted to independent directors, etc. in line with new governance requirements. These policies are available on the website of the Company at [www.sasken.com/investors/corporate-governance](http://www.sasken.com/investors/corporate-governance).

Your Company is in compliance with Corporate Governance requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations as of March 31, 2016 and presents the following Report.

**Board of Directors**

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

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

As on March 31, 2016, the Board of Directors of your Company comprised twelve directors out of which nine are Non-Executive Directors (including six Independent Directors) and three are Executive Directors.

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

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

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

Name of the Director	DIN	Category	Share-holding as of 31-Mar-2016	No. of Directorship held*		Committees <sup>~</sup>	
				Public	Private	Chairman	Member
Mr. Rajiv C. Mody**	00092037	Executive	11,010	3	2	-	-
Dr. Ashok Jhunjhunwala	00417944	Independent	38,070	6	0	1	3
Mr. Banshi S. Mehta	00035019	Independent	5,929	8	1	2	5
Mr. Bharat V. Patel	00060998	Independent	10,000	3	-	1	-
Mr. J.B. Mody**	00034851	Non-Executive	7,36,612	4	1	-	1
Prof. J. Ramachandran	00004593	Independent	7,200	5	2	3	1
Mr. Kiran S. Karnik***	00542951	Independent	-	2	3	-	1
Mr. Pranabh D. Mody**	00035505	Non-Executive	3,18,506	3	1	-	-
Mr. Sanjay M. Shah	00375679	Independent	12,882	-	3	-	-
Mr. Sunimal Talukdar****	00920608	Independent	-	4	3	2	1
Dr. G. Venkatesh	00092085	Non-Executive	2,63,628	1	4	-	-
Mr. Krishna J. Jhaveri**	00102729	Executive	-	-	-	-	-
Ms. Neeta S. Revankar	00145580	Executive	1,30,242	1	-	-	-

\* Does not include directorships in Sasken, foreign bodies corporate and companies incorporated under Section 8 of the Companies Act, 2013.

\*\* Promoter

\*\*\* He resigned on August 24, 2015 and the information is as of that date

\*\*\*\* He was appointed as an additional director on February 16, 2016.

~ Denotes membership in Audit and Stakeholders Relationship Committee of public limited companies other than Sasken.

There is no inter-se relationship between the Directors.



## Annexure to the Board's Report (Contd.)

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

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

During the year 2015-16, the Board of Sasken met on eight occasions, i.e. on April 13, 2015, April 23, 2015, July 20, 2015, September 14, 2015, October 19, 2015, January 20, 2016, February 16, 2016, March 14, 2016 and March 17, 2016 (adjourned meeting). The maximum gap between the two meetings was not more than one hundred and twenty days. Quorum was present at all the meetings.

Apart from the above the Independent Directors had a separate meeting as required under Schedule IV of the Companies Act, 2013 on January 19, 2016.

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

Directors	No. of Board meetings during 2015-16		Whether attended last AGM held on September 14, 2015	Sitting fee (In ₹ lakhs)**
	Held	Attended		
Mr. Rajiv C. Mody	8	8	Yes	-
Dr. Ashok Jhunjhunwala	8	8	Yes	4.00
Mr. Bansi S. Mehta	8	6	Yes	2.40
Mr. Bharat V. Patel	8	5	Yes	1.40
Mr. J. B. Mody	8	2	No	0.40
Prof. J. Ramachandran	8	4	Yes	2.40
Mr. Kiran S. Karnik*	3	0	NA	-
Mr. Pranabh D. Mody	8	5	No	2.00
Mr. Sanjay M. Shah	8	8	Yes	2.00
Mr. Sunirmal Talukdar**	1	1	NA	0.40
Dr. G. Venkatesh	8	7	Yes	1.80
Mr. Krishna J. Jhaveri	8	4	No	-
Ms. Neeta S. Revankar	8	7	Yes	-

\* Information relates to Board meetings held till the date of his resignation i.e. up to August 24, 2015.

\*\* Information relates to Board meetings held from the date of his appointment i.e. February 16, 2016.

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

### Tenure

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

### Profile

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

### Remuneration

The Nomination and Remuneration Committee determines the compensation payable to the Executive Directors, within the overall limits approved by the Members and in accordance with the provisions of the Companies Act, 2013.

#### (i) Elements of remuneration package of Executive Directors:

The remuneration of the Executive Directors is broken into two parts viz., Fixed Pay and Variable Performance Pay (VPP). Fixed pay is determined by the Nomination and Remuneration Committee within the limits set by the Members. VPP is based upon percentage of net profits of the Group as determined by the said Committee of the Board. The Committee reviews the performance of the Executive Directors for achieving the set targets for the Company.

Apart from the remuneration mentioned above, the Executive Directors are not eligible for any other benefits. Contribution towards provident and superannuation funds is as per the Company's policy and forms part of the fixed pay. Among the Executive Directors, Ms. Neeta S. Revankar is eligible for stock options, Mr. Rajiv C. Mody and Mr. Krishna J. Jhaveri being Promoter Directors are not eligible for stock options.

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

The Members have at the Annual General Meeting held on September 14, 2015 approved payment of commission on net profits to the Non-Executive Directors at the rate not exceeding 1% of the net profits of the Company in any financial year as computed under the applicable provisions of the Companies Act, 2013 and such commission be allocated amongst them in such manner as may be decided by the Board of Directors within the limits specified therein.

## Annexure to the Board's Report (Contd.)

Towards this end, the Board took into consideration the attendance and contribution made by Non-Executive Directors at Board and certain Committee Meetings as well as the time spent by them other than at the Board / Committee meetings while arriving at the commission payable to them for the year ended March 31, 2016. Independent Directors are not eligible for stock options and no Stock Option was granted to Non-Executive Director during the year. The following table shows the remuneration paid / payable to the Directors for the year 2015-16:

(₹ in lakhs)

Directors	Fixed Remuneration	Variable Performance Pay*	Commission
Mr. Rajiv C. Mody	110.00	637.66	-
Dr. Ashok Jhunjhunwala	-	-	25.00
Mr. Bansi S. Mehta	-	-	22.00
Mr. Bharat V. Patel	-	-	12.00
Prof. J. Ramachandran	-	-	25.00
Mr. Sunirmal Talukdar	-	-	2.00
Mr. Sanjay M. Shah	-	-	8.00
Dr. G. Venkatesh	-	-	40.00
Mr. Krishna J. Jhaveri	22.11	-	-
Ms. Neeta S. Revankar	89.35	318.83	-

As approved by the shareholders at the last Annual General Meeting, your Company had engaged the services of Dr. G. Venkatesh, Non-Executive Director, as a Consultant and he was paid a sum of ₹27.00 lakhs (exclusive of taxes) as consultancy fees for the services availed during FY 2016.

### Board Committees

In order to have a more focussed attention on the affairs of the Company, the Board has formed various committees. These Committees prepare the groundwork for decision making and report at the subsequent Board Meeting. As of March 31, 2016, your Company has the following committees of the Board of Directors:

- Audit Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Stakeholders Relationship Committee
- Strategy, Business and Marketing Review Committee

### Audit Committee

This Committee provides oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in oversight of (1) the integrity of the Company's financial statements; (2) the Company's compliance with legal and regulatory requirements; (3) the independent auditor's qualifications, independence and performance; (4) the Company's internal accounting and financial controls; and (5) Internal Controls over Financial Reporting (ICFR).

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. Mr. Sunirmal Talukdar was co-opted as a member to this Committee on April 22, 2016.

The terms of reference are as follows:

- To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- To recommend the appointment, remuneration and terms of appointment of auditors of the company;
- To approve the payment to statutory auditors for any other services rendered by the statutory auditors;
- To review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement of the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualifications in the draft audit report.
- To review, with the management, the quarterly financial statements before submission to the board for approval;
- To review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To approve or any subsequent modification of transactions of the company with related parties;



## Annexure to the Board's Report (Contd.)

9. To scrutinize inter-corporate loans and investments;
10. To value undertakings or assets of the company, wherever it is necessary;
11. To evaluate internal financial controls and risk management systems;
12. To review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. To discuss with internal auditors for any significant findings and follow up there on;
15. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

The Audit Committee met five times during the year, i.e. on April 23, 2015, July 20, 2015, September 14, 2015, October 19, 2015 and January 20, 2016. The maximum gap between the two meetings was not more than one hundred and twenty days. The minutes of the meetings are placed before the Board at the quarterly Board Meeting for information. Quorum was present at all the meetings.

Details of attendance at the Committee meetings are given below:

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

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

Mr. S. Prasad, Company Secretary acts as Secretary to the Committee.

### Corporate Social Responsibility Committee

As per Section 135 of the Companies Act, 2013, the Company had constituted a Corporate Social Responsibility Committee of the Board consisting of Mr. Rajiv C. Mody as Chairman, Mr. Sanjay M. Shah and Ms. Neeta S. Revankar as members.

The objective, vision and mission of the SASKEN CSR Policy are as follows:

1. Aligning with the *vision* of your Company, SASKEN through its CSR initiatives will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth of the society and community, in fulfilment of its role as *Socially Responsible Corporate*, with environmental concern.
2. Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
3. To directly or indirectly take up programs that benefit the communities in & around its work centers and over a period of time, in enhancing the quality of life & economic well being of the local populace.
4. To generate, through its CSR initiatives, a community goodwill for SASKEN and help reinforce a positive & socially responsible image of SASKEN as a corporate entity.

The said Policy is available in the Company's website, viz [www.sasken.com/investors](http://www.sasken.com/investors).

### Nomination and Remuneration Committee

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

The objective and purpose of the policy of the Committee, including its terms of reference are as follows:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
2. Oversee the identification of persons who are qualified to become a Director and who may be appointed in accordance with the criteria laid down in the Nomination and Remuneration policy of the Company.
3. Recommend to the Board, appointment and removal of Director.
4. To device a Policy on Board Diversity.
5. To work with the Chairperson to plan for CEO / Managing Director's succession including plans for interim succession in the event of an unexpected occurrence or a planned transition and submit to the Board to nominate potential successors to CEO.
6. Guide and review the remuneration of Directors & KMP ensuring a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
7. Guide and review Remuneration Policy of the Company including Sales Incentive Plan, Variable Pay, RSUs / stock option plans, etc.
8. Delegate such activities to the CEO / Managing Director as the Committee deems necessary and to review the actions taken by the person on such activities.

## Annexure to the Board's Report (Contd.)

The Nomination and Remuneration Committee met twice during the year, i.e. on July 19, 2015 and on January 19, 2016 to deliberate on the aforesaid matters. The minutes of the meetings are placed before the Board at the quarterly Board Meeting for information. Quorum was present at both the meetings. Whenever needed, decisions were also taken by the Committee by circulation process.

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

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

### Risk Management Committee

Business Risk Evaluation and Management is an ongoing process within the Company. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. Mr. Rajiv C. Mody and Ms. Neeta S. Revankar are the members of the Committee.

The terms of reference are as follows:

- To continuously evaluate the risk factors in the operations;
- To identify the risk and take steps to mitigate the same;
- To implement similar mitigation steps once a new risk is identified or existing steps are inadequate;
- To assure business growth with financial stability;
- To emphasize on converting the detectable risk into preventive risk;
- To automate the Risk Management Process as much as possible and this will be an on-going process with updates and improvements.
- To make the respective Process Owners responsible for their sphere of activities;
- To engage an external consultant, if required for implementation;
- Appraising the Board at regular intervals on the updates of risk assessment and minimization procedures.
- Review and recommend changes to the Risk Management Policy and/or associated frameworks, processes and practices of the Company;
- Coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities. For example, internal or external audit issue relating to risk management policy or practice;
- Perform other activities as requested by the Board or to address issues related to any significant matters within its term of reference.

### Stakeholders Relationship Committee

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

The Committee met four times during the year i.e. on April 23, 2015, July 20, 2015, October 19, 2015 and January 20, 2016 to deliberate on the aforesaid matters. The minutes of the meetings are placed before the Board at its quarterly meeting for information. Quorum was present at all the meetings.

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

Director	No. of Meetings	
	Held	Attended
Prof. J. Ramachandran	4	2
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, 2016, there were no share transfers pending. Details of number of shares transferred during the year, time taken for effecting transfers and number of complaints received, pending and resolved are given in the "Shareholder Information" section of the Annual Report.

Mr. S. Prasad, Company Secretary acts as the Compliance Officer.

### Strategy, Business and Marketing Review Committee

The main objectives of this Committee are, among other things, to review the Strategic Business Plans, Annual Business Plans of the Company. The Committee comprises of four Directors with Prof. J. Ramachandran as Chairman and other members being Dr. Ashok Jhunjhunwala, Mr. Bharat V. Patel and Mr. Pranabh D. Mody. Mr. Sunirmal Talukdar was co-opted as a member to this Committee on April 22, 2016.

The Terms of reference are as follows:

- Assist the Board by analyzing and reviewing with the Senior Leadership Team the Strategic Business Plans, Annual Business Plans;
- Recommend to the Board the adoption of such plans as the Senior Leadership would prepare in consultation with the Committee from time to time;



## Annexure to the Board's Report (Contd.)

3. Bring to bear on such plans the best business practices followed by leading companies across the globe relevant to the Company's businesses;
4. Validate on behalf of the Board proposals for (i) new business venture, (ii) any investment in capital of any entity beyond ₹5.00 crores, (iii) any mergers, acquisitions, demergers, (iv) forming new Joint Ventures or wholly owned subsidiary companies and (v) investing in any existing Joint Venture any sum beyond the Board approved limit;
5. Review on an ongoing basis the Capital Budgets and Annual Operating Plans at the end of each half year;
6. Be an aid to the Board in reviewing the performance of the Company, its subsidiaries and joint venture companies for the purposes of Quarterly Business Results.
7. Review with the Senior Management Team on a half yearly basis marketing channels engaged by the Company and advise improvements thereon; and
8. Serve in an advisory capacity on matters of importance on Strategy, Business and Marketing aspects.

The Committee met thrice during the year i.e. on July 19, 2015, January 19, 2016 and March 21, 2016 to deliberate on the aforesaid matters. The minutes of the meetings are placed before the Board at its quarterly meeting for information. Quorum was present at all the meetings.

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

Director	No. of Meetings	
	Held	Attended
Prof. J. Ramachandran	3	2
Dr. Ashok Jhunjhunwala	3	3
Mr. Bharat V. Patel	3	1
Mr. Pranabh D. Mody	3	1

### Sexual Harassment Redressal Committee

An Internal Complaints Committee (ICC) was constituted in accordance with the provisions of the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the purpose of resolving employee grievances related to sexual harassment and any other form of harassment at workplace. The Committee comprises Senior employees of the Company including representatives from HR, other locations, a counsellor and a chairperson.

The Chairperson of the Committee is a senior level woman employee. The members of the Committee comprise of not less than 50% woman members. One member of the team, at all times, is from a third party such as an NGO or any other individual/body of social standing competent to deal with the issue of harassment.

The meetings are held as and when required and at least 3 members are required to be present to discuss the concern. Terms of reference are as follows:

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

During the year under review, no complaints were received by the ICC. With a view to sensitize the employees with regard to the measures taken to ensure that all employees particularly woman employees feel safe and secure at the workplace, your Company had conducted awareness sessions by one of the Committee Members. Apart from the above, any new entrant such as employees, contractors, trainees and consultants working from our premises are mandated to go through the E-learning modules on addressing Sexual Harassment in an effort to build awareness. During the year, a training programme was conducted by an external expert for all senior management employees to sensitize them on the subject of 'Prevention of Sexual Harassment' and their responsibility to ensure a safe work place. Your Company would continue to ensure that all employees are treated equally and there is no discrimination or harassment of any nature at the workplace.

### Annual General Meeting

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

Year	Venue	Date	Time
2015	Registered office of the Company	September 14, 2015	10.30 a.m.
2014	Registered office of the Company	September 22, 2014	4.00 p.m.
2013	Registered office of the Company	July 18, 2013	4.00 p.m.

All Directors, except three attended the last Annual General Meeting held on September 14, 2015.

At the above AGMs, special resolutions were passed approving the appointment of independent directors, payment of remuneration to Executive Directors, payment of commission to Non-Executive Directors, Amendment to Articles of Association and engaging a Non-Executive Director as a consultant.

### Extraordinary General Meeting

No Extraordinary General Meeting of the members was held during the year 2015-16.

### Postal Ballot

Postal Ballot was conducted during the year to obtain the approval of shareholders by way of Special Resolution under Section 68 and other applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 for buy-back of up to 41,57,000 equity shares of face value of ₹10 each at a price of ₹260 per equity share through the Tender offer mechanism. Your Company had also enabled e-voting to facilitate wider participation of the shareholders in the decision making.

## Annexure to the Board's Report (Contd.)

Mr. Gopalakrishnaraj H. H., Practising Company Secretary was appointed as the Scrutinizer for conducting the postal ballot process and based on his report, the results were announced on June 25, 2015. The communication regarding the same was issued to the Stock Exchanges, an advertisement was released in the newspapers on June 26, 2015 and the information was also made available on the Company's website.

### Other Disclosures

1. Reconciliation of share capital audit:

A qualified practicing Company Secretary carried out a share capital audit at the end of each quarter to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

2. Related Party Transactions:

All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Details of the related party transactions are given in Annexure G to the Board's Report.

3. There are no non-compliances by the company, penalties and strictures imposed on the company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.
4. Your Company has complied with the requirements of the Stock Exchanges and SEBI on matters relating to Capital Markets, as applicable from time to time.
5. Your Company has been having a Whistle Blower Policy in place since June 2004 and have been amended from time to time incorporating the changes. The said Policy is also available on the website of the Company. 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.
6. The terms and conditions of appointment of independent directors are disclosed on the website of the Company.

### Means of communication:

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

1. Financial results at the end of each quarter of the year
2. Relevant Press Releases
3. Company Presentations
4. Shareholding Pattern
5. Annual Report
6. Notice of the Board Meeting, advertisements, etc.

The quarterly audited financial results are published in Financial Express / Business Line (National daily) and in Kannada Prabha (a Kannada daily). The last four quarterly results were published in the above dailies on April 24, 2015, July 21, 2015, October 20, 2015 and January 21, 2016.

All material information about the Company is promptly uploaded in the Portals and also sent through e-mail 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 Releases and on its website. The Exchanges also in turn disseminate the information on their websites, viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

### Code of Conduct

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

Bengaluru  
April 22, 2016

Rajiv C. Mody  
Chairman & Managing Director





## Annexure to the Board's Report (Contd.)

### Annexure E

#### General Shareholder Information

##### Forthcoming AGM

The next Annual General Meeting (AGM) of the Company will be held on Wednesday, July 20, 2016 at the registered office of the Company at 139/25, Ring Road, Domlur, Bengaluru-560 071.

As required under Regulation 36 of the Listing Regulations, particulars of directors seeking appointment / re-appointment at the forthcoming AGM are given in the Annexure to the notice of the AGM.

##### Tentative Calendar for the financial year April 1, 2016 to March 31, 2017:

Quarter ending	Likely Board Meeting Schedule
June 30, 2016	Second fortnight of July 2016
September 30, 2016	Second fortnight of October 2016
December 31, 2016	Second fortnight of January 2017
March 31, 2017	Second fortnight of April 2017
Year ending March 31, 2017	Likely Shareholder Meeting Schedule
Annual General Meeting	July - August 2017

##### Financial Year of the Company

The Company follows the period of April 1 to March 31, as the Financial Year.

##### Listing on Stock Exchange

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

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

ISIN for equity shares INE231F01020.

Listing fees for the year 2016-17 have been paid to both the Stock Exchanges.

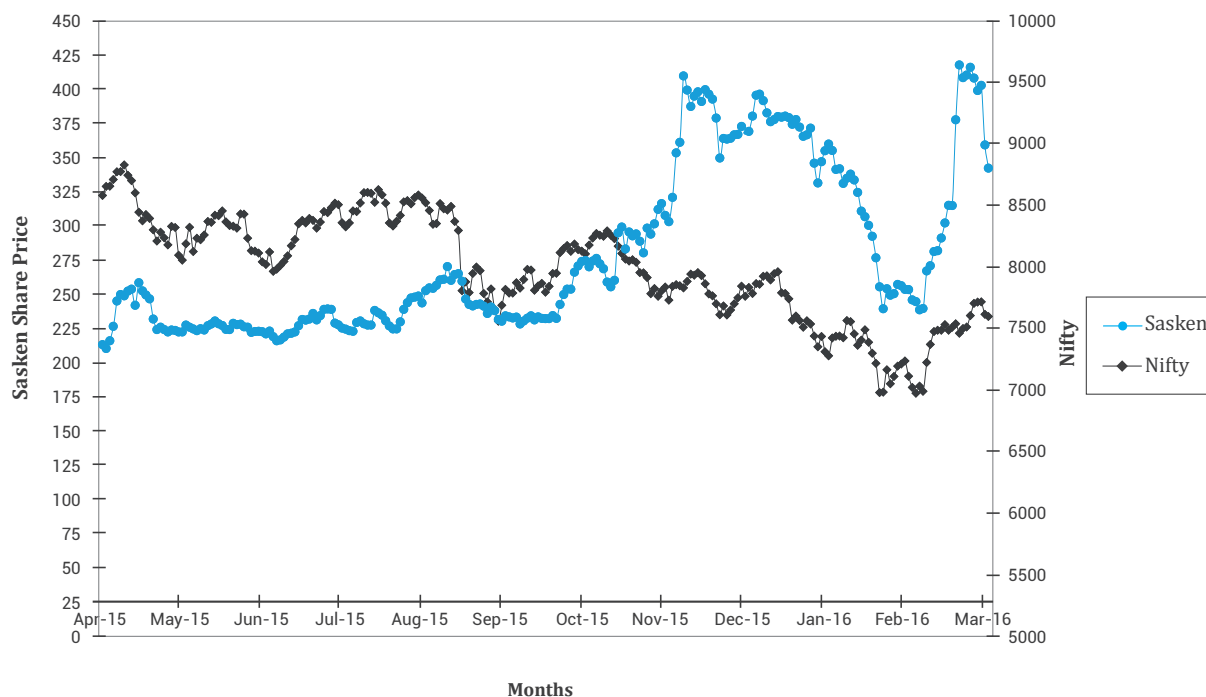
##### Stock Market Data

The monthly high and low stock quotations during the financial year 2015-16 and performance in comparison to broad based indices are given below:

Financial Year	Price @ NSE during each month (In ₹)		C & X Nifty Index during each month		Price @ BSE during each month (In ₹)		S & P BSE Sensex during each month	
	High	Low	High	Low	High	Low	High	Low
Apr-15	276.00	205.60	8,844.80	8,144.75	274.80	208.40	29,094.61	26,897.54
May-15	241.00	217.00	8,489.55	7,997.15	240.90	216.40	28,071.16	26,423.99
Jun-15	238.00	215.20	8,467.15	7,940.30	238.00	215.20	27,968.75	26,307.07
Jul-15	249.90	222.35	8,654.75	8,315.40	247.20	222.10	28,578.33	27,416.39
Aug-15	282.75	228.95	8,621.55	7,667.25	282.70	230.00	28,417.59	25,298.42
Sep-15	244.00	225.80	8,021.60	7,539.50	242.90	225.00	26,471.82	24,833.54
Oct-15	309.70	232.00	8,336.30	7,930.65	310.00	232.40	27,618.14	26,168.71
Nov-15	419.90	264.00	8,116.10	7,714.15	419.40	266.40	26,824.30	25,451.42
Dec-15	414.50	344.60	7,979.30	7,551.05	414.90	345.20	26,256.42	24,867.73
Jan-16	393.00	325.40	7,972.55	7,250.00	392.00	325.90	26,197.27	23,839.76
Feb-16	347.00	232.10	7,600.45	6,825.80	346.90	233.10	25,002.32	22,494.61
Mar-16	430.90	231.15	7,777.60	7,035.10	431.00	243.00	25,479.62	23,133.18

## Annexure to the Board's Report (Contd.)

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



### Details for correspondence:

#### Company

The Company Secretary  
Sasken Communication Technologies Limited  
139/25, Ring Road, Domlur,  
Bengaluru - 560 071  
Tel: +91 80 6694 3000;  
Fax: +91 80 2535 1309;  
E-mail: 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.  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500 032.  
Tel: +91 40 6716 2222;  
Toll Free No.: 1-800-3454-001;  
Fax: +91 40 2342 0814;  
Contact Person: Mr. K.S. Reddy, Asst. Gen. Manager  
E-mail: einward.ris@karvy.com

#### Office Location

The location of the Company's offices are given on the inside cover page of the Annual Report and are also available on the Company's website.

#### Distribution of Shareholding as on March 31, 2016

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1 - 5,000	23,953	94.09	18,66,199	10.53
5,001 - 10,000	737	2.89	5,70,976	3.22
10,001 - 20,000	355	1.39	5,26,085	2.97
20,001 - 30,000	119	0.47	3,01,555	1.70
30,001 - 40,000	54	0.21	1,93,170	1.09
40,001 - 50,000	48	0.19	2,20,331	1.24
50,001 - 1,00,000	81	0.32	5,70,178	3.22
1,00,001 & Above	111	0.44	1,34,71,319	76.02
<b>Total</b>	<b>25,458</b>	<b>100.00</b>	<b>1,77,19,813</b>	<b>100.00</b>



## Annexure to the Board's Report (Contd.)

### Shareholding Pattern as at March 31, 2016

Category	No. of shares	%
Promoters & Promoter Group	71,92,916	40.59
Public Shareholdings:		
Mutual Funds	26,500	0.15
Financial Institutions / Banks	3,562	0.02
Foreign Institutional Investors	21,15,670	11.94
Foreign Portfolio Investors	10,91,063	6.16
Bodies Corporate	5,73,922	3.24
Trust	12,000	0.07
Non Resident Indians	10,93,663	6.17
Directors & Relatives (other than Promoter Directors)	9,93,704	5.61
Indian Public & Others	46,16,813	26.05
Total	1, 77, 19, 813	100.00

#### Details of complaints:

Description	Received	Cleared
Non receipt of Dividend / Annual Report, etc.	26	26

There are no valid requests pending for share transfers as at March 31, 2016.

#### Details of Shares held in Suspense Account

Your Company went in for IPO during August 2005 and the shares were allotted to the applicants on August 31, 2005. When the IPO concluded, there were 838 cases involving 32,962 shares, which could not be transferred to investors due to reasons such as incomplete / wrong / invalid Demat Account details, etc. With persistent follow up and reminders, we were able to identify and transfer most of the shares. As at March 31, 2016 the number reduced to 27 cases involving 675 shares that remained unclaimed. The unclaimed shares are kept in a separate Suspense Account and will be transferred to the rightful holders as and when they approach the Company. Our efforts to locate the rightful owners will continue. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

The current status:

Description	No. of Holders	No. of Shares in Suspense Account
At the beginning of the year	27	675
No. of shareholders that approached for transfer of shares from Suspense Account and to whom shares were transferred during the year	Nil	Nil
Status as of March 31, 2016	27	675

#### Other information useful for Shareholders

During the year, the Company approved 1 request for transfer of 5,293 shares in physical segment. Share transfer requests are acted upon within 7-10 days from the date of their receipt at the Registered Office / Registrar. In case no response is received within 15 days of lodgment of transfer request, the lodger may write to the Company with full details so that necessary action could be taken to safeguard interests of the concerned against any possible loss / interception during postal transit. As mandated by the Listing Regulations, the Company has designated [investor@sasken.com](mailto:investor@sasken.com) as the exclusive e-mail ID for redressal of investor complaints. Investors are urged to make use of this facility.

Members may note that as per the requirement of Clause 47(c) of the Listing Agreement / Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained half-yearly certificates from Practicing Company Secretary for due compliance of share transfer formalities and filed the same with the Stock Exchanges.

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

#### National Automated Clearing House / Mandates / Bank Details

Reserve Bank of India has introduced National Automated Clearing House through which the Banks are able to make the dividend payout almost instantly into the bank accounts of the shareholders. Shareholders are requested to update their 15 digit core banking account number with their Depository Participants. Shareholders desirous of modifying these instructions may write to the Registrar & 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, so that the dividends when declared and paid by the Company will be credited to the account quickly. This will also avoid sending the dividend warrant / cheques by post, thus possible delay and loss in transit.

#### Unclaimed Dividends

Under the provisions of the Companies Act, 2013, any dividend amount that remains unclaimed in the Unpaid Dividend Account of the Company for a period of seven years from the date of its transfer to the said account, has to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. As regards the dividend declared at the AGM held on June 30, 2008 remaining unclaimed was transferred to IEPF within the due date.

## Annexure to the Board's Report (Contd.)

Once the transfer to IEPF is complete, no claims shall lie against the IEPF or the Company for the amount of dividend nor shall any payment be made in respect of such claims. Members who have not encashed the dividend warrants issued on any date after September 25, 2009 may write to the Company and follow the procedure for claiming the amount.

### Dematerialization of Shares

Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialized form and at present 99% of the shares of the Company are held in demat form. Considering the advantages of scrip less trading including enhanced marketability of the shares, shareholders holding shares in physical form are requested to consider dematerializing their shareholding so as to avoid inconvenience in future.

### Outstanding GDRs / ADRs / Warrants / Convertible Instruments

The Company has not issued GDRs or ADRs. There are no outstanding warrants or any convertible instruments.

### General

- (a) Shareholders holding shares in physical form are requested to notify the Company / Registrar in writing, any change in their address and Bank Account details under the signature of sole / first joint holder. Beneficial owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc. directly to their Depository Participants (DP) as the same are maintained by the DP.
- (b) Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.
- (c) Non-resident shareholders are requested to notify at the earliest:
  - change in their residential status on return to India for permanent settlement;
  - particulars of their NRE Bank Account with a bank in India, if not furnished earlier;
  - E-mail address, if any, to the Company / Registrar.
- (d) 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 a copy of FIR / acknowledged copy of complaint.
- (e) For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
- (f) Shareholders are requested to maintain record of their specimen signature before lodgement of shares with the Company to obviate possibility of difference in signature at a later date.
- (g) Shareholder(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s) are requested to write to the Company for consolidation of such Folio(s) with the relevant share certificates.
- (h) Nomination in respect of shares – Section 72 of the Companies Act, 2013 provides facility for making nominations by shareholders in respect of their holding of all securities. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining Succession Certificate / Probate of the Will, etc. It would therefore be in the best interests of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Please write to the Company Secretary for a nomination form.
- (i) Shareholders holding shares in demat form are advised to contact their DP for making nominations.
- (j) Some of the shareholders have not yet exchanged their old share certificates for the new ones, necessitated on the consolidation of the capital effected by the Company in July 2004 (i.e. consolidation of two old shares of ₹5 each into one new share of ₹10). Such holders are advised to send the old share certificates immediately. If the share certificates are brought in-person for exchange, the new share certificates will be provided on the spot. If the share certificates are sent by post, the new share certificates will be sent under Registered Post within 2 days from the date of receipt of the old share certificates. It is needless to mention that the old share certificate(s) cannot be submitted for dematerialization.
- (k) Shareholders are requested to quote and register their E-mail IDs, Telephone / Fax numbers for receiving prompt communication and notification from the Company.
- (l) Shareholders are informed that by the operation of the Companies Act 2013, a notice may be sent through e-mail as a text or as an attachment to e-mail or as a notification providing electronic link or Uniform Resource Locator (URL) for accessing such notice. Shareholders are advised to update their e-mail ID's with their DP. All future communication of the Company to shareholders who have registered their e-mail ID with their DP or Company will be sent only by way of e-mail. Shareholders are requested to check their e-mails at regular intervals. Such communication will also be made available in the Company's website [www.sasken.com](http://www.sasken.com).
- (m) Shareholders are also informed that under the Companies Act, 2013 the company's obligation shall be satisfied when it transmits the e-mail and the company shall not be held responsible for a failure in transmission beyond its control. If a member entitled to receive notice fails to provide or update relevant e-mail address to the Company or to the DP as the case may be, the Company shall not be in default for not delivering notice via e-mail.
- (n) **Green Initiative**

It is our endeavor to save the precious natural resources and achieve 100% environment friendly initiative to save trees and preserve environment. Many of the shareholders have supported us in this initiative and we look forward to the continued support and co-operation of all the shareholders in dematerializing their holding as well as updating their e-mail address with the respective depositories if the shares are held in demat or send a mail to [cosec@sasken.com](mailto:cosec@sasken.com) if shares are held in physical form.
- (o) We solicit suggestions for improving the investor services.



## Annexure to the Board's Report *(Contd.)*

### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To

The Members of

**Sasken Communication Technologies Limited**

I have examined all the relevant records of Sasken Communication Technologies Limited ('the Company') for purpose of certifying compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges for the period from 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with:

- All the mandatory conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.
- All the Regulations except 25(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pertaining to filling vacancy of Independent Director, for a brief period.
- Items 3 & 5 of Non-mandatory requirements as per Annexure XIII of the Listing Agreement.
- Items C & E of Discretionary requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Bengaluru  
April 22, 2016

**AARTHI G KRISHNA**  
*Practicing Company Secretary*  
FCS 5706, CP No. 5645

## FORM NO. AOC – 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014] Form for disclosure of particulars of contracts / arrangements entered into by the Company with the related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

## 1. Details of contracts or arrangements or transactions not at arm's length basis:

Sl. No.	Name of the Related Party & Nature of Relationship	Nature of Contracts and salient features	Duration of Contracts	Currency	Amount	Date of approval by the Audit Committee / Board	Amount paid as advance, if any	Date on which special resolution was passed in general meeting u/s. 188(1)
NIL								

## 2. Details of contracts or arrangements or transactions at arm's length basis:

Sl. No.	Name of the Related Party & Nature of Relationship	Nature of Contracts and salient features	Duration of Contracts	Currency	Amount	Date of approval by the Audit Committee / Board	Amount paid as advance, if any	Date on which special resolution was passed in general meeting u/s. 188(1)
1	Ms. Sakhee R. Mody (Daughter of Mr. Rajiv C. Mody, Chairman & Managing Director)	She is employed as a Graphics Designer in the Company, effective September 11, 2014. She is entitled to other benefits, if any and subject to other terms and conditions of employment as applicable to other employees of the Company.	Subject to the terms of employment	INR	9,25,298 paid during FY 2015-16	August 28, 2014	Nil	Nil
2	Dr. G. Venkatesh (Non-executive Director of the Company)	Engaging his services as a Consultant in the Company on a fee not exceeding ₹40 lakhs in a financial year, on such terms as may be decided by the Board / Committee / Director authorised by the Board.	Ongoing, subject to renewal as per contractual terms	INR	27,00,000	April 23, 2015	Nil	September 14, 2015
3	Sasken Inc. USA (Wholly owned subsidiary of the Company)	Rendering of software services	Ongoing, subject to renewal as per contractual terms	USD	1,247,936	April 23, 2015	Nil	Nil
		Reimbursement of expenses	Ongoing, subject to renewal as per contractual terms	USD	600,000	July 20, 2015		
		Availment of services	Ongoing, subject to renewal as per contractual terms	USD	4,100,000	October 19, 2015		
4	ConnectM Technology Solutions Pvt. Ltd. (A Joint Venture Company)	Availment of services – though approval was taken, no transaction has taken place	During FY 2015-16	USD	200,000	January 20, 2016	Nil	Nil
		Reimbursement of expenses	Ongoing, subject to renewal as per contractual terms	USD	35,000	April 23, 2015		
5	Sasken Finland Oy. (Wholly owned subsidiary of the Company)	Reimbursement of expenses	Ongoing, subject to renewal as per contractual terms	USD	100,000	July 20, 2015	Nil	Nil
		Reimbursement of expenses	Ongoing, subject to renewal as per contractual terms	USD	100,000	October 19, 2015		
6	Sasken Network Engineering Ltd. (Wholly owned subsidiary of the Company)	Availment of services – though approval was taken, no transaction has taken place	Ongoing, subject to renewal as per contractual terms	USD	12,000	April 23, 2015	Nil	Nil
		Reimbursement of expenses	Ongoing, subject to renewal as per contractual terms	USD	1,24,00,000	April 23, 2015		
6	Sasken Network Engineering Ltd. (Wholly owned subsidiary of the Company)	Reimbursement of expenses - though approval was taken, no transaction has taken place	During FY 2015-16	INR	18,60,000	April 23, 2015	Nil	Nil
		Transfer of advances paid to employees, leave encasement, gratuity, etc. on transfer of employees to the parent company	During FY 2015-16	Euro	48,500	April 23, 2015		
6	Sasken Network Engineering Ltd. (Wholly owned subsidiary of the Company)	Reimbursement of expenses - though approval was taken, no transaction has taken place	During FY 2015-16	INR	10,00,000	April 23, 2015	Nil	Nil
		Transfer of advances paid to employees, leave encasement, gratuity, etc. on transfer of employees to the parent company	During FY 2015-16	INR	10,000	July 20, 2015		
6	Sasken Network Engineering Ltd. (Wholly owned subsidiary of the Company)	Renting the 7 <sup>th</sup> floor of the premises of the company, situated at No.139/25, Ring Road, Domlur, Bengaluru	11 months, viz. 16 <sup>th</sup> October, 2015 to 15 <sup>th</sup> September, 2016	INR	2,52,288	January 20, 2016	Nil	Nil

Note: Appropriate approvals have been taken for the said transactions.



Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

I. REGISTRATION AND OTHER DETAILS:

CIN	L72100KA1989PLC014226
Registration Date	February 13, 1989
Name of the Company	Sasken Communication Technologies Limited
Category / Sub-Category of the Company	Information Technology / IT Enabled Services
Address of the Registered office and contact details	139/25, Ring Road, Domlur, Bengaluru – 560 071, India Ph: +91 80 6694 3000; Fax: +91 80 2535 1309
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: +91 40 6716 2222 Toll Free No.: 1-800-3454-001 Fax: +91 40 2342 0814. Mr. K.S. Reddy, Asst. General Manager E-mail: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1.	Software Development	620	95.20%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/ Associate	% of shares held	Applicable Section under Co. Act, 2013
1.	Sasken Network Engineering Ltd. 7 <sup>th</sup> Floor, 139/25, Domlur, Ring Road, Bengaluru-560 071. India	U64202KA2004PLC034773	Subsidiary	100%	2(87)
2.	Sasken Communication Technologies (Shanghai) Co. Ltd. 6F, Tower B, Haoli Building, No. 18, Longqing Street, BDA, Beijing, China 100 176	Not Applicable	Subsidiary	100%	2(87)
3.	Sasken Finland Oy. Vissavedentie 1, P.O. Box 29, FI-69601 Kaustinen, Finland	- do -	Subsidiary	100%	2(87)
4.	Sasken Communication Technologies Mexico S.A. de C.V Carretera Miguel Aleman KM 14.5, Monterrey Business Park, Apodaca 66633, Nuevo Leon, Mexico	- do -	Subsidiary	100%	2(87)
5.	Sasken Inc. 3601, Algonquin Road #812/815, Rolling Meadows, IL 60008, USA	- do -	Subsidiary	100%	2(87)
6.	ConnectM Technology Solutions Pvt Ltd.	U64202KA2007PTC043080	Associate	46.29%	2(6)

## Annexure to the Board's Report (Contd.)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

#### i. Category-wise Share Holding

Category Of Shareholder	No. of shares held at the beginning of the year i.e. April 1, 2015				No. of shares held at the end of the year i.e. March 31, 2016				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A) Promoter And Promoter Group</b>									
(1) Indian									
(a) Individual / HUF	53,93,112	0	53,93,112	25.27	47,22,258	0	47,22,258	26.65	1.38
(b) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	18,07,283	0	18,07,283	8.47	18,07,283	0	18,07,283	10.20	1.73
(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total A(1):</b>	<b>72,00,395</b>	<b>0</b>	<b>72,00,395</b>	<b>33.73</b>	<b>65,29,541</b>	<b>0</b>	<b>65,29,541</b>	<b>36.85</b>	<b>3.12</b>
(2) Foreign									
(a) Individuals (NRIs/Foreign Individuals)	6,63,375	0	6,63,375	3.11	6,63,375	0	6,63,375	3.74	0.63
(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total A(2):</b>	<b>6,63,375</b>	<b>0</b>	<b>6,63,375</b>	<b>3.11</b>	<b>6,63,375</b>	<b>0</b>	<b>6,63,375</b>	<b>3.74</b>	<b>0.63</b>
<b>Total A=A(1)+A(2)</b>	<b>78,63,770</b>	<b>0</b>	<b>78,63,770</b>	<b>36.84</b>	<b>71,92,916</b>	<b>0</b>	<b>71,92,916</b>	<b>40.59</b>	<b>3.75</b>
<b>(B) Public Shareholding</b>									
(1) Institutions									
(a) Mutual Funds /UTI	22,11,355	0	22,11,355	10.36	26,500	0	26,500	0.15	(10.21)
(b) Financial Institutions /Banks	7,750	0	7,750	0.04	3,562	0	3,562	0.02	(0.02)
(c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f) Foreign Institutional Investors & Portfolio Investors	10,32,694	0	10,32,694	4.84	32,06,733	0	32,06,733	18.10	13.26
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total B(1) :</b>	<b>32,51,799</b>	<b>0</b>	<b>32,51,799</b>	<b>15.23</b>	<b>32,36,795</b>	<b>0</b>	<b>32,36,795</b>	<b>18.27</b>	<b>3.04</b>
(2) Non-Institutions									
(a) Bodies Corporate	17,50,337	0	17,50,337	8.20	5,73,922	0	5,73,922	3.24	(5.16)
(b) Individuals									
(i) Individuals Holding Nominal Share Capital up to ₹2 Lakhs	47,12,383	1,22,733	48,35,116	22.65	37,01,246	1,69,266	38,70,512	21.84	(0.81)
(ii) Individuals Holding Nominal Share Capital In Excess of ₹2 Lakhs	13,02,794	74,624	13,77,418	6.45	16,68,662	0	16,68,662	9.42	2.97
(c) NBFC's registered with RBI	0	0	0	0.00	8,397	0	8,397	0.05	0.05
(d) Others	10,05,604	100	10,05,704	4.71	0	0	0	0.00	0.00
Clearing Members	60,601	0	60,601	0.28	62,946	0	62,946	0.36	0.08
Foreign Nationals	40,149	0	40,149	0.19	0	0	0	0.00	(0.19)
Non Resident Indians	10,48,933	1,01,046	11,49,979	5.39	9,97,910	95,753	10,93,663	6.17	0.78
Trusts	10,000	0	10,000	0.05	12,000	0	12,000	0.07	0.02
(e) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total B(2):</b>	<b>99,30,801</b>	<b>2,98,503</b>	<b>1,02,29,304</b>	<b>47.92</b>	<b>70,25,083</b>	<b>2,65,019</b>	<b>72,90,102</b>	<b>46.70</b>	<b>(1.22)</b>
<b>Total B=B(1)+B(2):</b>	<b>1,31,82,600</b>	<b>2,98,503</b>	<b>1,34,81,103</b>	<b>63.16</b>	<b>1,02,61,878</b>	<b>2,65,019</b>	<b>1,05,26,897</b>	<b>59.41</b>	<b>(3.75)</b>
<b>Total (A+B) :</b>	<b>2,10,46,370</b>	<b>2,98,503</b>	<b>2,13,44,873</b>	<b>100.00</b>	<b>1,74,54,794</b>	<b>2,65,019</b>	<b>1,77,19,813</b>	<b>100.00</b>	<b>0.00</b>
<b>(C) Shares Held By Custodians for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C) :</b>	<b>2,10,46,370</b>	<b>2,98,503</b>	<b>2,13,44,873</b>	<b>100.00</b>	<b>1,74,54,794</b>	<b>2,65,019</b>	<b>1,77,19,813</b>	<b>100.00</b>	<b>0.00</b>





## Annexure to the Board's Report (Contd.)

### ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 1, 2015			Shareholding at the end of the year i.e. March 31, 2016			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	RAJIV CHANDRAKANT MODY (REPRESENTING IN THE CAPACITY AS TRUSTEE OF THE ESTATE OF LATE C. J. MODY) *	15,40,267	7.22	-	15,45,560	8.72	-	1.50
2.	DHIRUMATI JHAVERCHAND JHAVERI	8,26,292	3.87	-	8,26,292	4.66	-	0.79
3.	JYOTINDRA B MODY	7,36,612	3.45	-	7,36,612	4.16	-	0.71
4.	RAJIV C MODY AS KARTA OF HUF	5,40,079	2.53	-	5,40,079	3.05	-	0.52
5.	SEJAL PRANABH MODY	3,72,231	1.74	-	3,72,231	2.10	-	0.36
6.	PRANABH DINESH MODY	3,18,506	1.49	-	3,18,506	1.80	-	0.31
7.	BHARATI S MODY	2,30,050	1.08	-	2,30,050	1.30	-	0.22
8.	DHRUV JHAVERI	1,97,166	0.92	-	5,000	0.03	-	(0.89)
9.	ABHISHEK MADHUKAR JHAVERI	1,05,000	0.49	-	-	-	-	(0.49)
10.	VRAJRAJ MADHUKAR JHAVERI	99,900	0.47	-	-	-	-	(0.47)
11.	MADHUKAR J. JHAVERI	98,625	0.46	-	-	-	-	(0.46)
12.	MAHENDRA J. JHAVERI	66,179	0.31	-	-	-	-	(0.31)
13.	MALTI JHAVERI	62,166	0.29	-	5,000	0.03	-	(0.26)
14.	PURVI UDAY ASHER	60,077	0.28	-	60,077	0.34	-	0.06
15.	JIGNA M. JHAVERI	16,928	0.08	-	-	-	-	(0.08)
16.	NILA M. JHAVERI	15,683	0.07	-	-	-	-	(0.07)
17.	NAINA M. JHAVERI	14,500	0.07	-	-	-	-	(0.07)
18.	UDAY M. ASHER	11,570	0.05	-	11,570	0.07	-	0.02
19.	DEEPALI SHIRISH MODY	10,662	0.05	-	10,662	0.06	-	0.01
20.	PALLAVI BHARAT MEHTA	10,560	0.05	-	10,560	0.06	-	0.01
21.	DINESH B MODY	10,254	0.05	-	10,254	0.06	-	0.01
22.	BRINDA MADHUKAR JHAVERI	10,000	0.05	-	-	-	-	(0.05)
23.	HIRALAXMI H DESAI	6,958	0.03	-	6,958	0.04	-	0.01
24.	DIPAK HARKISAN DESAI	6,443	0.03	-	6,443	0.04	-	0.01
25.	JINALI PRANABH MODY	6,236	0.03	-	6,236	0.04	-	0.01
26.	RUPA M. UDANI	5,500	0.03	-	5,500	0.03	-	0.00
27.	DHIMANT HARKISAN DESAI	5,143	0.02	-	5,143	0.03	-	0.01
28.	ASHA DIPAK DESAI	2,325	0.01	-	2,325	0.01	-	0.00
29.	KHYATI DHRUV JHAVERI	-	-	-	2,000	0.01	-	0.01
30.	PRAMILA YASHVANT CHOKSHI	2,000	0.01	-	-	-	-	(0.01)
31.	SHIRISH B. MODY	1,500	0.01	-	1,500	0.01	-	0.00
32.	BHARAT P MEHTA	1,250	0.01	-	1,250	0.01	-	0.00
33.	NIRAJ DIPAK DESAI	1,025	0.00	-	1,025	0.01	-	0.01
34.	NIRANJANA SANGHVI	600	0.00	-	600	0.00	-	0.00
35.	DR DILIP S MEHTA	400	0.00	-	400	0.00	-	0.00
36.	KANTABEN VINAYCHANDRA GOSALIA	400	0.00	-	400	0.00	-	0.00
37.	KUMUD D MODY	25	0.00	-	25	0.00	-	0.00
38.	LEKAR PHARMA LIMITED	7,22,552	3.39	-	7,22,552	4.08	-	0.69
39.	DINESH MODY VENTURES LLP	1,34,284	0.63	-	1,34,284	0.76	-	0.13
40.	KUMUD MODY VENTURES LLP	1,34,284	0.63	-	1,34,284	0.76	-	0.13
41.	SHIRISH MODY ENTERPRISES LLP	1,34,284	0.63	-	1,34,284	0.76	-	0.13
42.	J B MODY ENTERPRISES LLP	1,34,268	0.63	-	1,34,268	0.76	-	0.13

## Annexure to the Board's Report (Contd.)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 1, 2015			Shareholding at the end of the year i.e. March 31, 2016			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
43.	ANSUYA MODY ENTERPRISES LLP	1,34,029	0.63	-	1,34,029	0.76	-	0.13
44.	BHARATI MODY VENTURES LLP	1,34,017	0.63	-	1,34,017	0.76	-	0.13
45.	IFIUNIK PHARMACEUTICALS LTD	1,16,000	0.54	-	1,16,000	0.65	-	0.11
46.	UNIQUE PHARMACEUTICALS LABS LTD	1,11,000	0.52	-	1,11,000	0.63	-	0.11
47.	SYNIT DRUGS PVT LTD	52,500	0.25	-	52,500	0.30	-	0.05
48.	NAMPLAS CHEMICALS PVT LTD	65	0.00	-	65	0.00	-	0.00
49.	ARTI R. MODY	2,49,469	1.17	-	2,49,469	1.41	-	0.24
50.	SAKHEE R MODY	1,56,552	0.73	-	1,56,552	0.88	-	0.15
51.	NAMAN MODY	1,37,894	0.65	-	1,37,894	0.78	-	0.13
52.	NILIMA RAJESH DOSHI	1,08,450	0.51	-	1,08,450	0.61	-	0.10
53.	RAJIV C MODY	11,010	0.05	-	11,010	0.06	-	0.01
	<b>Total</b>	<b>78,63,770</b>	<b>36.84</b>	<b>-</b>	<b>71,92,916</b>	<b>40.59</b>	<b>-</b>	<b>3.75</b>

\* The shares were held in the name of C. J. Mody at the beginning of the year. Consequent to his demise, the shares were transferred to a Trust during the year.

### iii. Change in Promoters' Shareholding

Sl. No.	Shareholder's Name	Date*	Reason	Shareholding at the beginning of the year i.e. April 1, 2015		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Rajiv Chandrakant Mody (representing in the capacity as trustee of the estate of late C. J. Mody)	01-Apr-2015	At the beginning of the year	15,40,267	7.22	15,40,267	7.22
		17-Dec-2015	Off-Market Purchase of 5,293 shares			15,45,560	8.72
		31-Mar-2016	At the end of the year			15,45,560	8.72
2.	Mahendra J. Jhaveri	01-Apr-2015	At the beginning of the year	66,179	0.31	66,179	0.31
		01-Sep-2015	Sold 66,179 shares under Buy-back			0	0.00
		31-Mar-2016	At the end of the year			0	0.00
3.	Madhukar J. Jhaveri	01-Apr-2015	At the beginning of the year	98,625	0.46	98,625	0.46
		01-Sep-2015	Sold 98,625 shares under Buy-back			0	0.00
		31-Mar-2016	At the end of the year			0	0.00
4.	Dhruv Mahendra Jhaveri	01-Apr-2015	At the beginning of the year	1,97,166	0.92	1,97,166	0.92
		01-Sep-2015	Sold 1,97,166 shares under Buy-back			0	0.00
		18-Mar-2016	Market Purchase of 5,000 shares			5,000	0.03
		31-Mar-2016	At the end of the year			5,000	0.03
5.	Malti Jhaveri	01-Apr-2015	At the beginning of the year	62,166	0.29	62,166	0.29
		14-Aug-2015	Market Sale of 7,000 shares			7,000	0.03
		01-Sep-2015	Sold 55,166 shares under Buy-back			55,166	0.26
		18-Mar-2016	Market Purchase of 5,000 shares			5,000	0.03
		31-Mar-2016	At the end of the year			5,000	0.03
6.	Naina M. Jhaveri	01-Apr-2015	At the beginning of the year	14,500	0.07	14,500	0.07
		01-Sep-2015	Sold 14,500 shares under Buy-back			0	0.00
		31-Mar-2016	At the end of the year			0	0.00



## Annexure to the Board's Report (Contd.)

Sl. No.	Shareholder's Name	Date*	Reason	Shareholding at the beginning of the year i.e. April 1, 2015		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	Nila M. Jhaveri	01-Apr-2015	At the beginning of the year	15,683	0.07	15,683	0.07
		01-Sep-2015	Sold 15,683 shares under Buy-back			0	0.00
		31-Mar-2016	At the end of the year			0	0.00
8.	Vrajraj Madhukar Jhaveri	01-Apr-2015	At the beginning of the year	99,900	0.47	99,900	0.47
		01-Sep-2015	Sold 99,900 shares under Buy-back			0	0.00
		31-Mar-2016	At the end of the year			0	0.00
9.	Abhishek Madhukar Jhaveri	01-Apr-2015	At the beginning of the year	1,05,000	0.49	1,05,000	0.49
		01-Sep-2015	Sold 1,05,000 shares under Buy-back			0	0.00
		31-Mar-2016	At the end of the year			0	0.00
10.	Brinda Madhukar Jhaveri	01-Apr-2015	At the beginning of the year	10,000	0.05	10,000	0.05
		01-Sep-2015	Sold 10,000 shares under Buy-back			0	0.00
		31-Mar-2016	At the end of the year			0	0.00
11.	Jigna M. Jhaveri	01-Apr-2015	At the beginning of the year	16,928	0.08	16,928	0.08
		01-Sep-2015	Sold 16,928 shares under Buy-back			0	0.00
		31-Mar-2016	At the end of the year			0	0.00
12.	Pramila Chokshi	01-Apr-2015	At the beginning of the year	2,000	0.01	2,000	0.01
		01-Sep-2015	Market Sale of 2,000 shares			0	0.00
		31-Mar-2016	At the end of the year			0	0.00
13.	Khyati D. Jhaveri	01-Apr-2015	At the beginning of the year	0	0.00	0	0.00
		23-Mar-2016	Market Purchase of 2,000 shares			2,000	0.01
		31-Mar-2016	At the end of the year			2,000	0.01

\* Date(s) indicated here are the week(s) in which the transactions were executed.

#### iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Names*	Shareholding at the beginning of the year i.e. April 1, 2015		Cumulative shareholding during the year	
		No. of Shares	% of the total shares of the Company	No. of Shares	% of the total shares of the Company
1.	Bajaj Allianz Life Insurance Company Ltd.	10,40,294	4.87	0	0.00
2.	ICICI Prudential Midcap Fund	8,84,767	4.15	0	0.00
3.	Bipin Amritlal Turakhia	4,30,145	2.02	4,30,145	2.43
4.	Nirav Shirish Mody	4,05,015	1.90	4,05,015	2.29
5.	ICICI Prudential Technology Fund	3,69,936	1.73	0	0.00
6.	GHI LTP Ltd.	2,45,905	1.15	9,76,166	5.51
7.	Badrudin Agarwala	2,44,092	1.14	2,44,092	1.38
8.	ICICI Prudential Child Care Plan -Gift Plan	2,00,000	0.94	0	0.00
9.	ICICI Prudential Value Fund Series 3	2,00,000	0.94	0	0.00
10.	Acadian Emerging Markets Portfolio	1,75,093	0.82	76,232	0.43
	<b>Total</b>	<b>41,95,247</b>	<b>19.66</b>	<b>21,31,650</b>	<b>12.04</b>

\* The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

## Annexure to the Board's Report (Contd.)

### v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	Names	Shareholding at the beginning of the year i.e. April 1, 2015		Shareholding at the end of the year i.e. March 31, 2016	
		No. of Shares	% of the total shares of the Company	No. of Shares	% of the total shares of the Company
1.	Mr. Rajiv C. Mody	11,010	0.05	11,010	0.06
2.	Dr. Ashok Jhunjhunwala	40,070	0.19	38,070	0.21
3.	Mr. Bansi S. Mehta	5,929	0.03	5,929	0.03
4.	Mr. Bharat V. Patel	20,000	0.09	10,000	0.06
5.	Mr. J. B. Mody	7,36,612	3.45	7,36,612	4.16
6.	Prof. J. Ramachandran	7,200	0.03	7,200	0.04
7.	Mr. Kiran S. Karnik*	0	0	0	0.00
8.	Mr. Pranabh D. Mody	3,18,506	1.49	3,18,506	1.80
9.	Mr. Sanjay M. Shah	12,882	0.06	12,882	0.07
10.	Mr. Sunimal Talukdar**	-	-	0	0.00
11.	Dr. G. Venkatesh	2,63,628	1.24	2,63,628	1.49
12.	Mr. Krishna J. Jhaveri	0	0	0	0.00
13.	Ms. Neeta S. Revankar	1,30,242	0.61	1,30,242	0.74
14.	Mr. S. Prasad	4,729	0.02	4,729	0.03
	<b>Total</b>	<b>15,50,808</b>	<b>7.27</b>	<b>15,38,808</b>	<b>8.68</b>

\* Ceased to be a director effective August 24, 2015.

\*\* Co-opted as an additional director effective February 16, 2016.

### vi. Change in Directors and Key Managerial Personnels' Shareholding

Sl. No.	Shareholder's Name	Date*	Reason	Shareholding at the beginning of the year i.e. April 1, 2015		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Dr. Ashok Jhunjhunwala	01-Apr-2015	At the beginning of the year	40,070	0.19	40,070	0.23
		19-Nov-2015	Market Sale of 500 shares			39,570	0.22
		20-Nov-2015	Market Sale of 1,000 shares			38,570	0.22
		24-Nov-2015	Market Sale of 500 shares			38,070	0.21
		31-Mar-2016	At the end of the year			38,070	0.21
2.	Mr. Bharat V. Patel	01-Apr-2015	At the beginning of the year	20,000	0.11	20,000	0.11
		01-Sep-2015	Sold 10,000 shares under Buy-back			10,000	0.06
		31-Mar-2016	At the end of the year			10,000	0.06

\* Date(s) indicated here are the week(s) in which the transactions were executed.

### vii. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount		None		
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b>				
• Addition		None		
• Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount		None		
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				



## Annexure to the Board's Report (Contd.)

### viii. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in lakhs

Sl. No.	Particulars of Remuneration	Rajiv C. Mody	Neeta S. Revankar	Krishna J. Jhaveri	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	343.61	203.86	19.69	567.16
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others	-	-	-	-
5.	Others	-	-	-	-
	<b>Total (A)</b>	<b>343.61</b>	<b>203.86</b>	<b>19.69</b>	<b>567.16</b>
	Ceiling as per the Act (@ 10% of net profits calculated under Section 198 of the Companies Act, 2013)				3,369.74

#### B. Remuneration to other directors:

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Fee for attending Board/Committee Meetings	Commission	Others, Please Specify	Total Amount
<b>(a)</b>	<b>Independent Directors</b>				
1.	Dr. Ashok Jhunjhunwala	4.00	25.00	-	29.00
2.	Mr. Bansi S. Mehta	2.40	22.00	-	24.40
3.	Mr. Bharat V. Patel	1.40	12.00	-	13.40
4.	Prof. J. Ramachandran	2.40	25.00	-	27.40
5.	Mr. Sanjay M. Shah	2.00	8.00	-	10.00
6.	Mr. Sunirmal Talukdar	0.40	2.00	-	2.40
	<b>Total (a)</b>	<b>12.60</b>	<b>94.00</b>		<b>106.60</b>
<b>(b)</b>	<b>Non-Executive Directors</b>				
1.	Dr. G. Venkatesh	1.80	40.00	-	41.80
2.	Mr. J. B. Mody	0.40	-	-	0.40
3.	Mr. Pranabh D. Mody	2.00	-	-	2.00
	<b>Total (b)</b>	<b>4.20</b>	<b>40.00</b>		<b>44.20</b>
	<b>Total (B)=(a+b)</b>	<b>16.80</b>	<b>134.00</b>		<b>150.80</b>
	Ceiling as per the Act (@ 1% of net profits calculated under Section 198 of the Companies Act, 2013)				336.97
	<b>Total Managerial Remuneration (A + B)</b>				<b>717.96</b>
	<b>Overall ceiling as per the Act (@ 11% of net profits calculated under Section 198 of the Companies Act, 2013)</b>				<b>3,706.71</b>

#### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

₹ In lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. S. Prasad	Total
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26.06	26.06
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others	-	-
5.	Others	-	-
	<b>Total</b>	<b>26.06</b>	<b>26.06</b>

### ix. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.

## PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

## I. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name	Designation	Ratio
Mr. Rajiv C. Mody	Chairman & Managing Director	89.30
Dr. Ashok Jhunjhunwala	Independent Director	2.99
Mr. Bansi S. Mehta	Independent Director	2.63
Mr. Bharat V. Patel	Independent Director	1.43
Mr. J.B. Mody	Non - Executive Director	-
Mr. Kiran S. Karnik*	Independent Director	-
Mr. Krishna J. Jhaveri	Whole Time Director	2.64
Ms. Neeta S. Revankar	Whole Time Director & CFO	48.75
Mr. Pranabh D. Mody	Non - Executive Director	-
Prof. J. Ramachandran	Independent Director	2.99
Mr. Sanjay M. Shah	Independent Director	0.96
Mr. Sunirmal Talukdar**	Independent Director	0.24
Dr. G. Venkatesh	Non - Executive Director	4.78
Mr. S. Prasad	Associate Vice President & Company Secretary	3.11

\* Ceased to be a director effective August 24, 2015.

\*\* Co-opted as an additional director effective February 16, 2016.

## II. The percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Name	Designation	% Increment
Mr. Rajiv C. Mody	Chairman & Managing Director	131.3%
Dr. Ashok Jhunjhunwala	Independent Director	-
Mr. Bansi S. Mehta	Independent Director	-
Mr. Bharat V. Patel	Independent Director	-
Mr. J.B. Mody	Non - Executive Director	-
Mr. Kiran S. Karnik	Independent Director	-
Mr. Krishna J. Jhaveri	Whole Time Director	(22.9%)
Ms. Neeta S. Revankar	Whole Time Director & CFO	127.3%
Mr. Pranabh D. Mody	Non - Executive Director	-
Prof. J. Ramachandran	Independent Director	-
Mr. Sanjay M. Shah	Independent Director	-
Mr. Sunirmal Talukdar	Independent Director	-
Dr. G. Venkatesh	Non - Executive Director	(33.9%)
Mr. S. Prasad	Associate Vice President & Company Secretary	19.7%

## iii. The percentage increase in the median remuneration of employees in the financial year:

The median remuneration of the employees in the financial year was increased by 8.87%. The calculation of % Increase in Median Remuneration is done based on comparable employees.

## iv. The number of permanent employees on the rolls of the Company:

There were 2,118 permanent employees on rolls as on March 31, 2016.

## v. The explanation on the relationship between average increase in remuneration and company performance:

Factors considered while recommending salary increase:

- External Equity: Sasken adjusts its median salary for different bands and job family's vis-à-vis our comparator. Each job family, within each band has a pay range accordingly. The proposed increases for each band are based on how far the company is from the median. The compensation strategy is to peg our median to market median.
- Internal Parity: Pay ranges are mapped to defined bands and Technical Competency Basket. Compensation grid accounting for performance and compensation fit.
- Differentiation: Compensation is connected to Performance ratings. Higher the performance and one would see higher increments.
- Affordability: This pillar ties all the other pillars based on business reality, visibility and ensures compensation programs are aligned to business expectations.



## Annexure to the Board's Report (Contd.)

- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

Ratio of total remuneration of all key managerial personnel on the annual profit of FY 16 was 5.95%.

- vii. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

The Market capitalization of the Company has increased from ₹46,489.13 lakhs as of March 31, 2015 to ₹60,397.98 lakhs as of March 31, 2016 without any significant movement in price to earnings ratio. The Stock price as at March 31, 2016 has increased by ₹80.85 to ₹340.85 over the last public offering, i.e. IPO in August 2005 at the price of ₹260.00 per share.

- viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The employees have got an average increase of 10.21%, Key Managerial Personnel have seen an average increase of 87.28% in remuneration of FY 16 over FY 15, the increase is mainly on account of variable pay which is linked to the generation of record profits during the year.

- ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:

Name	Designation	% of annual remuneration on net profit
Mr. Rajiv C. Mody	Chairman & Managing Director	3.6%
Mr. Krishna J. Jhaveri	Whole Time Director	0.1%
Ms. Neeta S. Revankar	Whole Time Director & Chief Financial Officer	2.0%
Mr. S. Prasad	Associate Vice President & Company Secretary	0.1%

- x. The key parameters for any variable component of remuneration availed by the directors:

The broad factors and guidelines considered for the Performance Bonus are:

1. Annual Performance Review based on the Key Result Areas (KRAs) / measurable Key Performance Indicators (KPIs).
2. Financial outcomes and profitability of the company.

Compensation shall be subject to review and approval by the Nomination and Remuneration Committee wherein majority of the directors are independent directors.

- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

None

- xii. Affirmation that the remuneration is as per the remuneration policy of the company:

Yes, it is as per the total rewards philosophy of the Company.

- xiii. Other Notes

1. Remuneration means Total salary (fixed + variable pay) at target 100%; excludes gratuity, stock options, insurance premiums but includes company contribution of PF.
2. Salaries denominated other than in Indian rupees are converted to Indian rupee based on exchange rate as on March 31, 2016.

## Annexure to the Board's Report (Contd.)

### Annexure H2

The information required under Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Employee Name	Designation	Educational Qualification	Age (in years)	Experience (in years)	Date of Joining	Total remuneration paid during the year (₹)	Previous Employment and Designation
Hariharan Iyer	Senior Vice President – HR	ME, PGDM	58	32	March 30, 2015	1,03,84,104	Ephicity Life Science Analytics, Vice President
Jagadish Iyengar	Vice President - Applications & Data Practice	B. Tech	43	21	March 3, 2014	97,43,647	Collabera Solutions Pvt. Ltd., Vice President
Nagamani Murthy	Regional Delivery Head	BE	55	25	September 5, 2011	81,94,838	Wipro Technologies, Vice President
Neeta S. Revankar	Whole Time Director & CFO	FCA, ACS	50	25	April 3, 1995	2,09,27,315	Microland Ltd., Manager – Corporate Planning
Rajiv C. Mody	Chairman & Managing Director	BE, MS	58	35	April 1, 1989	3,50,00,001	VLSI Technology Inc. - Senior Software Engineer
Ranjit Balakrishnan*	Vice President-Sales	MBA	41	18	September 24, 2015	39,13,873	Wipro Technologies, Director-Client Services

\* Employed for part of the year

Notes:

- 1) Total remuneration includes salary, allowances, perquisites (other than perquisites arising on account of exercising of ESOP), incentives and Company's contribution to Provident and other funds.
- 2) The nature of employment is contractual in all the above cases.
- 3) None of the above mentioned employees is a relative of any director of the Company.
- 4) In terms of the proviso to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of employees posted and working in a country outside India not being directors or their relatives, drawing more than ₹60 lakhs per financial year or ₹5 lakhs per month, as the case may be, have not been included in the above statement.





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

For the year	March 31, 2016		March 31, 2015	
	₹ Crores	Million US \$	₹ Crores	Million US \$
Exports	309.68	46.87	288.66	46.24
Domestic Sales	173.49	26.26	139.35	22.32
Other Income and Exchange Gain / (Loss)	16.20	2.45	21.94	3.51
Profit Before Interest, Taxes, Depreciation and Amortisation (PBIDTA)	47.17	7.14	32.25	5.16
PBIDTA as a Percentage of Revenue	10%	10%	8%	8%
Profit before exceptional items	56.58	8.56	42.85	6.86
Exceptional items	232.94	35.25	173.33	27.76
Profit / (Loss) Before Taxes (PBT)	289.53	43.82	216.18	34.63
Profit / (Loss) After Tax (PAT)	206.29	31.22	119.56	19.15
Earnings Per Share ... Basic (in ₹ / US \$) <sup>1</sup>	18.46	0.28	56.11	0.90
Earnings Per Share ... Diluted (in ₹ / US \$) <sup>1</sup>	107.14	1.62	56.05	0.90
Equity Dividend Percentage (including Interim & Special Dividends)	320%	320%	270%	270%
Equity Dividend Amount (including Interim & Special Dividends)	55.06	8.33	57.58	9.22
Investment in Fixed Assets (Gross)	4.27	0.65	3.81	0.61
PBT as a Percentage of Average Net Worth	61%	61%	51%	51%
PAT as a Percentage of Average Net Worth	44%	44%	28%	28%
Revenue Per Person Year <sup>2</sup>	0.24	0.04	0.23	0.04
<b>At the end of the year</b>				
Total Assets	500.20	75.50	448.05	71.69
Fixed Assets (net)	40.49	6.11	42.67	6.83
Working Capital	96.85	14.62	197.48	31.60
Investment	351.46	53.05	195.15	31.23
Other Assets	11.40	1.72	12.76	2.04
Total Debt	1.19	0.18	1.11	0.18
Net Worth	499.01	75.32	446.94	71.52

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

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

Notes : 1) To facilitate comparison figures in US \$ have been arrived at by converting Rupee figures as follows:

- at the average conversion rate for all revenue items
- at the closing rate for all balance sheet items

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

## Financial Performance - A Seven Year Snapshot

In Retrospect – Consolidated (Non GAAP)

Amount in ₹ Crores

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>(1) Revenue Account</b>							
Sales / Revenue	574.19	546.38	519.96	474.83	458.03	428.01	483.17
PBIDTA	101.88	96.05	76.50	41.91	53.39	32.25	47.17
Provision for Diminution in Value of Investments	(0.85)	(0.45)	-	-	-	-	-
Depreciation & Amortization	31.66	32.17	22.35	19.41	12.54	11.20	6.60
PBIT & Exceptional Item	71.07	64.34	54.14	22.50	40.85	21.05	40.57
Other Income	24.47	18.00	26.41	17.64	31.53	21.94	16.20
Interest	2.61	1.13	0.60	0.41	0.20	0.14	0.19
Exceptional Income / (expenses)	-	-	-	-	-	173.33	232.94
Profit/(Loss) Before Tax (PBT)	92.92	81.21	79.95	39.73	72.17	216.18	289.53
Income Tax (Including withholding taxes and FBT)	17.41	7.93	15.94	7.77	20.70	96.62	83.23
Profit/(Loss) After Tax (PAT)	75.52	73.28	64.01	31.96	51.47	119.56	206.29
Dividend	16.36	18.45	17.95	15.41	67.98	57.58	55.06
<b>(2) Capital Account</b>							
Share Capital	27.11	26.19	26.01	20.96	21.28	21.34	17.72
Share Application Money (Incl. share warrants)	1.32	1.51	0.13	0.30	3.61	-	-
Reserves and Surplus	495.15	398.85	433.33	398.31	382.70	425.60	481.29
Loan Funds	34.06	12.49	3.75	2.34	1.23	1.11	1.19
Gross Block (Incl. Cap Work in Progress & Capital Advances)	483.54	486.34	490.74	491.64	531.49	435.72	464.29
Net Block (Incl. Cap Work in Progress & Capital Advances)	289.30	134.02	135.79	122.99	126.87	42.67	40.49
Investment	159.07	148.72	166.70	139.14	133.51	195.15	351.46
Deferred Tax Asset	4.05	8.28	10.07	10.89	11.18	12.76	11.40
Net Current Assets	105.22	148.01	150.67	148.89	137.26	197.48	96.85
<b>(3) Other Information</b>							
Total number of Shareholders	39,034	36,026	35,818	30,977	28,191	28,410	25,458



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

### In Retrospect - Consolidated (Non GAAP)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>(4) Ratios</b>							
<b>(a) Profitability/Efficiency</b>							
Sales/Total Income (%)	96%	97%	95%	96%	94%	95%	97%
PBIDTA/Total Income (%)	17%	17%	14%	9%	11%	7%	9%
EBITDA/Sales	18%	18%	15%	9%	12%	8%	10%
PBIT & Exceptional Items/Total Income (%)	12%	11%	10%	5%	8%	5%	8%
PBT/Total Income (%)	16%	14%	15%	8%	15%	48%	58%
PAT/Total Income (%)	13%	13%	12%	6%	11%	27%	41%
Return on Average Net Worth (%) (PAT/Average Net Worth) (%)	15%	15%	14%	8%	12%	28%	44%
Return on Average Capital Employed (pre - tax) (PBT+ Interest)/(Average Capital Employed) (%)	19%	17%	18%	10%	17%	51%	61%
Return on Average Capital Employed (post - tax) (PAT + Interest)/(Average Capital Employed) (%)	16%	16%	15%	8%	12%	28%	44%
Sales to Average Net Working Capital	3.7	4.3	3.5	3.2	3.2	2.6	3.3
Total Revenues to Average Total Assets	1.0	1.1	1.2	1.1	1.1	0.9	0.7
Fixed Assets Turnover	2.0	4.1	3.8	3.9	3.6	10.6	7.9
<b>(b) Liquidity</b>							
Net Working Capital to Total Assets	0.2	0.3	0.3	0.4	0.4	0.4	0.2
Average Collection Period (Days)	62	65	73	73	72	60	61
Current Ratio	1.9	2.4	2.6	2.8	2.6	2.8	1.7
<b>(c) Leverage</b>							
Debt-Equity Ratio	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Interest Cover	27.2	56.8	89.7	54.4	201.7	151.8	214.8
Total Assets/Net Worth	1.1	1.0	1.0	1.0	1.0	1.0	1.0
<b>(d) Growth</b>							
Growth in Sales (%)	(18)%	(5)%	(5)%	(9)%	(4)%	(7)%	13%
Growth in PBITDA (%)	(38)%	(6)%	(20)%	(45)%	27%	(40)%	46%
Net profit Growth (%)	79%	(3)%	(13)%	(50)%	61%	132%	73%

## Independent Auditors' Report

To the Members of Sasken Communication Technologies Limited

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of Sasken Communication Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W  
per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729  
Place : Bengaluru  
Date : April 22, 2016



## Annexure to the Auditors' Report

The Annexure 1 referred to in our report to the members of Sasken Communication Technologies Limited ("the Company") for the year ended March 31, 2016. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income - tax, sales - tax, wealth - tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income - tax, service tax, sales - tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income - tax, sales - tax, wealth - tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹ In lakhs)	Amount paid under protest (₹ In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	21.72	21.72	AY 1999 - 00 & AY 2000 - 01	Supreme Court
Income Tax Act, 1961	Income Tax	369.40	218.88	AY 2004 - 05 to AY 2006 - 07	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Income Tax	1,048.25	407.89	AY 2005 - 06 & AY 2009 - 10	Commissioner of Income Tax (CIT Appeals)
Income Tax Act, 1961	Income Tax	203.34	24.35	AY 2006 - 07, AY 2009 - 10 & AY 2010 - 11	Karnataka High Court
Income Tax Act, 1961	Income Tax	1,544.74	100.00	AY 2008 - 09, AY 2010 - 11 & AY 2011 - 12	Income Tax Appellate Tribunal (ITAT)
KST Act, 1957	KST	275.73	171.51	FY 2004 - 05	Karnataka Appellate Tribunal
Finance Act, 1994	Service Tax	2,831.38	125.00	FY 2005 - 06 to FY 2010 - 11	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	48.30	-	FY 2008 - 09 to FY 2013 - 14	Commissioner Appeals of Service Tax
Canadian Income Tax Laws	Income Tax for Branches	212.74	3.48	FY 2000 - 01 to 2007 - 08, FY 2010 - 11 & 2011 - 12	Canadian Revenue Agency

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/further public offer/debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

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

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud/material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non - cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of Section 45 - IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729

Place : Bengaluru  
Date : April 22, 2016



## Annexure 2 to the Independent Auditors' Report of even date on the Standalone Financial Statements of Sasken Communication Technologies Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sasken Communication Technologies Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729

Place : Bengaluru  
Date : April 22, 2016

## Standalone Balance Sheet

Amount in ₹ lakhs

	Notes	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	1,771.98	2,134.49
(b) Reserves and Surplus	4	48,103.29	42,544.66
		49,875.27	44,679.15
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Provisions	5	553.12	671.75
<b>(3) Current Liabilities</b>			
(a) Trade Payables	6	6,280.13	2,241.65
(b) Other Current Liabilities	7	1,444.54	1,708.63
(c) Short Term Provisions	8	4,604.22	5,164.57
		<b>12,328.89</b>	<b>9,114.85</b>
<b>Total</b>		<b>62,757.28</b>	<b>54,465.75</b>
<b>ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets (net)	9		
(i) Tangible Fixed Assets		3,859.39	4,082.78
(ii) Intangible Assets		52.14	40.14
(iii) Capital Work-in-Progress		12.79	1.43
		3,924.32	4,124.35
(b) Non Current Investments	10	22,011.22	11,092.99
(c) Deferred Tax Assets	11	1,063.57	1,178.32
(d) Long Term Loans and Advances	12	6,234.47	6,247.50
(e) Other Non Current Assets	13	-	250.00
		<b>33,233.58</b>	<b>22,893.16</b>
<b>(2) Current Assets</b>			
(a) Current Investments	14	16,650.35	11,235.68
(b) Inventories	15	218.84	15.68
(c) Trade Receivables	16	8,003.68	6,038.29
(d) Cash and Bank Balances	17	1,345.66	11,000.42
(e) Short Term Loans and Advances	18	1,407.35	1,555.07
(f) Other Current Assets	19	1,897.82	1,727.45
		<b>29,523.70</b>	<b>31,572.59</b>
<b>Total</b>		<b>62,757.28</b>	<b>54,465.75</b>

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

As per our report of even date.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729

Place : Bengaluru  
Date : April 22, 2016

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

Rajiv C. Mody  
Chairman and Managing Director  
DIN: 00092037

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer  
DIN: 00145580

S. Prasad  
Company Secretary





## Standalone Statement of Profit and Loss

Amount in ₹ lakhs

	Notes	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
I. Revenue from Operations	20	40,192.40	34,676.38
II. Other Income	21	3,132.99	2,443.32
III. <b>Total Revenue (I+II)</b>		<b>43,325.39</b>	<b>37,119.70</b>
IV. Expenses:			
(Increase)/Decrease in Work - in - Progress	22	(203.16)	66.76
Employee Benefit Expense	23	29,058.35	25,860.27
Depreciation and Amortization Expense	9	586.04	1,039.23
Other Expenses	24	8,267.82	6,486.80
		<b>37,709.05</b>	<b>33,453.06</b>
V. <b>Profit Before Exceptional Items and Tax (III - IV)</b>		<b>5,616.34</b>	<b>3,666.64</b>
VI. <b>Exceptional Items [Refer Note 42]</b>			
Consideration for Assignment of IP Rights		29,812.50	-
Revenue and Interest from Litigated Items		-	26,752.99
Employee related payments (current year includes managerial remuneration of ₹784.38 lakhs)		(2,884.38)	(1,500.00)
Diminution in value of investments in Subsidiaries/others		(3,594.85)	(3,536.89)
		<b>23,333.27</b>	<b>21,716.10</b>
VII. <b>Profit Before Tax (V + VI)</b>		<b>28,949.61</b>	<b>25,382.74</b>
VIII. <b>Tax Expense</b>			
Current Tax		7,940.47	9,683.41
Deferred Tax Charge/(credit)		114.75	(179.71)
<b>Total Tax Expense</b>		<b>8,055.22</b>	<b>9,503.70</b>
IX. <b>Profit for the year (VII - VIII)</b>		<b>20,894.39</b>	<b>15,879.04</b>
X. Earnings Per Equity Share (EPS) in Rupees (Equity Share par value ₹10 each)			
Before Exceptional Items :			
Basic		19.64	12.89
Diluted		19.64	12.88
After Exceptional Items :			
Basic		108.51	74.52
Diluted		108.51	74.44
Weighted average number of Equity Shares used in computation of			
Basic EPS		1,92,55,028	2,13,08,543
Diluted EPS		1,92,55,028	2,13,31,249

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

As per our report of even date.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729

Place : Bengaluru  
Date : April 22, 2016

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

Rajiv C. Mody  
Chairman and Managing Director  
DIN: 00092037

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer  
DIN: 00145580

S. Prasad  
Company Secretary

## Standalone Cash Flow Statement

Amount in ₹ lakhs

	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<b>A. Cash flows from Operating Activities:</b>		
<b>Profit Before Tax</b>	<b>28,949.61</b>	<b>25,382.74</b>
Adjustments for:		
Depreciation and Amortization Expense	586.04	1,039.23
Provision for Diminution in value of Investment	3,594.85	3,536.89
Other non - cash (writebacks)/Charges	(93.33)	(60.88)
Unrealised Exchange gain, net	46.52	(97.37)
Other Income	(2,694.76)	(4,155.84)
Operating Profit before Working Capital Changes	30,388.93	25,644.77
Adjustments for:		
(Increase)/Decrease in Trade Receivables	(1,991.73)	1,110.81
(Increase)/Decrease in Work-in-Progress	(203.16)	66.76
(Increase)/Decrease in Other Assets	(334.67)	15.58
(Increase)/Decrease in Loans & Advances	342.59	248.27
Increase/(Decrease) in Liabilities	4,084.21	(0.25)
Increase/(Decrease) in Provisions	(446.83)	221.04
Cash generated from Operations	31,839.34	27,306.97
Taxes Paid, net	(7,225.31)	(9,082.62)
<b>Net Cash from Operating Activities</b>	<b>24,614.03</b>	<b>18,224.36</b>
<b>B. Cash flows from Investing Activities:</b>		
Purchase of fixed assets and intangible assets	(373.45)	(343.83)
Sale of Fixed Assets	9.30	35.59
Dividend received from subsidiaries	1,502.59	559.41
Dividend received from preference shares	39.26	-
Dividend received on current investments	37.18	25.75
Interest received	840.87	2,339.45
Sale/(purchase) of Current Investments (net)	(4,983.70)	(460.62)
Sale/(purchase) of Non-current Investments (net)	(13,929.82)	(4,677.79)
Investment in Subsidiary including share application	(664.80)	-
Repayment of capital by Subsidiary	81.54	541.46
Loans given to Subsidiaries	-	(6,307.79)
Repayment of loans by Subsidiaries	-	6,462.07
Investment in Bank Deposits	(616.24)	(9,985.83)
Redemption of Bank Deposits	10,214.14	-
<b>Net cash from/(used in) Investing Activities</b>	<b>(7,843.13)</b>	<b>(11,812.13)</b>



## Standalone Cash Flow Statement (Contd.)

Amount in ₹ lakhs

	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<b>C. Cash Flows from Financing Activities:</b>		
Proceeds from issuance of share capital on exercise of stock options and share warrants	40.90	98.92
Repayment of Share Warrants	(360.75)	-
Buyback of shares	(9,507.06)	-
Payment of Dividend tax	(933.70)	(830.05)
Dividend Paid during the year	(6,317.44)	(5,745.31)
<b>Net cash used in financing activities</b>	<b>(17,078.05)</b>	<b>(6,476.44)</b>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(307.15)	(64.21)
Effect of translation on closing Cash and Cash equivalents	0.29	3.66
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>1,251.35</b>	<b>1,311.90</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>944.49</b>	<b>1,251.35</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	1.28	0.81
Balances with banks - Current accounts	713.26	1,169.66
Balances with banks - unpaid dividend accounts*	229.95	80.88
<b>Total Cash and Cash Equivalents as per Note 17</b>	<b>944.49</b>	<b>1,251.35</b>
* The Company can utilize these balances only towards settlement of the respective unpaid dividend.		
<b>Supplementary non-cash flow information</b>		
Investment in subsidiary through conversion of loan	-	4,228.28
Dividends received and re-invested in units of mutual funds	205.11	639.73

As per our report of even date.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729

Place : Bengaluru  
Date : April 22, 2016

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

Rajiv C. Mody  
Chairman and Managing Director  
DIN: 00092037

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer  
DIN: 00145580

S. Prasad  
Company Secretary

## Notes to Standalone Financial Statements

### 1. Description of Business

Sasken Communication Technologies Limited ("Sasken" or "the Company") is a leader in providing Engineering R&D and Productized IT services to global Tier-1 customers in the Communications & Devices, Retail, Insurance and Independent Software space. Sasken's deep domain knowledge and comprehensive suite of services have helped global leaders in verticals such as Semiconductors, Consumer Electronics, Smart Devices, Automotive Electronics, Enterprises and Network Equipment maintain market leadership. In the Retail, Insurance and Independent Software Vendor verticals, Sasken enables customers to rapidly re-architect their suite of IT Application and Infrastructure.

Established in 1989, Sasken has its headquarter in Bengaluru, operating from state-of-the-art centers in Bengaluru, Pune, Chennai & Hyderabad (India), Kaustinen and Tampere (Finland), Beijing (China), Kanagawa (Japan), Greater London (UK), California, Massachusetts, New Jersey and Texas (USA), Bochum (Germany) and Seoul (South Korea). The equity shares of Sasken have been listed on the National Stock Exchange of India Ltd., and BSE Ltd., since its initial public offering in 2005.

### 2. Significant Accounting Policies

#### (a) Basis for preparation of financial statements

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and complies in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis, except in case of certain financial instruments which are measured at fair values and in case of assets for which impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used during the previous year.

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in future, actual outcomes ultimately may differ from the estimates.

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

Fixed assets including intangible assets are stated at cost, less accumulated depreciation less impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which necessarily take substantial period of time to get ready for intended use, are also included to the extent they relate to the period till such assets are ready to be put to use. Cost of fixed assets not ready for their intended use before balance sheet date are disclosed under capital work in progress.

#### (c) Depreciation/Amortization

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

Type of asset	In years	
	Estimated life (SLM)	Schedule II Estimated life (SLM)
Building	20	60
Computers	3	3
Electrical Fittings	5	10
Furniture & Fixtures	10	10
Office Equipment	5	5
Plant and Equipment	5	15

Leasehold improvements at leased premises are depreciated on SLM, over the estimated useful life (not exceeding 10 years) or the lease period, whichever is lower.

Assets with unit value of ₹5,000 or less are depreciated entirely in the period of acquisition.

Intangible assets are amortized over the estimated useful life, on a straight line basis, as follows:

- Computer Software -
  - Computer Software used for development of software / rendering software services - over the life of the project / product - 1 year to 5 years.
  - Generic Computer Software - over 1 year.
  - Product Software for administration purposes - 3 years.
- Technical know-how - over a period of 3 years.



## Notes to Standalone Financial Statements (Contd.)

### (d) Research and Development

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

### (e) Capitalization and Amortization of Software Products

Costs incurred during the research phase are expensed off as period costs. Costs incurred towards development of computer software products meant for sale, lease or otherwise marketed, are capitalized subsequent to establishing the technological feasibility provided future economic benefit is probable and the Company has an intention and ability to complete and use or sell software and costs can be measured reliably. The costs are expensed as period costs, if the technological feasibility is not established. Capitalization ceases when the product is ready for general release to customers. Capitalized software product costs are amortized on a straight line method over the remaining estimated economic life of the product. The unamortized cost of capitalized software products is carried at cost, less accumulated amortization less impairment, if any.

### (f) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating lease. Operating lease payments are recognized as expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

### (g) Impairment of assets

- (i) The carrying amounts of assets are reviewed at each balance sheet date to assess if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- (iii) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### (h) Investments

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

### (i) Work-in-Progress

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

### (j) Revenue Recognition

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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured and the collection is probable. In all cases revenue is recognized only when no further vendor obligations remain up to the stage of revenue recognized and collection is probable. The following specific recognition criteria must also be met before revenue is recognized.

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

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

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

Revenue related to post contract customer support is recognized rateably over the support period.

## Notes to Standalone Financial Statements (Contd.)

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

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

The Company recognizes legal award revenue when the litigation reaches finality, and the Company has assurance of collecting those awards or the Company has collected litigation awards from the other litigating party or parties.

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

### (k) Foreign Currency Translations

#### (i) Foreign Currency transactions and balances

##### *Initial Recognition*

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

##### *Conversion*

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

##### *Exchange Differences*

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

##### *Forward exchange contracts not intended for trading or speculation purposes covered by notified AS 11.*

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

##### *Options and Forward exchange contracts not intended for trading or speculation purposes, classified as derivative instruments (Cash flow hedge).*

The Company has adopted the principles of Accounting Standard ('AS') 30, Financial Instruments: Recognition and Measurement to the extent that the adoption does not conflict with notified accounting standards and other applicable pronouncements. Accordingly, such derivative instruments, which qualify for hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss/(gain) is debited/credited to the hedging reserve and the ineffective portion is recognized in the Statement of Profit and Loss.

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

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

#### ii. Translation of Integral and Non-integral 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 Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the rate prevailing at the balance sheet date; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

Where there is a change in the classification of a foreign operation the translation procedures applicable to the revised classification are applied from the date of change in the classification.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.



## Notes to Standalone Financial Statements (Contd.)

### (l) Retirement and other Employee Benefits

#### (i) Gratuity

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

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

#### (ii) Provident Fund

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

#### (iii) Pension

In case of Germany branch, pension contributions are made as per the local laws and regulations. The Company provides for these 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 years of employment with the Company. The Company contributes to a reinsured support fund maintained by an external agency. The contributions made by the employer are charged to the Statement of Profit and Loss on accrual basis. Provision is made for the shortfall between the actuarial valuation carried out as at the year end, as per the projected unit credit method and the funded balance.

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

#### (iv) Compensated absences

Short-term compensated absences are provided based on estimates. Long-term compensated absences are provided for based on actuarial valuation, done as per projected unit credit method, as at balance sheet date. The Company presents the compensated absences as a current liability in the Balance Sheet wherever it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

#### (v) Other employee benefits

The Company operates other long term benefit plan covering all eligible employees. The plan provide for lump sum payments at the end of agreed tenure. The cost of providing benefit under this plan is determined by the actuarial valuation, done as per projected unit credit method as at each balance sheet date.

#### (vi) Superannuation

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

#### (vii) Actuarial gains/losses

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

### (m) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 and tax laws applicable to the overseas branches under the respective jurisdictions. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have a legal right to do so. Deferred tax liabilities are recognized for all taxable timing differences. In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse

## Notes to Standalone Financial Statements (Contd.)

during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. All 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, 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.

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

### (n) Stock Compensation Expense

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Share based employee benefits) Regulations 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company accounts for stock compensation expense based on the fair value of the options granted, determined on the date of grant. Compensation expense is amortized over the vesting period of the option on a straight-line basis. The accounting value of the options outstanding net of the Deferred Compensation Expense is reflected as Employee Stock Options Outstanding.

### (o) Segment Reporting

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

Identification of segments:

The Company is focused in the embedded communication space. The risks and returns of the Company are predominantly determined by the nature of the solution offered to its customers, which may be in the form of products or services. The primary reporting segments are Software Services and Software Products.

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

Allocation of common costs:

Common allocable costs are allocated to the segments according to the relative contribution of each segment to the total common costs.

Unallocated items:

The Unallocated items includes general corporate income and expense items, which are not allocated to any business segment.

### (p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### (q) Provisions and contingencies

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 their 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.





## Notes to Standalone Financial Statements (Contd.)

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

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

### (r) Warranty

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

### (s) Cash and cash equivalents

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

## 3. Share Capital

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Authorized Capital		
5,00,00,000 (As at March 31, 2015 : 5,00,00,000) Equity Shares of ₹10 each	5,000.00	5,000.00
Issued, Subscribed and Paid up Capital		
1,77,19,813 (As at March 31, 2015 : 2,13,44,873) Equity shares of ₹10 each fully paid up	1,771.98	2,134.49

For details of shares reserved for issue under Employee Stock Option Plan (ESOP) of the Company (Refer Note 35).

The Company has only one class of share referred to as equity shares having par value of ₹10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. For the year ended March 31, 2016, the Board of Directors have declared an interim dividend of ₹7 per equity share of ₹10 each and special dividend of ₹25 per equity share of ₹10 each (March 31, 2015 dividend declared was ₹27 per equity share including a final dividend of ₹4.50 per equity share, interim dividend of ₹2.50 per equity share and special dividend of ₹20 per equity share).

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

Name of the shareholder*	As at March 31, 2016	
	No. of shares	% holding
Rajiv Chandrakant Mody as trustee of the estate of Late C. J. Mody	15,45,560	8.72%
GHI LTP Ltd	976,166	5.51%

Name of the shareholder*	As at March 31, 2015	
	No. of shares	% holding
Estate of Chandrakant Jamiyatram Mody	15,40,267	7.22%

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

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

Particulars	As at March 31, 2016	
	No. of Shares	Amount in ₹ lakhs
Outstanding at the beginning of the year	2,13,44,873	2,134.49
Add: Issued during the year - ESOP	31,500	3.15
Less: Bought back during the year	(36,56,560)	(365.66)
Outstanding at the end of the year	1,77,19,813	1,771.98

Particulars	As at March 31, 2015	
	No. of Shares	Amount in ₹ lakhs
Outstanding at the beginning of the year	2,12,77,573	2,127.76
Add: Issued during the year-ESOP	67,300	6.73
Outstanding at the end of the year	2,13,44,873	2,134.49

## Notes to Standalone Financial Statements (Contd.)

The Company has issued 11,97,825 shares (As at March 31, 2015: 16,73,700) during the period of five years immediately preceding the reporting date on exercise of options granted under the Employee Stock Option Plan (ESOP), wherein part consideration was received in form of employee services. In terms of decision of the Board of Directors dated April 23, 2015 and in accordance with the provisions of Companies Act, 2013 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and with the approval of shareholders by Postal Ballot on June 25, 2015, the Company had offered to buy-back up to 41,57,000 fully paid up equity shares of ₹10 each, at a price of ₹260 per share for an aggregate amount of up to ₹10,808.20 lakhs from the existing shareholders of the Company under Tender Offer mechanism. The offer size represented 19.48% of the aggregate paid up capital of the Company as at March 31, 2015. The Offer was opened on August 10, 2015 and closed on August 24, 2015. During the year the Company had purchased 36,56,560 shares and completed the payment and extinguishment of said shares by September 04, 2015.

### Buy-back of Equity Shares

Particulars	As at March 31, 2016	As at March 31, 2015
Aggregate number of equity shares bought back by the Company during the period of five years immediately preceding the balance sheet date	96,63,805	74,39,878

## 4. Reserves and Surplus

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Capital Reserve</b>		
Opening Balance	132.00	132.00
<b>Total</b>	<b>132.00</b>	<b>132.00</b>
<b>Capital Redemption Reserve</b>		
Opening Balance	888.95	888.95
Add: Transferred during the year	365.66	-
<b>Total</b>	<b>1,254.61</b>	<b>888.95</b>
<b>Securities Premium</b>		
Opening Balance	6,524.09	6,393.07
Add: Receipts on exercise of employee stock options	49.95	131.02
Less: Premium on equity shares bought back	(6,544.88)	-
<b>Total</b>	<b>29.16</b>	<b>6,524.09</b>
<b>Employee Stock Options Outstanding</b>		
Employee Stock Options Outstanding	-	21.95
Less : Deferred Employee Compensation Cost Outstanding	-	(3.34)
<b>Total</b>	<b>-</b>	<b>18.61</b>
<b>General Reserve</b>		
Opening Balance	4,312.50	2,701.92
Add: Transferred from Statement of Profit and Loss	2,080.44	1,587.90
Add: Transferred from Employee Stock Option Outstanding	7.90	22.68
Less: Transferred to Capital Redemption Reserve	(365.66)	-
Less: Premium on equity shares bought back	(2,596.52)	-
<b>Total</b>	<b>3,438.66</b>	<b>4,312.50</b>
<b>Hedging Reserve</b>		
Opening Balance	402.09	338.53
Changes during the year		
Less: Gain transferred to Statement of Profit and Loss on occurrence of forecasted hedge transaction	(400.17)	(334.44)
Add: Net changes in the fair value of effective portion of outstanding cash flow derivatives	469.50	398.00
<b>Total</b>	<b>471.42</b>	<b>402.09</b>



## Notes to Standalone Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balance	30,266.42	22,573.20
Add: Profit for the year	20,894.39	15,879.04
Less: Retained earnings adjustment account	-	(35.89)
Less: Transferred to general reserve	(2,080.44)	(1,587.90)
Less: Proposed dividend	-	(960.52)
Less: Interim dividend (including Special dividend)	(5,669.94)	(4,796.98)
Less: Dividend tax	(933.70)	(804.09)
Add: Excess/(short) dividend provision adjustment	163.94	(0.44)
Add: Excess/(short) dividend tax provision adjustment	136.77	-
<b>Total</b>	<b>42,777.44</b>	<b>30,266.42</b>
<b>Total</b>	<b>48,103.29</b>	<b>42,544.66</b>

### 5. Long Term Provisions

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Pension	432.54	393.56
Other employee benefits	0.69	185.80
Employee compensated absences	119.89	92.39
<b>Total</b>	<b>553.12</b>	<b>671.75</b>

### 6. Trade Payables

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
For Goods, Services and Expenses		
- Dues to Micro and Small Enterprises (Refer Note 41)	2.44	-
- Dues to other Creditors	6,277.69	2,241.65
<b>Total</b>	<b>6,280.13</b>	<b>2,241.65</b>

### 7. Other Current Liabilities

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred Revenues	247.81	508.17
Advance Received from Customers	129.68	11.65
Security Deposits	80.00	80.00
Unpaid Dividend	229.95	80.88
Capital Creditors	34.68	23.89
Money received against share warrants	-	360.75
Statutory Liabilities	722.42	643.29
<b>Total</b>	<b>1,444.54</b>	<b>1,708.63</b>

### 8. Short Term Provisions

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Employee compensated absences	846.10	881.66
Gratuity	394.32	110.99
Warranty*	-	18.63
Dividend	-	960.52
Dividend tax	-	136.77
Other employee benefits	160.72	718.06
Income Tax (net of advance income tax)	3,203.08	2,337.94
<b>Total</b>	<b>4,604.22</b>	<b>5,164.57</b>

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Opening Balance	18.63	76.83
Additions during the year	-	-
Less: Amounts utilized/reversed during the year	(18.63)	(58.20)
<b>Closing Balance</b>	<b>-</b>	<b>18.63</b>

## Notes to Standalone Financial Statements (Contd.)

### 9. Fixed Assets

Amount in ₹ lakhs

Particulars	Tangible Assets							Intangible Assets				Grand Total (C = A + B)	
	Freehold Land	Buildings	Leasehold Improvements	Computers	Electrical Fittings	Furniture & Fixtures	Office Equipment	Plant & Equipment	Total (A)	Computer Software	Technical Know-how		Total (B)
<b>Gross Block</b>													
As at April 1, 2014	2,287.67	3,314.88	686.49	4,235.55	440.81	1,482.93	2,211.50	1,739.52	16,399.35	4,117.36	43.65	4,161.01	20,560.36
Additions during the year	-	-	-	226.32	9.97	4.51	37.61	2.62	281.03	64.74	-	64.74	345.77
Deletions during the year	-	-	325.15	300.08	76.25	153.57	314.69	120.89	1,290.63	1,892.94	43.65	1,936.59	3,227.22
<b>As at March 31, 2015</b>	<b>2,287.67</b>	<b>3,314.88</b>	<b>361.34</b>	<b>4,161.79</b>	<b>374.53</b>	<b>1,333.87</b>	<b>1,934.42</b>	<b>1,621.25</b>	<b>15,389.75</b>	<b>2,289.16</b>	<b>-</b>	<b>2,289.16</b>	<b>17,678.91</b>
Additions during the year	-	-	-	189.76	18.16	14.20	50.87	34.25	307.24	68.52	-	68.52	375.76
Deletions during the year	-	-	-	148.60	33.67	90.22	1.50	154.98	428.97	69.51	-	69.51	498.48
<b>As at March 31, 2016</b>	<b>2,287.67</b>	<b>3,314.88</b>	<b>361.34</b>	<b>4,202.95</b>	<b>359.02</b>	<b>1,257.85</b>	<b>1,983.79</b>	<b>1,500.52</b>	<b>15,268.02</b>	<b>2,288.17</b>	<b>-</b>	<b>2,288.17</b>	<b>17,556.19</b>
<b>Depreciation/ Amortization</b>													
As at April 1, 2014	-	2,134.02	404.24	3,743.15	309.16	1,240.65	2,109.16	1,625.84	11,566.22	4,052.64	43.65	4,096.29	15,662.51
Charge for the year	-	168.00	152.61	377.68	56.51	90.53	59.62	44.98	949.93	89.30	-	89.30	1,039.23
Deletions during the year	-	-	314.97	295.65	74.65	147.15	310.21	120.89	1,263.52	1,892.92	43.65	1,936.57	3,200.09
Adjustments	-	-	-	54.34	-	-	-	-	54.34	-	-	-	54.34
<b>As at March 31, 2015</b>	<b>-</b>	<b>2,302.02</b>	<b>241.88</b>	<b>3,879.52</b>	<b>291.02</b>	<b>1,184.03</b>	<b>1,858.57</b>	<b>1,549.93</b>	<b>11,306.97</b>	<b>2,249.02</b>	<b>-</b>	<b>2,249.02</b>	<b>13,555.99</b>
Charge for the year	-	168.00	21.50	169.87	41.78	51.71	43.69	32.97	529.52	56.52	-	56.52	586.04
Deletions during the year	-	-	-	147.86	33.67	89.99	1.37	154.97	427.86	69.51	-	69.51	497.37
<b>As at March 31, 2016</b>	<b>-</b>	<b>2,470.02</b>	<b>263.38</b>	<b>3,901.53</b>	<b>299.13</b>	<b>1,145.75</b>	<b>1,900.89</b>	<b>1,427.93</b>	<b>11,408.63</b>	<b>2,236.03</b>	<b>-</b>	<b>2,236.03</b>	<b>13,644.66</b>
<b>Net Block</b>													
As at March 31, 2015	2,287.67	1,012.86	119.46	282.27	83.51	149.84	75.85	71.32	4,082.78	40.14	-	40.14	4,122.92
As at March 31, 2016	2,287.67	844.86	97.96	301.42	59.89	112.10	82.90	72.59	3,859.39	52.14	-	52.14	3,911.53



## Notes to Standalone Financial Statements (Contd.)

### 10. Non Current Investments

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Investment in Equity Instruments (Trade, unquoted, at cost less provision for diminution)</b>		
<b>i. Investment in Subsidiary Companies</b>		
Sasken Network Engineering Ltd.		
30,50,000 (As at March 31, 2015: 30,50,000) equity shares of ₹10 each, fully paid up	305.00	305.00
Sasken Communication Technologies Mexico, S.A. de C.V., Mexico		
9,600 (As at March 31, 2015: 9,600) equity shares of Mexican Peso 500 each, fully paid up	176.75	176.75
Less: Provision for diminution in value of investment	(176.75)	(176.75)
	-	-
Sasken Communication Technologies (Shanghai) Co. Ltd., China towards equity capital, fully paid up	706.96	706.96
Less: Provision for diminution in value of investment	(282.48)	(282.48)
	424.48	424.48
Sasken Finland Oy		
20,197 (As at March 31, 2015: 20,197) equity shares of 1 Euro each fully paid up	18,466.13	18,466.13
Less: Dividend received out of pre-acquisition profits	(623.00)	(541.46)
Less: Provision for diminution in value of investment	(16,418.52)	(16,418.52)
	1,424.61	1,506.15
Sasken Inc., USA		
3,60,54,347 (As at March 31, 2015: 3,17,06,521) equity shares of USD 0.01 each, fully paid up	5,844.23	5,179.43
Less: Provision for diminution in value of investment	(4,306.14)	(951.15)
	1,538.09	4,228.28
<b>ii. Investment in Joint Ventures</b>		
ConnectM Technology Solutions Pvt. Ltd.		
1,44,73,846 (As at March 31, 2015: 1,44,73,846) equity shares of ₹10 each, fully paid up	1,796.24	1,796.24
Less: Provision for diminution in value of investment	(1,796.24)	(1,796.24)
	-	-
TACO Sasken Automotive Electronics Ltd.		
52,00,403 (As at March 31, 2015: 52,00,403) equity shares of ₹10 each, fully paid up	520.04	520.04
Less: Provision for diminution in value of investment	(520.04)	(520.04)
	-	-
<b>iii. Other Investments</b>		
Prime Telesystems Ltd.		
3,92,285 (As at March 31, 2015: 3,92,285) fully paid equity shares of ₹10/- each, fully paid up	240.00	240.00
Less: Provision for diminution in value of investment	(240.00)	(240.00)
	-	-
<b>Investment in Equity Instruments (Non-Trade, unquoted, at cost less provision for diminution)</b>		
Axiom Research Labs Private Ltd.		
5 (As at March 31, 2015: Nil) fully paid equity shares of ₹10/- each, fully paid up	2.80	-
Less: Provision for diminution in value of investment	(2.80)	-
	-	-

## Notes to Standalone Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Cygni Energy Private Ltd.		
80,000 (As at March 31, 2015: Nil) fully paid equity shares of ₹10/- each, fully paid up	200.00	-
Investment in Preference Shares (Trade, unquoted, at cost less provision for diminution)		
Investment in Joint Ventures		
TACO Sasken Automotive Electronics Ltd.		
24,78,000 (As at March 31, 2015: 24,78,000) redeemable preference shares of ₹10 each fully paid up	247.80	247.80
Less: Provision for diminution in value of investment	(247.80)	(247.80)
	-	-
<b>Investment in Preference Shares (Non - Trade, unquoted, at cost less provision for diminution)</b>		
Axiom Research Labs Private Ltd.		
424 (As at March 31, 2015: Nil) fully paid preference shares of ₹10/- each, fully paid up	237.06	-
Less: Provision for diminution in value of investment	(237.06)	-
Tata Capital Limited		
50,000 (As at March 31, 2015: Nil) 8.33%-Fully paid-up Non-Convertible Cumulative Redeemable non-participating Preference shares ("CRPS") of ₹1,000 each, fully paid up	500.00	-
<b>Investment in Tax free bonds (Non - Trade, quoted, at cost less provision for diminution)</b>		
60,400 (As at March 31, 2015: Nil) units of ₹1,000.00 each IRFC Tax Free bonds 7.28% - 15 Years	604.00	-
12,007 (As at March 31, 2015: Nil) units of ₹1,001.96 each HUDCO Tax Free bonds 7.39% - 15 Years	120.31	-
2,00,000 (As at March 31, 2015: Nil) units of ₹1,033.75 each HUDCO Tax Free bonds 7.39% - 15 Years (2)	2,067.50	-
1,00,000 (As at March 31, 2015: Nil) units of ₹1,026.80 each IRFC Tax Free bonds 7.34% - 15 Years	1,026.80	-
47,500 (As at March 31, 2015: Nil) units of ₹1,125.00 each NHAI Tax Free bonds 8.50% - 15 Years	534.38	-
32,000 (As at March 31, 2015: Nil) units of ₹1,033.20 each IRFC Tax Free bonds 7.35% - 15 Years	330.62	-
75,570 (As at March 31, 2015: Nil) units of ₹1,002.49 NHAI Tax Free bonds 7.35% - 15 Years	757.58	-
<b>Investment in Mutual Funds (Non - Trade, quoted, at cost less provision for diminution)</b>		
50,00,000 (As at March 31, 2015: 50,00,000) units of ₹10 each of Tata Fixed Maturity Plan Series 44 - Scheme B - Direct Plan - Growth	500.00	500.00
45,00,000 (As at March 31, 2015: 45,00,000) units of ₹10 each of Tata Fixed Maturity Plan Series 43 - Scheme A - Direct Plan - Growth	450.00	450.00
43,50,000 (As at March 31, 2015: 43,50,000) units of ₹10 each of Tata Fixed Maturity Plan Series 43 - Scheme D - Direct Plan - Growth	435.00	435.00
26,00,000 (As at March 31, 2015: 26,00,000) units of ₹10 each of HDFC FMP 370D - Direct Growth	260.00	260.00
52,00,000 (As at March 31, 2015: 52,00,000) units of ₹10 each of HDFC FMP 1128D - Direct Growth - Series 33	520.00	520.00



## Notes to Standalone Financial Statements (Contd.)

Particulars	As at March 31, 2016	As at March 31, 2015
66,49,813 (As at March 31, 2015: 66,49,813) units of ₹10 each of HDFC FMP - 370D Series 28 - Direct Plan - Growth	664.98	664.98
1,39,90,980 (As at March 31, 2015: 1,39,90,980) units of ₹10 each of ICICI Prudential FMP - Series 75 - 1103 days Plan P Direct Plan - Cumulative	1,399.10	1,399.10
40,00,000 (As at March 31, 2015: 40,00,000) units of ₹10 each of Kotak FMP 114 Direct - Growth	400.00	400.00
31,00,000 (As at March 31, 2015: Nil) units of ₹10 each of IDFC FTPS-91 370 - Direct - Growth	310.00	-
62,50,000 (As at March 31, 2015: Nil) units of ₹10 each of Kotak FMP Series 156 370 Days - Direct - Growth	625.00	-
22,87,680 (As at March 31, 2015: Nil) units of ₹10 each of L&T FMP Series XI - Plan A - Direct - Growth	228.77	-
1,00,00,000 (As at March 31, 2015: Nil) units of ₹10 each of Reliance FHF Series XXIX - Direct Plan - Growth	1,000.00	-
1,47,00,000 (As at March 31, 2015: Nil) units of ₹10 each of Birla Sun Life Mutual Fund FTP SR NE (1100 D) Direct Growth	1,470.00	-
70,00,000 (As at March 31, 2015: Nil) units of ₹10 each of SBI Mutual Fund Debt FD Series B - 36 (1131 D) Direct Growth	700.00	-
1,05,00,000 (As at March 31, 2015: Nil) units of ₹10 each of ICICI Prudential Mutual Fund FMP SR 78 - (1115 D) PL X Direct Cumulative	1,050.00	-
1,50,00,000 (As at March 31, 2015: Nil) units of ₹10 each of UTI FTI - Series XXIV - IX (1183 D) - Direct - Growth	1,500.00	-
66,50,000 (As at March 31, 2015: Nil) units of ₹10 each of UTI FTI - Series XXII - Plan 1 - Direct - Growth	665.00	-
Aggregate amount of quoted investments	17,619.04	4,629.08
Aggregate amount of unquoted investments	4,392.18	6,463.91
Aggregate amount of investments	22,011.22	11,092.99
Aggregate market value of quoted investments	18,861.72	5,114.76
Aggregate provision for diminution in value of investments	(24,227.83)	(20,632.98)

### 11. Deferred Tax Asset

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Differences in depreciation in block of fixed assets as per tax books and financial books	638.26	662.52
Effect of expenditure debited to Statement of Profit and Loss in the current year but allowed for tax purposes in following years on payment basis	425.31	515.80
<b>Total</b>	<b>1,063.57</b>	<b>1,178.32</b>

### 12. Long Term Loans and Advances

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Capital Advances	17.56	20.44
Security Deposits	282.47	279.74
Advances recoverable in cash or in kind or for value to be received		
- Balances with government authorities*	960.33	1,144.76
- Advances to employees	6.57	4.67
- Prepaid expenses/Other recoverables	21.59	1.92
Advance income tax (Net of Provision for tax)	4,945.95	4,795.97
<b>Total</b>	<b>6,234.47</b>	<b>6,247.50</b>

\* Includes Disputed taxes paid under protest ₹960.33 lakhs (Net of provision of ₹112.50 lakhs) [March 31, 2015 - ₹1,144.76 lakhs (net of provision of ₹ Nil)].

## Notes to Standalone Financial Statements (Contd.)

### 13. Other Non Current Assets

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Non-current bank balances (Refer Note 17)	-	250.00
<b>Total</b>	<b>-</b>	<b>250.00</b>

### 14. Current Investments

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
i. Unquoted, at lower of cost or net realizable value, Investment in Mutual Funds		
2,50,003 (As at March 31, 2015: Nil) units of ₹1,000.65 each of Union KBC Liquid Fund Direct Plan - Daily Dividend Reinvestment	2,501.66	-
2,22,400 (As at March 31, 2015: Nil) units of ₹1,012.85 each of L&T Liquid Fund - Direct Plan - DDR	2,251.17	-
1,38,477 (As at March 31, 2015: Nil) units of ₹1,011.62 each of Kotak Floater ST - Direct Plan - Daily Dividend Reinvestment	1,400.86	-
1,09,933 (As at March 31, 2015: Nil) units of ₹1,001.52 each of Tata Money Market Fund - Direct Plan - DDR	1,101.00	-
Nil (As at March 31, 2015: 66,89,888) units of ₹12.74 each of IDFC Arbitrage Fund - Dividend Payout - Direct Plan	-	850.71
Nil (As at March 31, 2015: 57,33,752) units of ₹10.90 each of Kotak Equity Arbitrage Fund - Dividend Payout - Direct Plan	-	626.15
56,25,774 (As at March 31, 2015: 28,01,656) units of ₹10.67 each of JP Morgan India Equity Income Fund - Direct - Growth	600.00	299.06
Nil (As at March 31, 2015: 12,840) units of ₹1,675.03 each of SBI Magnum Insta Cash Fund - Direct Plan - Daily Dividend	-	215.08
2,47,68,114 (As at March 31, 2015: Nil) units of ₹10.10 each of Sundaram Money Fund Direct Plan - DDR	2,502.20	-
1,63,887 (As at March 31, 2015: Nil) units of ₹1,000.64 each of Axis Liquid Fund - Daily Dividend Reinvestment	1,639.92	-
9,99,054 (As at March 31, 2015: Nil) units of ₹100.20 each of Birla Sun Life Cash Plus - Daily Dividend Reinvestment - Direct Plan	1,001.00	-
98,213 (As at March 31, 2015: Nil) units of ₹1,528.74 each of Reliance Liquid Fund - Treasury Plan - Direct - Daily Dividend - Reinvestment	1,501.42	-
1,67,031 (As at March 31, 2015: Nil) units of ₹1,003.25 each of SBI Premier Liquid Fund - Direct - Daily Dividend Reinvestment	1,675.74	-
Nil (As at March 31, 2015: 48,459) units of ₹1,002.01 each of Taurus Ultra Short Term Bond Fund - Direct - Super IP - DDR	-	485.57
Nil (As at March 31, 2015: 1,00,40,425) units of ₹10.02 each of DWS Ultra Short Term Fund - Direct - DDR	-	1,005.84
Nil (As at March 31, 2015: 1,20,12,463) units of ₹10.08 each of JP Morgan India Treasury Fund - Direct - DDR	-	1,210.08
Nil (As at March 31, 2015: 1,29,147) units of ₹1,007.23 each of Baroda Pioneer Treasury Advantage Fund Direct - DDR	-	1,300.80
Nil (As at March 31, 2015: 1,72,63,595) units of ₹1,098.00 each of Sundaram Ultra Short Term Fund - Direct - DDR	-	1,733.94
14,702 (As at March 31, 2015: Nil) units of ₹341.00 each of Franklin India BlueChip Fund - Direct - Growth	50.00	-
1,83,022 (As at March 31, 2015: Nil) units of ₹27.32 each of ICICI Prudential Focused Bluechip Equity Fund - Direct - Growth	50.00	-
1,81,407 (As at March 31, 2015: Nil) units of ₹27.56 each of SBI BlueChip Fund - Direct - Growth	50.00	-
66,775 (As at March 31, 2015: Nil) units of ₹74.88 each of UTI MidCap Fund - Direct - Growth	50.00	-
2,509 (As at March 31, 2015: Nil) units of ₹1,001.85 each of Franklin India TMA - Daily Dividend Reinvestment - Direct Plan	25.14	-
24,940 (As at March 31, 2015: Nil) units of ₹1,003.39 each of UTI Money Market Fund - Daily Dividend Reinvestment - Direct Plan	250.24	-
	<b>16,650.35</b>	<b>7,727.23</b>





## Notes to Standalone Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
ii. Quoted at lower of cost or net realizable value, Investment in Mutual Funds		
Nil (As at March 31, 2015: 62,50,000) units of ₹10.00 each of Kotak FMP Series 156 370 Days - Direct - Growth	-	625.00
Nil (As at March 31, 2015: 31,00,000) units of ₹10.00 each of IDFC FTFS-91 370 - Direct - Growth	-	310.00
Nil (As at March 31, 2015: 68,10,000) units of ₹10.00 each of LIC Nomura MF FMP - 81 - Direct - Growth	-	681.00
Nil (As at March 31, 2015: 79,20,000) units of ₹10.00 each of L&T FMP Series XI - Plan A - Direct - Growth	-	792.00
Nil (As at March 31, 2015: 48,60,000) units of ₹10.00 each of LIC Nomura FMP Series 82 - Direct - Growth	-	486.00
Nil (As at March 31, 2015: 36,03,163) units of ₹10.00 each of ICICI Prudential FMP - Series 74 - 370 days (Aug 2013) - I Plan V Direct Plan - Cumulative	-	360.32
Nil (As at March 31, 2015: 25,41,337) units of ₹10.00 each of SBI Debt Fund Series - A 32 - 367 Days - Direct - Growth	-	254.13
	-	3,508.45
<b>Aggregate amount of Current investments</b>	<b>16,650.35</b>	<b>11,235.68</b>
<b>Aggregate market value of quoted investments</b>	<b>-</b>	<b>3,802.12</b>

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Work in progress - software services	218.84	15.68
<b>Total</b>	<b>218.84</b>	<b>15.68</b>

### 16. Trade Receivables

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured considered good</b>		
Outstanding for more than six months from due date	8.62	4.15
Outstanding for less than six months from due date	7,995.06	6,034.14
<b>Unsecured considered doubtful</b>		
Outstanding for more than six months from due date	3.52	2.16
Less: Provision for doubtful debts	(3.52)	(2.16)
<b>Total</b>	<b>8,003.68</b>	<b>6,038.29</b>

### 17. Cash and Bank Balances

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cash and Cash Equivalents</b>		
Cash on Hand	1.28	0.81
Balances with banks - Current Accounts	713.26	1,169.66
Balances with banks - Unpaid dividend accounts*	229.95	80.88
	944.49	1,251.35
<b>Other Bank Balances</b>		
Bank deposits with original maturity more than 3 months but less than or equal to 12 months	400.00	8,985.00
Bank deposits with original maturity more than 12 months	-	1,000.00
Bank balances held as margin money/security against guarantees	1.17	14.07
	401.17	9,999.07
Less: Bank deposits with original maturity more than 12 months disclosed under non-current assets (Refer Note 13)	-	(250.00)
<b>Total</b>	<b>1,345.66</b>	<b>11,000.42</b>

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

## Notes to Standalone Financial Statements *(Contd.)*

### 18. Short Term Loans and Advances

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Security Deposits	95.71	216.53
Recoverable from subsidiary companies		
- Sasken Inc.	-	82.19
- Sasken Network Engineering Limited	10.47	-
- Sasken Communication Technologies (Shanghai) Co. Ltd.	43.00	40.56
Advances recoverable in cash or in kind or for value to be received		
- Advance to Suppliers	261.14	278.24
- Advances to Employees	229.81	138.66
- Balances with Government Authorities	104.06	124.61
- Prepaid expenses/Other recoverables	663.16	674.28
<b>Total</b>	<b>1,407.35</b>	<b>1,555.07</b>

### 19. Other Current Assets

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Interest accrued on fixed deposits / bonds	73.37	237.67
Unbilled revenues	1,824.45	1,489.78
<b>Total</b>	<b>1,897.82</b>	<b>1,727.45</b>



## Notes to Standalone Financial Statements (Contd.)

### 20. Revenue from Operations

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Revenue from Software Products	173.53	332.83
Revenue from Software Services	40,018.87	34,343.55
<b>Total</b>	<b>40,192.40</b>	<b>34,676.38</b>

### 21. Other Income

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Dividend on current investments	242.29	665.48
Dividend received from subsidiaries	1,502.59	559.41
Dividend on Preference Shares	39.26	-
Net gain on sale of current investments	225.86	197.29
Interest Income		
- on Bank Deposits	630.82	280.09
- on Tax Free Bonds	23.65	-
- on Income Tax refund	8.19	-
- on Loan to subsidiary	-	148.08
- on Others	13.91	6.57
Write back of unclaimed balances/provisions	96.18	32.51
Profit on Sale of Fixed Assets	8.19	8.46
Write back of doubtful debts	2.16	-
Exchange gain (net)	302.91	413.37
Miscellaneous Income	36.98	132.06
<b>Total</b>	<b>3,132.99</b>	<b>2,443.32</b>

### 22. (Increase)/Decrease in Work - in - Progress (WIP)

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Opening balance of WIP - software services	15.68	82.44
Closing balance of WIP - software services	218.84	15.68
<b>Total</b>	<b>(203.16)</b>	<b>66.76</b>

### 23. Employee Benefit Expense

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Salaries & Bonus	26,111.00	23,156.93
Contribution to Provident and Other Funds	1,891.59	1,632.03
Staff Welfare	858.67	756.43
Recruitment and Relocation	195.60	345.41
Employee stock option compensation cost (net)	1.49	(30.53)
<b>Total</b>	<b>29,058.35</b>	<b>25,860.27</b>

## Notes to Standalone Financial Statements (Contd.)

### 24. Other Expenses

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Rent	445.37	587.58
Repairs and Maintenance		
- Plant and Machinery	477.06	466.09
- Building	385.42	307.58
- Others	59.79	66.40
Communication Expense	247.22	256.62
Travel Expense	1,272.21	1,472.20
Electricity and Water Charges	451.66	435.61
Professional, Legal and Consultancy Charges	2,598.57	1,309.39
Insurance	122.55	127.82
Contract Staff Cost	1,137.29	829.74
Software Expense	38.22	22.93
Training and Conference Expense	65.68	91.61
Selling expense - others	40.73	37.84
Provision for doubtful debts/(reversal)	3.52	1.17
Bad Debts (net of recovery)	-	0.99
Auditor's Remuneration		
- Audit Fees (including fees for consolidated financials)	28.00	28.00
- Other Services (certification fees)	2.00	4.25
- Reimbursement of expenses	3.16	2.44
Rates and Taxes	262.57	74.48
Directors' Sitting Fees and Commission	165.56	107.50
Donations	18.29	9.67
Corporate Social Responsibility (CSR) (Refer Note 40)	120.00	69.86
Printing & Stationery	71.09	61.02
Miscellaneous Expense	251.86	116.01
<b>Total</b>	<b>8,267.82</b>	<b>6,486.80</b>

### 25. Investments in Subsidiaries and Joint Ventures

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

Sasken has a 46.29% (March 31, 2015, 46.29%) interest in a joint venture company called ConnectM Technology Solutions Pvt. Ltd. ("ConnectM"), incorporated in India, which focuses on end-to-end cycle development & sustenance to the Transportation, Industrial, Utilities and Enterprise markets enabled by Machine-to-Machine (M2M) communications. As at March 31, 2016, the Company has invested ₹1,796.24 lakhs (March 31, 2015 ₹1,796.24 lakhs) in ConnectM. ConnectM has incurred losses since the date of incorporation. The Company has evaluated its investment in the Joint Venture for the purpose of determination of potential diminution in value, and based on such evaluation and determination, the Company has recognized a provision for diminution in the value of investment in ConnectM as at March 31, 2016 amounting to ₹1,796.24 lakhs ( March 31, 2015 ₹1,796.24 lakhs).

The Company's proportionate share in assets, liabilities, income and expense of the aforesaid jointly controlled entity are detailed below.

Balance Sheet of ConnectM:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Assets	198.58	203.84
Liabilities	248.38	246.90
Contingent Liabilities	-	-
Capital Commitment	-	-



## Notes to Standalone Financial Statements (Contd.)

Statement of Profit and Loss of ConnectM:

Particulars	Amount in ₹ lakhs	
	Year Ended March 31, 2016	Year Ended March 31, 2015
Income	322.80	260.74
Expenses	329.56	415.43

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

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

Considering the closure of operations of TSAE, the Company has made full provision for diminution in the value of investments in TSAE amounting to ₹767.84 lakhs (March 31, 2015 ₹767.84 lakhs).

(c) The Company has evaluated its investment in Sasken Finland Oy for the purpose of determination of potential diminution in value of investment and based on such evaluation and determination, the Company has recognized a provision for diminution in the value of investment for the year ended March 31, 2016 amounting to ₹Nil (March 31, 2015 ₹3,360.14 lakhs).

(d) The Board of Directors at their meeting held on September 14, 2015 considered the amalgamation of Sasken Network Engineering Ltd., (SNEL) a wholly-owned subsidiary of the Company with Sasken Communication Technologies Ltd. The proposed merger shall be effected through a Scheme of Amalgamation under the provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956 or any other amendment or modifications made thereto. The Scheme has been approved by the Board subject to requisite approvals from the relevant regulatory authorities and sanction of the Hon'ble High Court of Karnataka. The Appointed Date of the Scheme will be April 1, 2015 and no issue of fresh capital or any other security is contemplated as SNEL is a wholly-owned subsidiary of the Company. The Hon'ble High Court of Karnataka, based on the application filed on March 30, 2016 passed orders on April 1, 2016 dispensing with the meetings of the equity shareholders and unsecured creditors for approving the Scheme of Amalgamation. SNEL is now permitted to file a petition within two weeks of receipt of certified copy of the order for which necessary application has been made.

### 26. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) amounted to ₹94.91 lakhs (As at March 31, 2015 ₹28.21 lakhs).

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

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

Foreign Currency Hedged	Type of Contract	As at March 31, 2016		As at March 31, 2015	
		Amount (In Foreign Currency lakhs)	Weighted Average Forward Exchange Rate (₹)	Amount (In Foreign Currency lakhs)	Weighted Average Forward Exchange Rate (₹)
US Dollar (USD)	Sell	291.59	70.09	149.49	65.59
Euro (EUR)	Sell	33.53	77.06	24.14	80.08

The Company does not have any open European style option contracts whereby it has option to sell as on March 31, 2016 (As at March 31, 2015 EUR 2.00 lakhs).

c) For commitments relating to lease arrangements, Refer Note 39.

### 27. Contingent Liabilities

Particulars	Amount in ₹ lakhs	
	As at March 31, 2016	As at March 31, 2015
Bank guarantees	8.96	8.96
Income taxes* (matters pertaining to disputes on tax holiday benefits, transfer pricing and disallowance of certain expenses claimed by the Company)	3,064.33	3,534.60
Indirect taxes* (includes matters pertaining to disputes on VAT/sales tax and service tax)	2,879.68	5,048.23

## Notes to Standalone Financial Statements (Contd.)

\* The Company is contesting the demands and based on expert advice, the management believes that its position will likely be upheld in the various appellate authorities/courts. The management believes that the ultimate outcome of these proceeding will not be adverse and such demands have been disclosed as contingent liabilities.

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

### 28. The Company has following foreign currency exposures which are not hedged:

As at March 31, 2016

Currency	Amount in Foreign Currency lakhs			Amount in Rupees lakhs		
	Loans & Advances	Current Liabilities	Net Receivable / (Payable)	Loans & Advances	Current Liabilities	Net Receivable / (Payable)
Australian Dollar (AUD)	-	0.13	(0.13)	-	6.63	(6.63)
Canadian Dollar (CAD)	-	0.13	(0.13)	-	6.66	(6.66)
Euro (EUR)	0.47	1.20	(0.73)	35.45	90.52	(55.07)
Hong Kong Dollar (HKD)	-	0.34	(0.34)	-	2.90	(2.90)
British Pound (GBP)	0.06	0.07	(0.01)	5.73	6.69	(0.96)
Japanese Yen (JPY)	-	2.04	(2.04)	-	1.20	(1.20)
US Dollar (USD)	4.53	9.91	(5.38)	300.05	656.54	(356.49)
Swedish Krona (SEK)	-	0.18	(0.18)	-	1.47	(1.47)
Singapore Dollar (SGD)	-	0.31	(0.31)	-	15.27	(15.27)

As at March 31, 2015

Currency	Amount in Foreign Currency lakhs			Amount in Rupees lakhs		
	Loans & Advances	Current Liabilities	Net Receivable / (Payable)	Loans & Advances	Current Liabilities	Net Receivable / (Payable)
Australian Dollar (AUD)	-	0.09	(0.09)	-	4.27	(4.27)
Euro (EUR)	0.44	1.96	(1.52)	29.55	131.65	(102.10)
Hong Kong Dollar (HKD)	-	0.34	(0.34)	-	2.74	(2.74)
British Pound (GBP)	0.01	-	0.01	0.92	-	0.92
Japanese Yen (JPY)	-	6.07	(6.07)	-	3.16	(3.16)
US Dollar (USD)	5.82	6.35	(0.53)	363.72	396.84	(33.12)
Arab Emirates Dirham (AED)	-	0.06	(0.06)	-	1.02	(1.02)
Singapore Dollar (SGD)	-	0.12	(0.12)	-	5.46	(5.46)

### 29. Earnings in Foreign Currency (on accrual basis)

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Income from licensing and software development	30,300.67	27,562.72
Income from Assignment of IP Rights	29,812.50	-
Royalty including interest	173.52	27,052.38
Interest income on loan to subsidiary	-	148.08
Dividend income from subsidiary	320.37	559.41
<b>Total</b>	<b>60,607.06</b>	<b>55,322.59</b>

### 30. Expenditure in Foreign Currency (on accrual basis)

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Travel expenses	412.58	414.99
Professional, legal & consultancy charges	1,370.08	498.45
Software expense	89.40	15.45
Expenses at branch offices	11,361.58	11,568.38
Others	488.90	465.58
<b>Total</b>	<b>13,722.54</b>	<b>12,962.85</b>

Out of the above expenditure in foreign currency (on accrual basis), the amounts after recovery from customers for the year ended March 31, 2016 is ₹13,389.08 lakhs. (Year Ended March 31, 2015 is ₹12,732.75).



## Notes to Standalone Financial Statements (Contd.)

### 31. CIF value of Imports

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Capital goods	243.75	217.92

### 32. Remittance in foreign currency on account of dividends

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016			Year Ended March 31, 2015			
	Interim Dividend	Interim and Special Dividend	Final Dividend	Interim Dividend	Interim Dividend	Special Dividend	Final Dividend
Number of shareholders	13	11	13	14	14	14	14
Number of shares of ₹10 each (par value per share)	1,30,636	93,343	1,26,136	3,92,519	98,636	3,92,519	3,92,519
Amount of dividends paid	3.92	27.07	5.68	11.78	2.47	78.50	5.89
Year to which dividend relates	2015 - 16	2015 - 16	2014 - 15	2013 - 14	2014 - 15	2014 - 15	2013 - 14

### 33. Employee Benefits

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Superannuation fund	23.53	28.89
Other Social security contributions	930.08	822.80

#### (ii) Defined benefit plans:

##### a) Gratuity

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Current service cost	116.05	77.56
Interest cost	84.43	74.34
Expected return on plan assets	(85.39)	(89.07)
Actuarial (gain)/loss	267.47	66.36
Total	382.56	129.19

Liability/(Asset) recognized in the Balance Sheet

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Present value of the defined benefit obligation	1,420.91	1,219.19
Plan assets at the end of the year, at fair value	1,026.59	1,108.20
Liability/(Asset) recognized in the Balance Sheet	394.32	110.99

Changes in the present value of defined benefit obligation are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Defined benefit obligations at beginning of the year	1,219.19	1,056.97
Current service cost	116.05	77.56
Transfer	11.76	43.34
Interest cost	84.43	74.34
Benefits paid	(207.63)	(231.82)
Actuarial (gain)/loss	197.11	198.80
Defined benefit obligations at the end of the period/year	1,420.91	1,219.19

## Notes to Standalone Financial Statements (Contd.)

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Plans assets at the beginning of the year at fair value	1,108.20	1,118.51
Contributions	110.99	-
Expected return on plan assets	85.39	89.07
Actuarial gain/(loss)	(70.36)	132.44
Benefits paid	(207.63)	(231.82)
Plans assets at the end of the year at fair value	1,026.59	1,108.20
Actual return on plan assets	15.03	221.51

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

Particulars	As at March 31, 2016	As at March 31, 2015
Interest rate for discount (p.a.)	7.57%	7.90%
Salary increase (p.a.)	5.00%	5.00%
Estimated rate of Return on plan assets (p.a.)	8.00%	8.00%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined Benefit Obligation	1,420.91	1,219.19	1,056.97	1,077.01	1,033.34
Plan Assets	1,026.59	1,108.20	1,118.51	986.93	945.61
(Surplus)/Deficit	394.32	110.99	(61.54)	90.08	87.73
Experience (Gain)/Loss adjustments on Plan Liabilities	165.30	113.23	12.90	44.10	(175.24)
Experience Gain/(Loss) adjustments on Plan Assets	(70.36)	132.44	4.47	14.24	31.79

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

Particulars	As at March 31, 2016	As at March 31, 2015
Investment with insurer managed funds	100%	100%

### (b) Pension

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Current service cost	-	-
Interest cost	23.28	29.49
Expected return on Plan Assets	18.24	(18.59)
Actuarial (gain)/loss	(12.41)	68.51
Exchange (gain)/loss	-	-
<b>Total</b>	<b>29.11</b>	<b>79.42</b>

Liability/(Asset) recognized in the Balance Sheet

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Present value of the defined benefit obligation	1,110.90	972.14
Plan Assets at the end of the year, at fair value	678.36	578.58
Liability/(Asset) recognized in the Balance Sheet	432.54	393.56





## Notes to Standalone Financial Statements (Contd.)

Changes in the present value of defined benefit obligation are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Defined benefit obligations at beginning of the year	972.14	1,070.42
Current service cost	-	-
Interest cost	23.28	29.49
Benefits paid	-	-
Actuarial (gain)/loss	(4.88)	69.40
Exchange (gain)/loss	120.36	(197.17)
Defined benefit obligations at the end of the year	1,110.90	972.14

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Plan assets at the beginning of the year at fair value	578.58	674.60
Contributions	9.55	8.51
Expected return on Plan Assets	18.24	18.59
Actuarial gain/(loss)	7.53	0.89
Exchange (gain)/loss	64.46	(124.01)
Benefits paid	-	-
Plan Assets at the end of the year at fair value	678.36	578.58
Actual return on Plan Assets	25.77	19.48

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

Particulars	As at March 31, 2016	As at March 31, 2015
Interest rate for discount (p.a.)	2.85%	2.85%
Estimated rate of Return on Plan Assets (p.a.)	2.85%	2.85%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined Benefit Obligation	1,110.90	972.14	1,070.42	797.25	611.51
Plan Assets	678.36	578.58	674.60	546.82	511.52
(Surplus)/Deficit	432.54	393.56	395.82	250.43	99.99
Experience (Gain)/Loss adjustments on Plan Liabilities	-	59.67	237.42	258.58	-
Experience Gain/(Loss) adjustments on Plan Assets	(4.88)	68.50	92.68	4.06	-

The major categories of plan assets as a percentage of the fair value of Total Plan Assets are as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
Investment with insurer managed funds	100%	100%

### (c) Provident fund

The Guidance note on Implementing AS15, Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. The actuary has provided a valuation by applying the deterministic approach to compute the present value of interest rate guarantee and based on the below provided assumptions, there is no shortfall as at March 31, 2016.

## Notes to Standalone Financial Statements (Contd.)

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Current service cost	526.32	490.60
Interest cost	746.50	654.14
Expected return on Plan Assets	(791.98)	(686.63)
Actuarial (gain)/loss	45.47	32.49
<b>Total</b>	<b>526.31</b>	<b>490.60</b>

Liability/(Asset) recognized in the Balance Sheet

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Present value of the defined benefit obligation	10,935.73	9,029.08
Plan Assets at the end of the year, at fair value	10,935.73	9,029.08
Liability/(Asset) recognized in the Balance Sheet	-	-

Changes in the present value of defined benefit obligation are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Defined benefit obligations at beginning of the year	9,029.08	8,324.41
Current service cost	526.32	490.60
Contribution by plan Participants	940.54	1,086.79
Interest cost	746.50	654.14
Benefits paid	(330.01)	(1,608.02)
Actuarial (gain)/loss	23.30	81.16
Defined benefit obligations at the end of the year	10,935.73	9,029.08

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Plan Assets at the beginning of the year at fair value	9,029.08	8,324.41
Contributions	1,466.85	1,577.39
Transfer	-	-
Expected return on Plan Assets	791.98	686.63
Actuarial gain/(loss)	(22.17)	48.67
Benefits paid	(330.01)	(1,608.02)
Plan Assets at the end of the year at fair value	10,935.73	9,029.08
Actual return on Plan Assets	769.81	735.30

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

Particulars	As at March 31, 2016	As at March 31, 2015
Interest rate for discount (p.a.)	7.88%	7.90%
Estimated Rate of Return on Plan Assets (p.a.)	8.53%	8.25%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Defined Benefit Obligation	10,935.73	9,029.08	8,324.41	8,021.50
Plan Assets	10,935.73	9,029.08	8,324.41	8,021.50
(Surplus)/Deficit	-	-	-	-
Experience (Gain)/Loss adjustments on Plan Liabilities	-	2.27	8.29	59.24
Experience Gain/(Loss) adjustments on Plan Assets	-	-	-	-



## Notes to Standalone Financial Statements (Contd.)

The major categories of plan assets as a percentage of the fair value of Total Plan Assets are as follows:

Investment Details	As at March 31, 2016	As at March 31, 2015
Government of India securities	21.81%	28.33%
State Government securities	27.78%	21.56%
PSU securities	38.47%	43.32%
Others (including bank balances)	11.94%	6.79%

Notes:

- Assumptions relating to future salary increases, attrition, etc. have been considered based on relevant economic factors such as inflation, market growth, etc.
- The Company expects to contribute ₹400 lakhs (March 31, 2015 ₹150 lakhs) to gratuity, ₹9 lakhs (March 31, 2015 ₹9 lakhs) to pension and ₹750 lakhs (March 31, 2015 ₹750 lakhs) to provident fund in the subsequent year.
- The overall return on assets is determined based on prevailing market price.

### 34. Provision for tax expenses

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries. Sasken's operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions.

### 35. Employee Stock Option Plans (Equity Settled)

Sasken ESOP 2006

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

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

#### Details of Option Plans

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

## Notes to Standalone Financial Statements (Contd.)

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Total accounting value of options outstanding (A)	-	21.95
Deferred Compensation Cost	-	21.95
Less: Amortized	-	18.61
Net Deferred Compensation Cost (B)	-	3.34
<b>(A) - (B)</b>	<b>-</b>	<b>18.61</b>

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

Particulars	March 31, 2016			March 31, 2015		
	No. of Options	Amount in ₹ lakhs	Weighted average - Exercise Price (₹)	No. of Options	Amount in ₹ lakhs	Weighted average Exercise Price (₹)
Outstanding at the beginning of the year	54,000	21.95	126.92	1,88,800	125.60	156.13
Granted during the period/year	-	-	-	-	-	-
Forfeited during the period/year	22,500	9.75	122.80	67,500	64.82	188.61
Exercised during the period/year	31,500	12.20	123.75	67,300	38.83	146.98
Outstanding at the end of the period/year	-	-	-	54,000	21.95	126.92
Exercisable at the end of the period/year	-	-	-	27,000	-	134.83
Weighted average remaining contractual life (in years)	-	-	-	1.77	-	-

The weighted average market price of the Company's shares during the year ended March 31, 2016 was ₹276.65 (March 31, 2015 : ₹245.63 per share).

The Black Scholes valuation model has not been disclosed for computing the weighted average fair value since no ESOPs were granted during the current and previous year.

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

Range of exercise price (₹)	As at March 31, 2016			As at March 31, 2015		
	Number of options outstanding	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)	Number of options outstanding	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)
50 - 119	-	-	-	31,500	2.50	119.00
120 - 225	-	-	-	22,500	0.75	138.00

### 36. Related Party Disclosures

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

Particulars	Percentage of holding as at	
	March 31, 2016	March 31, 2015
<b>Subsidiaries</b>		
Sasken Network Engineering Limited ('SNEL')	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 Finland Oy ('Sasken Finland')	100.00%	100.00%
Sasken Inc., USA ('Sasken Inc')	100.00%	100.00%
<b>Joint Ventures</b>		
TACO Sasken Automotive Electronics Limited ('TSAE')	50.00%	50.00%
ConnectM Technology Solutions Pvt. Ltd. ('ConnectM')	46.29%	46.29%



## Notes to Standalone Financial Statements (Contd.)

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

Amount in ₹ lakhs

Name of the related party	Relationship
Rajiv C. Mody	Chairman, Managing Director and Chief Executive Officer
Krishna J. Jhaveri	Whole Time Director
G. Venkatesh*	Non Executive Director
Neeta S. Revankar	Whole Time Director and Chief Financial Officer
Anjan Lahiri (upto September 23, 2014)	Whole Time Director and Chief Executive Officer

\* Dr. G. Venkatesh, ceased to be a Whole Time Director as on January 19, 2015 and continues in the Board as a Non-Executive Director.

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

Amount in ₹ lakhs

Name of the related party	Year Ended March 31, 2016	Year Ended March 31, 2015
Rajiv C. Mody	747.66	323.25
Krishna J. Jhaveri	22.11	28.68
G. Venkatesh	-	60.55
Neeta S. Revankar	408.18	179.55
Anjan Lahiri (up to September 23, 2014)	-	50.46
<b>Total</b>	<b>1,177.95</b>	<b>642.49</b>

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

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
(i) <b>Investments:</b>		
<b>Equity Share Capital</b>		
- SNEL	305.00	305.00
- Sasken China <sup>1</sup>	706.96	706.96
- Sasken Finland Oy <sup>2</sup>	17,843.13	17,924.67
- Sasken Inc <sup>3</sup>	5,844.23	5,179.43
- Sasken Mexico <sup>4</sup>	176.75	176.75
- TSAE <sup>5</sup>	520.04	520.04
- ConnectM <sup>6</sup>	1,796.24	1,796.24
Preference Share Capital		
- TSAE <sup>5</sup>	247.80	247.80
(ii) Other Receivable for reimbursement of expenses		
- Sasken China	43.00	40.56
- SNEL	10.45	-
- Sasken Inc.	-	82.19
(iii) Advances received from customers		
- Sasken Inc.	110.12	-
(iv) Security deposits		
- SNEL	80.00	80.00

<sup>1</sup> Provision for diminution in value of investments ₹282.48 lakhs, (As at March 31, 2015 ₹282.48 lakhs).

<sup>2</sup> Provision for diminution in value of investments ₹16,418.52 lakhs, (As at March 31, 2015 ₹16,418.52 lakhs).

<sup>3</sup> Provision for diminution in value of investments ₹4,306.14 lakhs, (As at March 31, 2015 ₹951.15 lakhs).

<sup>4</sup> Provision for diminution in value of investments ₹176.75 lakhs, (As at March 31, 2015 ₹176.75 lakhs).

<sup>5</sup> Provision for diminution in value of investments ₹767.84 lakhs, (As at March 31, 2015 ₹767.84 lakhs).

<sup>6</sup> Provision for diminution in value of investments ₹1,796.24 lakhs, (As at March 31, 2015 ₹ 1,796.24 lakhs).

## Notes to Standalone Financial Statements (Contd.)

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
(i) <b>Trade receivables outstanding</b>		
- Sasken Inc.	-	328.04
(ii) Unbilled Revenue		
- SNEL	1.05	-
- Sasken Inc.	42.81	2.90
(iii) Trade Payables for goods, expenses and services		
- Sasken Mexico	1.90	1.79
- Sasken China	182.90	172.53
- SNEL	-	16.01
(iv) Deferred Revenue		
- Sasken Inc.	-	137.22

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
(i) <b>Cross charges for common administrative services, net</b>		
- SNEL	28.89	147.60
- Sasken Finland	9.53	16.05
- Sasken Inc.	31.76	15.45
(ii) Software Development Services rendered to		
- Sasken Finland	-	40.01
- Sasken Inc.	1,449.47	770.04
(iii) Network Support Services (IT Enabled) procured from		
- SNEL	-	186.62
(iv) Interest on Loan charged to		
- Sasken Inc.	-	148.08
(v) Dividend Received from		
- Sasken Finland [includes ₹81.54 lakhs ( March 31, 2015 - ₹541.46 lakhs) against investments in relation to pre-acquisition reserve and ₹19.44 lakhs (March 31, 2015 - ₹84.02 lakhs ) for exchange differences]	320.37	1,184.89
- SNEL	1,283.20	-
(vi) Loans given during the year		
- Sasken Inc.	-	6,307.79
(vii) Loans repaid		
- Sasken Inc.	-	6,462.07
(viii) Investments made in Subsidiaries		
- Sasken Inc.	664.80	4,228.28

## 37. Segment Reporting

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

### (a) Business Segment Information

#### Segmental Balance Sheet

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Segment Assets</b>		
Software Services	10,672.70	8,142.18
Software Products	6.28	30.89
Corporate and others (Unallocated)	52,078.30	46,292.68
<b>Total</b>	<b>62,757.28</b>	<b>54,465.75</b>



## Notes to Standalone Financial Statements (Contd.)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Segment Liabilities</b>		
Software Services	6,614.61	4,003.38
Software Products	47.31	59.26
Liabilities (Unallocated)	6,220.09	5,723.96
<b>Total</b>	<b>12,882.01</b>	<b>9,786.60</b>
<b>Capital Expenditure</b>		
Software Services	81.64	124.16
Software Products	16.20	0.70
Corporate and others (Unallocated)	286.40	242.16
<b>Total</b>	<b>384.24</b>	<b>367.02</b>

### Segmental Statement of Profit and Loss

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Revenues</b>	<b>40,192.40</b>	<b>34,676.38</b>
Software Services	40,018.87	34,343.55
Software Products	173.53	332.83
Segment Profits	11,826.30	7,978.02
Software Services	11,872.71	7,794.97
Software Products	(46.41)	183.05
<b>Less:</b>		
Corporate Expenses	9,342.95	6,754.70
<b>Profit from Operations</b>	<b>2,483.35</b>	<b>1,223.32</b>
Add: Other Income including Exchange Gain/(Loss), net	3,132.99	2,443.32
Profit before exceptional item	5,616.34	3,666.64
Add: Exceptional item	23,333.27	21,716.10
<b>Profit Before Taxes</b>	<b>28,949.61</b>	<b>25,382.74</b>
Income taxes including deferred tax	8,055.22	9,503.70
<b>Profit After Tax</b>	<b>20,894.39</b>	<b>15,879.04</b>
<b>Other Information:</b>		
<b>Depreciation/Amortization</b>		
Software Services	466.89	772.63
Software Products	17.74	27.26
Corporate and Others	101.41	239.34
<b>Total</b>	<b>586.04</b>	<b>1,039.23</b>

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

### (b) Geographic Segment Information:

#### Revenues:

Amount in ₹ lakhs

Region	Year Ended March 31, 2016	Year Ended March 31, 2015
North America (including Canada)	15,422.10	14,741.91
Europe (including Middle East)	10,772.31	10,006.50
Asia Pacific (other than India)	2,048.09	1,810.85
India	11,949.91	8,117.12
<b>Total</b>	<b>40,192.40</b>	<b>34,676.38</b>

## Notes to Standalone Financial Statements (Contd.)

### Assets:

#### Trade receivables & Unbilled Revenue

Amount in ₹ lakhs

Region	As at March 31, 2016	As at March 31, 2015
North America (including Canada)	3,459.23	2,493.07
Europe (including Middle East)	2,426.20	2,610.75
Asia Pacific (other than India)	426.40	612.60
India	3,516.30	1,811.65
<b>Total</b>	<b>9,828.13</b>	<b>7,528.07</b>

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

### 38. Earnings Per Share (EPS)

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

Amount in ₹ lakhs (except share data)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Profit for computation of basic and diluted EPS	20,894.39	15,879.04
Weighted average number of shares considered for basic EPS	1,92,55,028	2,13,08,543
Add: Effect of stock options/warrants	-	22,706
Weighted average number of shares considered for diluted EPS	1,92,55,028	2,13,31,249

### 39. Operating leases

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Rent expenses included in Statement of Profit and Loss towards operating leases	445.37	587.58

Future minimum lease obligation under non-cancellable lease contracts amounts to:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Due within one year	20.84	54.36
Due between one to five years	-	20.00
Due more than five years	-	-

### 40. Details of Corporate Social Responsibility (CSR) Expenditure

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
a) Gross amount required to be spent by the Company during the year	238.80	114.40
b) Amount spent during the year ended on March 31, 2016:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	120.00	69.86

### 41. Dues to micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act')'. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.





## Notes to Standalone Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
- Principal	2.44	-
- Interest	-	-
The amount of interest paid by the buyer in terms of Section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

### 42. Exceptional Items

#### Previous year

The Company had received a favourable arbitration award of ₹26,752.99 lakhs for royalty and interest income in respect of Software product license granted to a non-Indian licensee, who had purportedly claimed non-usage of the licensed IPR after initial acceptance, which was successfully contested by the Company, and the same was recognized as exceptional revenue. In relation to the above, a provision towards employee payments amounting to ₹1,500.00 lakhs was recorded as an exceptional item

The Company had evaluated its investment in Saskaen Finland Oy and Saskaen Communication Technologies Mexico S. A. de C. V. for the purpose of determination of potential diminution in value of investment and based on such evaluation and determination, the Company had recognized further provision for diminution in the value of investment for the year ended March 31, 2015 amounting to ₹3,360.14 lakhs and ₹176.75 lakhs respectively and disclosed the same as an exceptional item.

#### Current year

The Company had another arbitration proceeding with one of its customer and both parties had preferred certain claims. In March 2016, the two parties entered into a settlement agreement whereby both parties mutually agreed to stop the arbitration proceedings and the Company received a consideration of USD 45 million (equivalent to ₹29,812.50 lakhs) for assignment of its rights in the independently owned IPR and foreground information, which has been recognized as an exceptional item. Further, in relation to the above, a provision towards employee payments amounting to ₹2,100.00 lakhs and managerial remuneration amounting to ₹784.38 lakhs has also been recorded as an exceptional item.

During the current year, the Company has evaluated certain long term investments for the purpose of determination of potential diminution in value of investments and based on such evaluation and determination, a provision for diminution in the value of investment as at March 31, 2016 amounting to ₹3,594.85 lakhs has been recorded as an exceptional item.

### 43. Comparatives

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

As per our report of even date.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729

Place : Bengaluru  
Date : April 22, 2016

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

Rajiv C. Mody  
Chairman and Managing Director  
DIN: 00092037

S. Prasad  
Company Secretary

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer  
DIN: 00145580

## Independent Auditors' Report

To the Members  
Sasken Communication Technologies Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sasken Communication Technologies Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its joint controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

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

### Report on Other Legal and Regulatory Requirements

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

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



## Independent Auditors' Report *(Contd.)*

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and jointly controlled companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and joint venture - Refer Note 28(b) to the consolidated financial statements;
  - (ii) The Group did not have any material foreseeable losses in long-term contracts including derivative contracts; and
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and jointly controlled companies incorporated in India.

### Other Matters

The accompanying consolidated financial statements include total assets of ₹3,117.86 lakhs as at March 31, 2016, total revenues (including other income) of ₹5,188.31 lakhs and net cash in flows of ₹45.61 lakhs for the year ended on that date, in respect of two subsidiaries, and one jointly controlled entity, which have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the report(s) of such other auditors.

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

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729

Place : Bengaluru  
Date : April 22, 2016

# Annexure 1 to the Independent Auditors' Report of even date on the Consolidated Financial Statements of Sasken Communication Technologies Limited

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Sasken Communication Technologies Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Sasken Communication Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and jointly controlled companies, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company, its subsidiary companies and jointly controlled companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to one subsidiary company and one jointly controlled entity, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and jointly controlled companies incorporated in India.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729

Place : Bengaluru  
Date : April 22, 2016

## Consolidated Balance Sheet

Amount in ₹ lakhs

	Notes	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	1,771.98	2,134.49
(b) Reserves and Surplus	4	48,129.05	42,559.71
		49,901.03	44,694.20
<b>2. Non Current Liabilities</b>			
(a) Long Term Provisions	5	566.78	690.91
<b>3. Current Liabilities</b>			
(a) Trade Payables	6	6,316.40	2,470.86
(b) Other Current Liabilities	7	1,730.42	2,099.40
(c) Short Term Provisions	8	5,253.05	5,939.51
		<b>13,299.87</b>	<b>10,509.77</b>
<b>Total</b>		<b>63,767.68</b>	<b>55,894.88</b>
<b>ASSETS</b>			
<b>1. Non Current Assets</b>			
(a) Fixed Assets (net)	9		
(i) Tangible Fixed Assets	9a	3,966.64	4,193.82
(ii) Intangible Assets	9b	52.14	50.98
(iii) Capital Work - in - Progress		12.79	1.43
		<b>4,031.57</b>	<b>4,246.23</b>
(b) Non Current Investments	10	18,319.04	7,231.32
(c) Deferred Tax Assets	11	1,139.61	1,275.65
(d) Long Term Loans and Advances	12	6,945.90	6,771.42
(e) Other Non Current Assets	13	0.80	259.39
		<b>30,436.92</b>	<b>19,784.01</b>
<b>2. Current Assets</b>			
(a) Current Investments	14	16,826.79	12,283.75
(b) Inventories	15	246.83	44.95
(c) Trade Receivables	16	9,627.84	6,992.91
(d) Cash and Bank Balances	17	2,338.26	12,589.69
(e) Short Term Loans and Advances	18	1,559.35	1,650.02
(f) Other Current Assets	19	2,731.69	2,549.55
		<b>33,330.76</b>	<b>36,110.87</b>
<b>Total</b>		<b>63,767.68</b>	<b>55,894.88</b>

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

As per our report of even date.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

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

per Chandra Kumar Rampuria  
Partner  
Membership number: 055729

Rajiv C. Mody  
Chairman and Managing Director  
DIN: 00092037

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer  
DIN: 00145580

Place : Bengaluru  
Date : April 22, 2016

S. Prasad  
Company Secretary



## Consolidated Statement of Profit and Loss

Amount in ₹ lakhs

	Notes	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
I. Revenue from Operations	20	48,316.74	42,800.99
II. Other Income	21	1,620.29	2,193.80
III. <b>Total Revenue (I+II)</b>		<b>49,937.03</b>	<b>44,994.79</b>
IV. Expenses:			
(Increase)/Decrease in Work - in - Progress	22	(203.16)	131.80
Consumption of Raw Materials	23	18.84	45.96
Employee Benefit Expense	24	34,275.58	31,500.34
Depreciation and Amortization Expense	9	660.08	1,119.76
Other Expenses	25	9,508.50	7,898.35
Finance Cost	26	18.89	13.87
<b>Total Expenses</b>		<b>44,278.73</b>	<b>40,710.08</b>
V. <b>Profit Before Exceptional Items and Tax (III - IV)</b>		<b>5,658.30</b>	<b>4,284.71</b>
VI. <b>Exceptional Items [Refer Note 36]</b>			
Consideration for Assignment of IP Rights		29,812.50	-
Revenue and Interest from Litigated Items		-	26,752.99
Employee related payments (current year includes managerial remuneration of ₹784.38 lakhs)		(2,884.38)	(1,500.00)
Impairment of Investments/Goodwill and Other Receivables		(3,633.85)	(7,919.69)
<b>Total</b>		<b>23,294.27</b>	<b>17,333.30</b>
VII. <b>Profit Before Tax (V + VI)</b>		<b>28,952.57</b>	<b>21,618.01</b>
VIII. <b>Tax Expense</b>			
Current Tax		8,187.28	9,810.59
Deferred Tax Charge/(credit)		136.04	(139.46)
Minimum Alternate Tax Credit entitlement		-	(9.56)
<b>Total Tax Expense</b>		<b>8,323.32</b>	<b>9,661.57</b>
IX. <b>Profit for the year (VII - VIII)</b>		<b>20,629.25</b>	<b>11,956.44</b>
X. Earnings Per Equity Share (EPS) in Rupees (Equity Share par value ₹10 each)			
Before Exceptional Items :			
Basic		18.46	15.05
Diluted		18.46	15.03
After Exceptional Items :			
Basic		107.14	56.11
Diluted		107.14	56.05
Weighted average number of Equity Shares used in computation of			
Basic EPS		1,92,55,028	2,13,08,543
Diluted EPS		1,92,55,028	2,13,31,249

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

As per our report of even date.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership number: 055729

Place : Bengaluru  
Date : April 22, 2016

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

Rajiv C. Mody  
Chairman and Managing Director  
DIN: 00092037

S. Prasad  
Company Secretary

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer  
DIN: 00145580

## Consolidated Cash Flow Statement

Amount in ₹ lakhs

	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<b>A. Cash flows from Operating Activities:</b>		
<b>Profit Before Tax</b>	<b>28,952.57</b>	<b>21,618.01</b>
Adjustments for:		
Depreciation and Amortization Expense	660.08	1,119.76
Provision for Diminution in value of Investment	3,633.85	409.17
Other non - cash (writeback)/Charges	(103.77)	7,231.28
Unrealised Exchange (gain)/loss, net	31.71	16.60
Interest Expense	18.89	13.87
Other Income	(1,276.08)	(3,553.92)
Operating Profit before Working Capital Changes	31,917.25	26,854.77
Adjustments for:		
(Increase)/Decrease in Trade Receivables	(2,570.21)	1,722.79
(Increase)/Decrease in Inventories	(201.88)	164.44
(Increase)/Decrease in Other Assets	(296.26)	(1,130.63)
(Increase)/Decrease in Loans & Advances	310.70	34.92
Increase/(Decrease) in Liabilities	3,768.53	411.53
Increase/(Decrease) in Provisions	(497.86)	66.26
Cash generated from Operations	32,430.27	28,124.08
Taxes Paid, net	(7,530.72)	(8,991.47)
<b>Net Cash from Operating Activities</b>	<b>24,899.55</b>	<b>19,132.61</b>
<b>B. Cash flows from Investing Activities:</b>		
Purchase of Fixed Assets	(422.53)	(406.36)
Sale of Fixed Assets	9.49	39.93
Dividend received on Preference Shares	39.26	-
Dividend received on Current Investments	37.18	25.75
Interest Received	895.71	2,340.82
Sale/(purchase) of Current Investments (net)	(4,057.01)	(1,012.80)
Sale/(purchase) of Non-current Investments (net)	(14,565.21)	(4,515.74)
Loan to Body Corporate	(132.50)	-
Investment in Bank Deposits	(616.24)	(9,495.55)
Redemption of Bank Deposits	10,730.19	6.32
<b>Net cash from/(used in) Investing Activities</b>	<b>(8,081.66)</b>	<b>(13,017.63)</b>





## Consolidated Cash Flow Statement (Contd.)

Amount in ₹ lakhs

	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<b>C. Cash Flows from Financing Activities:</b>		
Buyback of Shares	(9,507.06)	-
Proceeds from issuance of share capital on exercise of stock options and share warrants	40.90	98.92
Repayment of Share Warrants	(360.75)	-
Repayment of Long Term Borrowings	7.14	(11.46)
Payment of Dividend Tax	(1,194.93)	(830.05)
Dividend paid during the year	(6,317.45)	(5,745.31)
Interest paid	(18.61)	(13.91)
<b>Net cash used in financing activities</b>	<b>(17,350.76)</b>	<b>(6,501.81)</b>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(532.87)	(386.83)
Effect of translation on closing Cash and Cash equivalents	145.39	(669.01)
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>2,270.62</b>	<b>3,326.46</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>1,883.14</b>	<b>2,270.62</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	3.33	1.49
Balances with banks - Current accounts	1,649.86	2,188.25
Balances with banks - unpaid dividend accounts*	229.95	80.88
<b>Total Cash and Cash Equivalents as per Note 17</b>	<b>1,883.14</b>	<b>2,270.62</b>
* The Company can utilize these balances only towards settlement of the respective unpaid dividend.		
<b>Supplementary non cashflow information</b>		
Dividends received and re-invested in units of mutual funds	254.45	692.81

As per our report of even date.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership number: 055729

Place : Bengaluru  
Date : April 22, 2016

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

Rajiv C. Mody  
Chairman and Managing Director  
DIN: 00092037

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer  
DIN: 00145580

S. Prasad  
Company Secretary

## Notes to Consolidated Financial Statements

### 1. Description of Business

Sasken Communication Technologies Limited (“Sasken” or “the Company”) and its subsidiaries and joint venture (hereinafter collectively referred to as “the Group”) is a leader in providing Engineering R&D and Productized IT services to global Tier-1 customers in the Communications & Devices, Retail, Insurance and Independent Software space. Sasken’s deep domain knowledge and comprehensive suite of services have helped global leaders in verticals such as Semiconductors, Consumer Electronics, Smart Devices, Automotive Electronics, Enterprises and Network Equipment maintain market leadership. In the Retail, Insurance and Independent Software Vendor verticals, Sasken enables customers to rapidly re-architect their suite of IT Application and Infrastructure.

Established in 1989, the Group has its headquarter in Bengaluru, operating from state-of-the-art centers in Bengaluru, Pune, Chennai & Hyderabad (India), Kaustinen and Tampere (Finland), Beijing (China), Kanagawa (Japan), Seoul (South Korea), Greater London (UK), California, Massachusetts, New Jersey and Texas (USA), Bochum (Germany) and Dubai (UAE). The equity shares of Sasken have been listed on the National Stock Exchange of India Ltd. and BSE Ltd. since its initial public offering in 2005.

### 2. Significant Accounting Policies

#### (a) Basis for preparation of consolidated financial statements

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

Name of Subsidiary	Country of Incorporation	% Holding	
		March 31, 2016	March 31, 2015
Sasken Network Engineering Limited (SNEL)	India	100.00%	100.00%
Sasken Communication Technologies Mexico, S.A. de C.V (Sasken Mexico)	Mexico	100.00%	100.00%
Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China)	China	100.00%	100.00%
Sasken Finland Oy (Sasken Finland)	Finland	100.00%	100.00%
Sasken Inc. (Sasken USA)	USA	100.00%	100.00%

Name of Joint Venture	Country of Incorporation	% Holding	
		March 31, 2016	March 31, 2015
ConnectM Technology Solutions Pvt. Ltd. (ConnectM)	India	46.29%	46.29%

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and complies in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis, except in case of certain financial instruments which are measured at fair values and in case of assets for which impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those used during the previous years.

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

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s best knowledge of current events and actions the Group may undertake in future, actual outcomes ultimately may differ from the estimates.



## Notes to Consolidated Financial Statements (Contd.)

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

Fixed assets including intangible assets are stated at cost, less accumulated depreciation/amortization less impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which necessarily take substantial period of time to get ready for intended use, are also included to the extent they relate to the period till such assets are ready to be put to use. Cost of fixed assets not ready for their intended use before balance sheet date are disclosed under capital work in progress.

### (c) Depreciation/Amortization

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

Type of asset	In years	
	Estimated life (SLM)	Schedule II Estimated life (SLM)
Building	20	60
Computers	3	3
Electrical Fittings	5	10
Furniture & Fixtures	10	10
Plant & Equipment	5	15
Office Equipment	5	5
Vehicles	5	5

Leasehold improvements at leased premises are depreciated on SLM, over the estimated useful life (not exceeding 10 years) or the lease period, whichever is lower.

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

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

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

### (d) Research and Development

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

### (e) Capitalization and Amortization of Software Products

Costs incurred during the research phase are expensed off as period costs. Costs incurred towards development of computer software products meant for sale, lease or otherwise marketed, are capitalized subsequent to establishing the technological feasibility provided future economic benefit is probable and the Company has an intention and ability to complete and use or sell software and costs can be measured reliably. The costs are expensed as period costs, if the technological feasibility is not established. Capitalization ceases when the product is ready for general release to customers. Capitalized software product costs are amortized on a straight line method over the remaining estimated economic life of the product. The unamortized cost of capitalized software products is carried at cost, less accumulated amortization less impairment, if any.

## Notes to Consolidated Financial Statements (Contd.)

### (f) 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 leases payments are recognized as expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

### (g) Impairment of assets

- (i) The carrying amounts of assets are reviewed at each balance sheet date to assess if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- (iii) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### (h) Investments

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

### (i) Inventories

- (i) Work-in-Progress  
Costs related to milestones that have not been completed until the balance sheet date are reported as work in progress. Work in progress is carried at cost or net realizable value whichever is lower. Cost includes all expenses directly identifiable to a project and other costs directly attributable to the project. Net Realizable value is the estimated revenue expected in the ordinary course of business on completion of the milestone less expected costs and margin on completion of milestone.
- (ii) Raw materials and Components  
Raw materials and Components are valued at lower of cost or net realizable value. Cost is determined on FIFO basis. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

### (j) Revenue Recognition

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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured and the collection is probable. In all cases revenue is recognized only when no further vendor obligations remain, up to the stage of revenue recognized and collection is probable. The following specific recognition criteria must also be met before revenue is recognized.

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 rateably over the term of the maintenance arrangement.

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

Revenue related to post contract customer support is recognized ratably over the support period.

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

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

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

The Company recognizes legal award revenue when the litigation reaches finality, and the Company has assurance of collecting those awards or the Company has collected litigation awards from the other litigating party or parties.

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



## Notes to Consolidated Financial Statements (Contd.)

### (k) Foreign Currency Translations

#### (i) Foreign Currency transactions and balances

##### *Initial Recognition*

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

##### *Conversion*

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

##### *Exchange Differences*

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

##### *Forward exchange contracts not intended for trading or speculation purposes covered by notified AS 11.*

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

##### *Options and Forward exchange contracts not intended for trading or speculation purposes, classified as derivative instruments (Cash flow hedge).*

The Group has adopted the principles of Accounting Standard ('AS') 30, Financial Instruments: Recognition and Measurement to the extent that the adoption does not conflict with notified accounting standards and other applicable pronouncements. Accordingly, such derivative instruments, which qualify for hedge accounting are fair valued at balance sheet date and the effective portion of the resultant loss/(gain) is debited/credited to the hedging reserve and the ineffective portion is recognized in the Statement of Profit and Loss.

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

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

#### ii. Translation of Integral and Non-integral 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 the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the rate prevailing at the balance sheet date; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

Where there is a change in the classification of a foreign operation the translation procedures applicable to the revised classification are applied from the date of change in the classification.

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.

### (l) Retirement and other Employee Benefits

#### (i) Gratuity

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

## Notes to Consolidated Financial Statements (Contd.)

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

(ii) Provident Fund

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

(iii) Pension

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

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

(iv) Compensated absences

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

(v) Other employee benefits

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

(vi) Superannuation

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

(vii) Actuarial gains/losses

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

### (m) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with tax laws applicable to the respective jurisdictions. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have a legal right to do so. Deferred tax liabilities are recognized for all taxable timing differences. In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Group has carry forward of unabsorbed depreciation and tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.



## Notes to Consolidated Financial Statements (Contd.)

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

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

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

### (n) Stock Compensation Expense

Measurement and disclosure of the employee share - based payment plans is done in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share - based Payments, issued by the Institute of Chartered Accountants of India. The Group accounts for stock compensation expense based on the fair value of the options granted, determined on the date of grant. Compensation expense is amortized over the vesting period of the option on a straight - line basis. The accounting value of the options outstanding net of the Deferred Compensation Expense is reflected as Employee Stock Options Outstanding.

### (o) Segment Reporting

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

Identification of segments:

The Group is focused in the embedded communication space. The risks and returns of the Group are predominantly determined by the nature of the solutions offered to its customers, which may be in the form of products or services. The primary reporting segments are Software Services, Software Products, Network Engineering Services and Automotive, Utilities & Industrial.

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

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The unallocated items includes general corporate income and expense items, which are not allocated to any business segment.

### (p) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### (q) Provisions and contingencies

A provision is recognized when the enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

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

## Notes to Consolidated Financial Statements (Contd.)

### (r) Warranty

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

### (s) Government Subsidy

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

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

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

### (t) Cash and cash equivalents

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

The Cash Flow Statement has been prepared under the indirect method.

## 3. Share Capital

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Authorized Capital		
5,00,00,000 (As at March 31, 2015: 5,00,00,000) Equity Shares of ₹10 each	5,000.00	5,000.00
Issued, Subscribed and Paid up Capital		
1,77,19,813 (As at March 31, 2015: 2,13,44,873 ) Equity shares of ₹10 each fully paid up	1,771.98	2,134.49

For details of shares reserved for issue under Employee Stock Option Plan (ESOP) of the Company (Refer Note 30).

The Company has only one class of share referred to as equity shares having par value of ₹10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. For the year ended March 31, 2016, the Board of Directors have declared an interim dividend of ₹7 per equity share of ₹10 each and special dividend of ₹25 per equity share of ₹10 each (March 31, 2015 dividend declared was ₹27 per equity share including a final dividend of ₹4.50 per equity share, interim dividend of ₹2.50 per equity share and special dividend of ₹20 per equity share).

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

Name of the shareholder*	As at March 31, 2016	
	No. of shares	% holding
Rajiv Chandrakant Mody as Trustee of the Estate of Late C. J. Mody	15,45,560	8.72%
GHI LTP Ltd.	9,76,166	5.51%

Name of the shareholder*	As at March 31, 2015	
	No of shares	% holding
Estate of Chandrakant Jamiyatram Mody	15,40,267	7.22%

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

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

Particulars	As at March 31, 2016	
	No. of Shares	Amount in ₹ lakhs
Outstanding at the beginning of the year	2,13,44,873	2,134.49
Add: Issued during the year - ESOP	31,500	3.15
Less: Bought back during the year	(36,56,560)	(365.66)
Outstanding at the end of the year	1,77,19,813	1,771.98





## Notes to Consolidated Financial Statements (Contd.)

Particulars	As at March 31, 2015	
	No. of Shares	Amount in ₹ lakhs
Outstanding at the beginning of the year	2,12,77,573	2,127.76
Add: Issued during the year - ESOP	67,300	6.73
Outstanding at the end of the year	2,13,44,873	2,134.49

The Company has issued 11,97,825 shares (As at March 31, 2015: 16,73,700) during the period of five years immediately preceding the reporting date on exercise of options granted under the Employee Stock Option plan (ESOP), wherein part consideration was received in form of employee services. In terms of decision of the Board of Directors dated April 23, 2015 and in accordance with the provisions of Companies Act, 2013 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and with the approval of shareholders by Postal Ballot on June 25, 2015, the Company had offered to buy-back up to 41,57,000 fully paid up equity shares of ₹10 each, at a price of ₹260 per share for an aggregate amount of up to ₹10,808.20 lakhs from the existing shareholders of the Company under Tender Offer mechanism. The offer size represented 19.48% of the aggregate paid up capital of the Company as at March 31, 2015. The Offer was opened on August 10, 2015 and closed on August 24, 2015. During the year the Company had purchased 36,56,560 shares and completed the payment and extinguishment of said shares by September 04, 2015.

### Buy-back of Equity Shares

Particulars	As at March 31, 2016	As at March 31, 2015
Aggregate number of equity shares bought back by the Company during the period of five years immediately preceding the Balance sheet date	96,63,805	74,39,878

## 4. Reserves and Surplus

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Capital Reserve</b>		
Opening Balance	132.00	132.00
<b>Total</b>	<b>132.00</b>	<b>132.00</b>
<b>Capital Redemption Reserve</b>		
Opening Balance	888.95	888.95
Add: Transferred during the year	365.66	-
<b>Total</b>	<b>1,254.61</b>	<b>888.95</b>
<b>Securities Premium</b>		
Opening Balance	6,524.09	6,393.07
Add: Receipts on exercise of employee stock options	49.95	131.02
Add: Premium on equity shares bought back	(6,544.88)	-
<b>Total</b>	<b>29.16</b>	<b>6,524.09</b>
<b>Employee Stock Options Outstanding</b>		
Employee Stock Options Outstanding	-	21.95
Less : Deferred Employee Compensation Cost Outstanding	-	(3.34)
<b>Total</b>	<b>-</b>	<b>18.61</b>
<b>General Reserve</b>		
Opening Balance	4,400.72	2,790.14
Add: Transferred from Statement of Profit and Loss	2,080.44	1,587.90
Add: Transferred from Employee Stock Option Outstanding	7.90	22.68
Less: Transferred to Capital Redemption Reserve	(365.66)	-
Less: Premium on equity shares bought back	(2,596.52)	-
<b>Total</b>	<b>3,526.88</b>	<b>4,400.72</b>
<b>Hedging Reserve</b>		
Opening Balance	402.09	338.53
Less: Gain transferred to Statement of Profit and Loss on occurrence of forecasted hedge transaction	(400.17)	(334.44)
Add: Net changes in the fair value of effective portion of outstanding cash flow derivatives	469.50	398.00
<b>Total</b>	<b>471.42</b>	<b>402.09</b>

## Notes to Consolidated Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Foreign Exchange Translation Reserve</b>		
Opening Balance	589.31	1,645.84
Movements during the year	400.48	(1,056.53)
<b>Total</b>	<b>989.79</b>	<b>589.31</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening Balance	29,603.94	25,970.49
Add: Profit for the year	20,629.25	11,956.44
Less: Retained earnings adjustment account	-	(36.46)
Less: Transferred to General Reserve	(2,080.44)	(1,587.90)
Less: Proposed Dividend	-	(960.52)
Less: Interim dividend (including special dividend)	(5,669.94)	(4,796.98)
Less: Dividend Tax	(1,058.33)	(940.69)
Less: Excess/(short) dividend provision adjustment	163.94	(0.44)
Less: Excess/(short) dividend tax provision adjustment	136.77	-
<b>Total</b>	<b>41,725.19</b>	<b>29,603.94</b>
<b>Total</b>	<b>48,129.05</b>	<b>42,559.71</b>

### 5. Long Term Provisions

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Gratuity	9.62	15.87
Pension	432.54	393.56
Other employee benefits	0.69	185.80
Employee compensated absences	123.93	95.68
<b>Total</b>	<b>566.78</b>	<b>690.91</b>

### 6. Trade Payables

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
For Goods, Services and Expenses		
- Dues to Micro and Small Enterprises (Refer Note 35)	2.44	-
- Dues to other Creditors	6,313.96	2,470.86
<b>Total</b>	<b>6,316.40</b>	<b>2,470.86</b>

### 7. Other Current Liabilities

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Current Maturities of Long Term Borrowings	117.78	110.64
Interest Accrued but not due on Borrowings	0.82	0.54
Deferred Revenues	265.92	554.90
Advance Received from Customers	19.56	17.08
Unpaid Dividend	229.95	80.88
Capital Creditors	34.68	23.89
Money received against share warrants	-	360.75
Statutory Liabilities	1,061.71	950.72
<b>Total</b>	<b>1,730.42</b>	<b>2,099.40</b>



## Notes to Consolidated Financial Statements (Contd.)

### 8. Short Term Provisions

Amount in ₹ lakhs

Particulars	Amount in ₹ lakhs	
	As at March 31, 2016	As at March 31, 2015
Employee compensated absences	1,381.61	1,379.67
Gratuity	395.59	122.03
Warranty*	0.25	19.73
Onerous contract*	-	12.36
Other employee benefits	160.72	718.06
Dividend	-	960.52
Dividend Tax	-	273.37
Income Tax (net of advance tax)	3,314.88	2,453.77
<b>Total</b>	<b>5,253.05</b>	<b>5,939.51</b>

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

Amount in ₹ lakhs

Particulars	Provision for Warranty	
	As at March 31, 2016	As at March 31, 2015
Opening Balance	19.73	156.84
Additions during the year	-	40.77
Less: Amounts utilized/reversed during the year	(19.48)	(177.88)
<b>Closing Balance</b>	<b>0.25</b>	<b>19.73</b>

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

Amount in ₹ lakhs

Particulars	Provision for Onerous Contract	
	As at March 31, 2016	As at March 31, 2015
Opening Balance	12.36	-
Additions during the year	-	12.36
Less: Amounts utilized/reversed during the year	12.36	-
<b>Closing Balance</b>	<b>-</b>	<b>12.36</b>

9. Fixed Assets

(a) Tangible Assets

Amount in ₹ lakhs

	Freehold Land	Buildings	Leasehold Improvements	Computers	Electrical Fittings	Furniture & Fixtures	Office Equipment	Plant & Equipment	Vehicles	Total
<b>Gross Block</b>										
As at April 1, 2014	2,287.67	3,314.88	696.43	4,715.16	443.43	2,128.27	2,342.93	4,171.93	0.01	20,100.71
Additions during the year	-	-	-	228.36	9.97	4.63	40.14	20.06	-	303.16
Deletions during the year	-	-	334.48	466.49	78.12	167.16	340.25	257.86	-	1,644.36
Foreign currency translation adjustments	-	-	0.32	(28.94)	-	(114.37)	0.09	(362.61)	-	(505.51)
<b>As at March 31, 2015</b>	<b>2,287.67</b>	<b>3,314.88</b>	<b>362.27</b>	<b>4,448.09</b>	<b>375.28</b>	<b>1,851.37</b>	<b>2,042.91</b>	<b>3,571.52</b>	<b>0.01</b>	<b>18,254.00</b>
Additions during the year	-	-	-	192.84	18.16	14.46	50.96	77.86	-	354.28
Deletions during the year	-	-	-	149.51	33.67	91.60	5.43	159.84	-	440.05
Foreign currency translation adjustments	-	-	-	20.37	-	62.86	0.06	200.63	-	283.92
<b>As at March 31, 2016</b>	<b>2,287.67</b>	<b>3,314.88</b>	<b>362.27</b>	<b>4,511.79</b>	<b>359.77</b>	<b>1,837.09</b>	<b>2,088.50</b>	<b>3,690.17</b>	<b>0.01</b>	<b>18,452.15</b>
<b>Depreciation</b>										
As at April 1, 2014	-	2,134.01	414.18	4,205.61	311.42	1,833.78	2,213.30	3,969.00	0.01	15,081.31
Charge for the year	-	168.00	152.61	392.53	56.66	112.17	71.63	74.12	-	1,027.72
Deletions during the year	-	-	324.11	461.00	76.53	160.34	335.03	257.12	-	1,614.13
Foreign currency translation adjustments	-	-	0.12	(29.30)	-	(108.32)	0.06	(351.62)	-	(489.06)
Other adjustments	-	-	-	54.34	-	-	-	-	-	54.34
<b>As at March 31, 2015</b>	<b>-</b>	<b>2,302.01</b>	<b>242.80</b>	<b>4,162.18</b>	<b>291.55</b>	<b>1,677.29</b>	<b>1,949.96</b>	<b>3,434.38</b>	<b>0.01</b>	<b>14,060.18</b>
Charge for the year	-	168.00	21.50	175.78	41.93	72.40	53.71	54.43	-	587.75
Deletions during the year	-	-	-	148.77	33.67	90.90	4.46	159.84	-	437.64
Foreign currency translation adjustments	-	-	-	20.46	-	60.67	0.04	194.05	-	275.22
<b>As at March 31, 2016</b>	<b>-</b>	<b>2,470.01</b>	<b>264.30</b>	<b>4,209.65</b>	<b>299.81</b>	<b>1,719.46</b>	<b>1,999.25</b>	<b>3,523.02</b>	<b>0.01</b>	<b>14,485.51</b>
<b>Net Block</b>										
As at March 31, 2015	2,287.67	1,012.87	119.47	285.91	83.73	174.08	92.95	137.14	-	4,193.82
As at March 31, 2016	2,287.67	844.87	97.97	302.14	59.96	117.63	89.25	167.15	-	3,966.64



## Notes to Consolidated Financial Statements (Contd.)

### 9. Fixed Assets

#### (b) Intangible Assets

Amount in ₹ lakhs

	Computer Software	Goodwill on Consolidation	Acquired Goodwill	Technical Know-how	Contract Rights	Total
<b>Gross Block</b>						
As at April 1, 2014	4,560.43	27,203.30	442.43	43.65	798.77	33,048.58
Additions during the year	77.87	-	-	-	-	77.87
Deletions during the year	2,021.55	-	-	43.65	-	2,065.20
Foreign currency translation adjustments	(19.39)	(5,723.53)	-	-	-	(5,742.92)
<b>As at March 31, 2015</b>	<b>2,597.36</b>	<b>21,479.77</b>	<b>442.43</b>	<b>-</b>	<b>798.77</b>	<b>25,318.33</b>
Additions during the year	72.96	-	-	-	-	72.96
Deletions during the year	69.51	-	-	-	-	69.51
Foreign currency translation adjustments	12.56	2,642.28	-	-	-	2,654.84
<b>As at March 31, 2016</b>	<b>2,613.37</b>	<b>24,122.05</b>	<b>442.43</b>	<b>-</b>	<b>798.77</b>	<b>27,976.62</b>
<b>Amortization</b>						
As at April 1, 2014	4,495.25	-	-	43.65	798.77	5,337.67
Charge for the year	92.04	-	-	-	-	92.04
Deletions during the year	2,021.16	-	-	43.65	-	2,064.81
Foreign currency translation adjustments	(19.75)	-	-	-	-	(19.75)
<b>As at March 31, 2015</b>	<b>2,546.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>798.77</b>	<b>3,345.15</b>
Charge for the year	72.33	-	-	-	-	72.33
Deletions during the year	69.51	-	-	-	-	69.51
Foreign currency translation adjustments	12.03	-	-	-	-	12.03
<b>As at March 31, 2016</b>	<b>2,561.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>798.77</b>	<b>3,360.00</b>
<b>Impairment loss</b>						
As at April 1, 2014	-	19,601.95	442.43	-	-	20,044.38
Charge for the year	-	7,256.82	-	-	-	7,256.82
Deletions during the year	-	-	-	-	-	-
Foreign currency translation adjustments	-	(5,379.00)	-	-	-	(5,379.00)
<b>As at March 31, 2015</b>	<b>-</b>	<b>21,479.77</b>	<b>442.43</b>	<b>-</b>	<b>-</b>	<b>21,922.20</b>
Charge for the year	-	-	-	-	-	-
Deletions during the year	-	-	-	-	-	-
Foreign currency translation adjustments	-	2,642.28	-	-	-	2,642.28
<b>As at March 31, 2016</b>	<b>-</b>	<b>24,122.05</b>	<b>442.43</b>	<b>-</b>	<b>-</b>	<b>24,564.48</b>
<b>Net Block</b>						
<b>As at March 31, 2015</b>	<b>50.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.98</b>
<b>As at March 31, 2016</b>	<b>52.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52.14</b>

## Notes to Consolidated Financial Statements (Contd.)

### 10. Non Current Investments

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>A. Investment in Equity Instruments (Trade, unquoted, at cost less provision for diminution)</b>		
<b>i. Investment in Joint Ventures</b>		
TACO Sasken Automotive Electronics Ltd.		
52,00,403 (As at March 31, 2015: 52,00,403) equity shares of ₹10 each, fully paid up	520.04	520.04
Less: Provision for diminution in value of investment	(520.04)	(520.04)
	-	-
<b>ii. Other Investments</b>		
Prime Telesystems Ltd.		
3,92,285 (As at March 31, 2015: 3,92,285) fully paid equity shares of ₹10/- each, fully paid up	240.00	240.00
Less: Provision for diminution in value of investment	(240.00)	(240.00)
	-	-
<b>B. Investment in Equity Instruments (Non-Trade, unquoted, at cost less provision for diminution)</b>		
Axiom Research Labs Private Ltd.		
5 (As at March 31, 2015: Nil) fully paid equity shares of ₹10/- each, fully paid up	2.80	-
Less: Provision for diminution in value of investment	(2.80)	-
	-	-
Cygni Energy Private Ltd.		
80,000 (As at March 31, 2015: Nil) fully paid equity shares of ₹10/- each, fully paid up	200.00	-
<b>C. Investment in Preference Shares (Trade, unquoted, at cost less provision for diminution)</b>		
Investment in Joint Ventures		
TACO Sasken Automotive Electronics Ltd.		
24,78,000 (As at March 31, 2015: 24,78,000) Redeemable Preference shares of ₹10 each fully paid up	247.80	247.80
Less: Provision for diminution in value of investment	(247.80)	(247.80)
	-	-
<b>D. Investment in Preference Shares (Non-Trade, unquoted, at cost less provision for diminution)</b>		
Axiom Research Labs Private Ltd		
424 (As at March 31, 2015: Nil) fully paid Preference Shares of ₹10/- each, fully paid up	237.06	-
Less: Provision for diminution in value of investment	(237.06)	-
	-	-
21E6 Inc.		
1,02,944 (As at March 31, 2015: Nil) Series C Preference Stock of USD 0.001 each, fully paid up	662.50	-
Less: Provision for diminution in value of investment	(662.50)	-
	-	-
Tata Capital Limited		
50,000 (As at March 31, 2015: Nil) 8.33% - Fully paid-up Non-Convertible Cumulative Redeemable non-participating Preference shares ("CRPS") of ₹1,000 each, fully paid up	500.00	-



## Notes to Consolidated Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>E. Investment in Tax free bonds (Non - Trade, quoted, at cost less provision for diminution)</b>		
60,400 (As at March 31, 2015: Nil) units of ₹1,000.00 each IRFC Tax Free bonds 7.28% - 15 Years	604.00	-
12,007 (As at March 31, 2015: Nil) units of ₹1,001.96 each HUDCO Tax Free bonds 7.39% - 15 Years	120.31	-
2,00,000 (As at March 31, 2015: Nil) units of ₹1,033.75 each HUDCO Tax Free bonds 7.39% - 15 Years (2)	2,067.50	-
1,00,000 (As at March 31, 2015: Nil) units of ₹1,026.80 each IRFC Tax Free bonds 7.34% - 15 Years	1,026.80	-
47,500 (As at March 31, 2015: Nil) units of ₹1,125.00 each NHAI Tax Free bonds 8.50% - 15 Years	534.38	-
32,000 (As at March 31, 2015: Nil) units of ₹1,033.20 each IRFC Tax Free bonds 7.35% - 15 Years	330.62	-
75,570 (As at March 31, 2015: Nil) units of ₹1,002.49 NHAI Tax Free bonds 7.35% - 15 Years	757.58	-
<b>F. Investment in Limited Liability Partnerships (Non - Trade, unquoted, at cost less provision for diminution)</b>		
Omni Capital LLP, USA	3,174.51	3,011.41
Less: Provision for diminution in value of investment	(3,174.51)	(409.17)
	-	2,602.24
<b>G. Investment in Mutual Funds (Non - Trade, quoted, at cost less provision for diminution)</b>		
50,00,000 (As at March 31, 2015: 50,00,000) units of ₹10 each of Tata Fixed Maturity Plan Series 44 - Scheme B - Direct Plan - Growth	500.00	500.00
45,00,000 (As at March 31, 2015: 45,00,000) units of ₹10 each of Tata Fixed Maturity Plan Series 43 - Scheme A - Direct Plan - Growth	450.00	450.00
43,50,000 (As at March 31, 2015: 43,50,000) units of ₹10 each of Tata Fixed Maturity Plan Series 43 - Scheme D - Direct Plan - Growth	435.00	435.00
26,00,000 (As at March 31, 2015: 26,00,000) units of ₹10 each of HDFC FMP 370D - Direct Growth	260.00	260.00
52,00,000 (As at March 31, 2015: 52,00,000) units of ₹10 each of HDFC FMP 1128D - Direct Growth - Series 33	520.00	520.00
66,49,813 (As at March 31, 2015: 66,49,813) units of ₹10 each of HDFC FMP - 370D Series 28 - Direct Plan - Growth	664.98	664.98
1,39,90,980 (As at March 31, 2015: 1,39,90,980) units of ₹10 each of ICICI Prudential FMP - Series 75 - 1103 days Plan P Direct Plan - Cumulative	1,399.10	1,399.10
40,00,000 (As at March 31, 2015: 40,00,000) units of ₹10 each of Kotak FMP Direct - Growth	400.00	400.00
31,00,000 (As at March 31, 2015: Nil) units of ₹10 each of IDFC FTPS - 91 370 - Direct - Growth	310.00	-
62,50,000 (As at March 31, 2015: Nil) units of ₹10 each of Kotak FMP Series 156 370 Days - Direct - Growth	625.00	-
22,87,680 (As at March 31, 2015: Nil) units of ₹10 each of L&T FMP Series XI - Plan A - Direct - Growth	228.77	-
1,00,00,000 (As at March 31, 2015: Nil) units of ₹10 each of Reliance FHF Series XXIX - Direct Plan - Growth	1,000.00	-
1,47,00,000 (As at March 31, 2015: Nil) units of ₹10 each of Birla Sun Life Mutual Fund FTP SR NE (1100 D) Direct Growth	1,470.00	-

## Notes to Consolidated Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
70,00,000 (As at March 31, 2015: Nil) units of ₹10 each of SBI Mutual Fund Debt FD Series B - 36 (1131 D) Direct Growth	700.00	-
1,05,00,000 (As at March 31, 2015: Nil) units of ₹10 each of ICICI Prudential Mutual Fund FMP SR 78 - (1115 D) PL X Direct Cumulative	1,050.00	-
1,50,00,000 (As at March 31, 2015: Nil) units of ₹10 each of UTI FTI - Series XXIV - IX (1183 D) - Direct - Growth	1,500.00	-
66,50,000 (As at March 31, 2015: Nil) units of ₹10 each of UTI FTI - Series XXII - Plan 1 - Direct - Growth	665.00	-
Aggregate amount of quoted investments	17,619.04	4,629.08
Aggregate amount of unquoted investments	700.00	2,602.24
Aggregate amount of investments	18,319.04	7,231.32
Aggregate market value of quoted investments	18,861.72	5,114.76
Aggregate provision for diminution in value of investments	(5,084.71)	(1,417.01)

### 11. Deferred Tax Assets

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Deferred Tax Asset</b>		
Depreciation		
- Sasken	638.26	662.52
- SNEL	69.62	82.35
On expenditure allowed for tax purposes on payment basis		
- Sasken	425.31	515.80
- SNEL	6.42	14.98
<b>Total</b>	<b>1,139.61</b>	<b>1,275.65</b>

### 12. Long Term Loans and Advances

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Capital Advances	17.56	20.44
Security Deposits	291.34	288.17
Loan to body corporate	132.50	-
Advances recoverable in cash or in kind or for value to be received		
- Balances with government authorities*	960.33	1,144.76
- Advances to employees	6.57	4.67
- Prepaid expenses/Other recoverables	21.59	1.92
Advance Income Tax	5,506.45	5,301.90
MAT Credit Entitlement	9.56	9.56
<b>Total</b>	<b>6,945.90</b>	<b>6,771.42</b>

\* Includes Disputed taxes paid under protest ₹960.33 lakhs (Net of provision of ₹112.50 lakhs) [March 31, 2015 - ₹1,144.76 lakhs (net of provision of ₹ Nil)].

### 13. Other Non Current Assets

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Long term trade receivables	0.80	9.39
<b>Unsecured considered doubtful</b>		
Long term trade receivables	9.26	9.26
Less: Provision for doubtful debts	(9.26)	(9.26)
Non - current bank balances (Refer Note 17)	-	250.00
<b>Total</b>	<b>0.80</b>	<b>259.39</b>





## Notes to Consolidated Financial Statements (Contd.)

### 14. Current Investments

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
i. Unquoted, at lower of cost or net realizable value, Investment in Mutual Funds		
Nil (As at March 31, 2015: 66,89,888) units of ₹12.74 each of IDFC Arbitrage Fund - Dividend Payout - Direct Plan	-	850.71
2,50,003 (As at March 31, 2015: Nil) units of ₹1,000.65 each of Union KBC Liquid Fund Direct Plan - Daily Dividend Reinvestment	2,501.66	-
57,794 (As at March 31, 2015: Nil) units of ₹1,012.85 each of L&T Liquid Fund - Direct Plan - DDR	2,251.17	-
1,09,933 (As at March 31, 2015: Nil) units of ₹1,001.52 each of Tata Money Market Fund - Direct Plan - DDR	1,101.00	-
Nil (As at March 31, 2015: 57,33,752) units of ₹10.90 each of Kotak Equity Arbitrage Fund - Dividend Payout - Direct Plan	-	626.15
56,25,774 (As at March 31, 2015: 28,01,656) units of ₹10.67 each of JP Morgan India Equity Income Fund - Direct - Growth	600.00	299.06
1,63,887 (As at March 31, 2015: Nil) units of ₹1,000.64 each of Axis Liquid Fund - Daily Dividend Reinvestment	1,639.92	-
2,47,68,114 (As at March 31, 2015: Nil) units of ₹10.10 each of Sundaram Money Fund Direct Plan - DDR	2,502.20	-
9,99,054 (As at March 31, 2015: Nil) units of ₹100.20 each of Birla Sun Life Cash Plus - Daily Dividend Reinvestment - Direct Plan	1,001.00	-
1,38,477 (As at March 31, 2015: Nil) units of ₹1,011.62 each of Kotak Floater ST - Direct Plan - Daily Dividend Reinvestment	1,400.86	-
14,702 (As at March 31, 2015: Nil) units of ₹341.00 each of Franklin India BlueChip Fund - Direct - Growth	50.00	-
1,83,022 (As at March 31, 2015: Nil) units of ₹27.32 each of ICICI Prudential Focused Bluechip Equity Fund - Direct - Growth	50.00	-
1,81,407 (As at March 31, 2015: Nil) units of ₹27.56 each of SBI BlueChip Fund - Direct - Growth	50.00	-
66,775 (As at March 31, 2015: Nil) units of ₹74.88 each of UTI MidCap Fund - Direct - Growth	50.00	-
2,509 (As at March 31, 2015: Nil) units of ₹1,001.85 each of Franklin India TMA - Daily Dividend Reinvestment - Direct Plan	25.14	-
24,940 (As at March 31, 2015: Nil) units of ₹1,003.39 each of UTI Money Market Fund - Daily Dividend Reinvestment - Direct Plan	250.24	-
98,213 (As at March 31, 2015: Nil) units of ₹1,528.74 each of Reliance Liquid Fund - Treasury Plan - Direct - Daily Dividend - Reinvestment	1,501.42	-
1,71,721 (As at March 31, 2015: Nil) units of ₹1,003.25 each of SBI Premier Liquid Fund - Direct - Daily Dividend Reinvestment	1,722.79	-
Nil (As at March 31, 2015: 2,60,222) units of ₹10.10 each of Sundaram Money Fund Direct Plan Daily Dividend	-	26.29
Nil (As at March 31, 2015: 70,788) units of ₹10.20 each of HDFC Liquid Fund - Direct Plan DDR	-	7.22
Nil (As at March 31, 2015: 17,560) units of ₹1,528.74 each of Reliance Liquid Fund TP - Direct Daily Dividend Reinvestment	-	268.44
Nil (As at March 31, 2015: 31,124) units of ₹1,000.69 each of IDFC Cash Fund DDR - Direct	-	311.41
Nil (As at March 31, 2015: 8,571) units of ₹1,001.52 each of Tata Money Market Fund Direct Plan - DDR	-	85.84
3,617 (As at March, 2015: 9,953.901) units of ₹1,011.62 each of Kotak Floater ST - Direct - DDR	36.59	100.70
Nil (As at March 31, 2015: 3,721) units of ₹1,098.00 each of LIC Nomura MF Liquid Fund - Direct - DDR	-	40.86
Nil (As at March 31, 2015: 30,259) units of ₹100.02 each of Birla Sun Life Floating Rate Fund Short Term Plan - DDR	-	30.27

## Notes to Consolidated Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Nil (As at March 31, 2015: 3,693) units of ₹1,000.60 each of DSP Black Rock Liquidity Fund - Direct Plan - Daily Dividend	-	36.95
Nil (As at March 31, 2015: 97,284) units of ₹10.43 each of JM High Liquidity Fund - Direct - DDR	-	10.15
Nil (As at March 31, 2015: 48,459) units of ₹1,002.01 each of Taurus Ultra Short Term Bond Fund - Direct - Super IP - DDR	-	485.57
Nil (As at March 31, 2015: 1,00,40,425) units of ₹10.02 each of DWS Ultra Short Term Fund - Direct - DDR	-	1,005.84
Nil (As at March 31, 2015: 1,20,12,463) units of ₹10.08 each of JP Morgan India Treasury Fund - Direct - DDR	-	1,210.08
Nil (As at March 31, 2015: 1,29,147) units of ₹1,007.23 each of Baroda Pioneer Treasury Advantage Fund Direct - DDR	-	1,300.80
Nil (As at March 31, 2015: 1,72,63,595) units of ₹1,098.00 each of Sundaram Ultra Short Term Fund - Direct - DDR	-	1,733.94
Nil (As at March 31, 2015: 4,624) units of ₹1,005.50 each of Canara Robeco Liquid Direct - DDR	-	46.50
634,680 (As at March 31, 2015: 1,49,489) units of ₹10.55 each of IDFC Ultra Short Term Fund - DDR - Direct	65.57	15.03
1,625 (As at March 31, 2015: 16,924) units of ₹1,675.03 each of SBI Magnum Insta Cash Fund - Direct plan - Daily Dividend	27.23	283.49
	16,826.79	8,775.30
ii. Quoted at lower of cost or net realizable value, Investment in Mutual Funds		
Nil (As at March 31, 2015: 6,250,000) units of ₹10.00 each of Kotak FMP Series 156 370 Days - Direct - Growth	-	625.00
Nil (As at March 31, 2015: 31,00,000) units of ₹10.00 each of IDFC FTFS-91 370 - Direct - Growth	-	310.00
Nil (As at March 31, 2015: 68,10,000) units of ₹10.00 each of LIC Nomura MF FMP - 81 - Direct - Growth	-	681.00
Nil (As at March 31, 2015: 79,20,000) units of ₹10.00 each of L&T FMP Series XI - Plan A - Direct - Growth	-	792.00
Nil (As at March 31, 2015: 48,60,000) units of ₹10.00 each of LIC Nomura FMP Series 82 - Direct - Growth	-	486.00
Nil (As at March 31, 2015: 36,03,163) units of ₹10.00 each of ICICI Prudential FMP - Series 74 - 370 days (Aug 2013) - I Plan V Direct Plan - Cumulative	-	360.32
Nil (As at March 31, 2015: 25,41,337) units of ₹10.00 each of SBI Debt Fund Series - A 32 - 367 Days - Direct - Growth	-	254.13
	-	3,508.45
<b>Aggregate amount of Current investments</b>	<b>16,826.79</b>	<b>12,283.75</b>
<b>Aggregate market value of quoted investments</b>	<b>-</b>	<b>3,802.12</b>

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Raw materials and components	27.99	29.27
Work-in-Progress (Also Refer Note 22)	218.84	15.68
<b>Total</b>	<b>246.83</b>	<b>44.95</b>



## Notes to Consolidated Financial Statements (Contd.)

### 16. Trade Receivables

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured considered good</b>		
Outstanding for more than six months from due date	11.24	478.54
Outstanding for less than six months from due date	9,616.60	6,514.37
<b>Unsecured considered doubtful</b>		
Outstanding for more than six months from due date	140.00	87.90
Less: Provision for doubtful debts	(140.00)	(87.90)
<b>Total</b>	<b>9,627.84</b>	<b>6,992.91</b>

### 17. Cash and Bank Balances

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cash and Cash Equivalents</b>		
Cash on Hand	3.33	1.49
Balances with banks - Current Accounts	1,649.86	2,188.25
Balances with banks - Unpaid dividend accounts*	229.95	80.88
	1,883.14	2,270.62
<b>Other Bank Balances</b>		
Bank deposits with original maturity more than 3 months but less than or equal to 12 months	413.42	9,518.88
Bank deposits with original maturity more than 12 months	-	1,000.00
Bank balances held as margin money/security against guarantees	41.70	50.19
	455.12	10,569.07
Less: Bank deposits with original maturity more than 12 months disclosed under non-current assets (Refer Note 13)	-	(250.00)
<b>Total</b>	<b>2,338.26</b>	<b>12,589.69</b>

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

### 18. Short Term Loans and Advances

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Security Deposits	96.21	217.03
Advances recoverable in cash or in kind or for value to be received:		
- Advance to Suppliers	263.87	283.53
- Advances to Employees	234.26	145.64
- Balances with Government Authorities	124.62	140.67
- Prepaid expenses/Other recoverables	840.39	863.15
<b>Total</b>	<b>1,559.35</b>	<b>1,650.02</b>

### 19. Other Current Assets

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Interest accrued on fixed deposits/bonds	73.37	262.55
Unbilled revenues	2,658.32	2,287.00
<b>Total</b>	<b>2,731.69</b>	<b>2,549.55</b>

## Notes to Consolidated Financial Statements (Contd.)

### 20. Revenue from Operations

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Revenue from Software Products	2,007.49	1,172.52
Revenue from Software Services	46,006.19	41,409.11
Others	303.06	219.36
<b>Total</b>	<b>48,316.74</b>	<b>42,800.99</b>

### 21. Other Income

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Dividend on current investments	291.63	718.56
Dividend on Preference Shares	39.26	-
Net gain on sale of current investments	231.58	222.68
Interest Income:		
- on Tax Free Bonds	23.65	-
- on Bank Deposits	653.65	312.91
- on Income Tax refund	8.19	-
- on Others	21.04	8.85
Write back of unclaimed balances/provisions	160.02	131.27
Profit on Sale of Fixed Assets	8.31	9.31
Write back of doubtful debts	2.16	-
Exchange gain (net)	155.35	744.75
Miscellaneous Income	25.45	45.47
<b>Total</b>	<b>1,620.29</b>	<b>2,193.80</b>

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

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Opening balance of Work-in-Progress	15.68	147.48
Closing balance of Work-in-Progress	218.84	15.68
<b>Total</b>	<b>(203.16)</b>	<b>131.80</b>

Amount in ₹ lakhs

Details of Work-in-Progress	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Software Services	218.84	15.68
<b>Total</b>	<b>218.84</b>	<b>15.68</b>

### 23. Consumption of Raw Materials & Components

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Opening balance of Raw Materials & Components	29.27	61.91
Add: Purchases	17.56	13.32
	<b>46.83</b>	<b>75.23</b>
Closing balance of Raw Materials & Components	27.99	29.27
<b>Total</b>	<b>18.84</b>	<b>45.96</b>



## Notes to Consolidated Financial Statements (Contd.)

### 24. Employee Benefit Expense

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Salaries & Bonus	30,497.60	27,888.34
Contribution to Provident and Other Funds	2,641.45	2,443.56
Staff Welfare	932.49	840.31
Recruitment and Relocation	202.55	358.66
Employee stock option compensation cost (net)	1.49	(30.53)
<b>Total</b>	<b>34,275.58</b>	<b>31,500.34</b>

### 25. Other Expenses

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Rent	735.45	890.28
Repairs and Maintenance		
- Plant and Machinery	536.67	530.51
- Building	445.95	381.67
- Others	66.90	77.64
Communication Expense	329.92	368.87
Travel Expense	1,370.42	1,642.28
Electricity and Water Charges	461.43	454.86
Professional, Legal and Consultancy Charges	2,768.97	1,334.41
Insurance	133.14	160.82
Contract Staff Cost	1,350.26	1,114.76
Software Expense	61.86	67.14
Training and Conference Expense	73.15	99.75
Warranty Expense	-	0.04
Installation and Commissioning Charges	13.33	12.97
Selling expenses - others	57.61	53.29
Provision for doubtful deposits and other loans and advances	0.21	-
Provision for doubtful debts	45.85	(29.46)
Bad Debts	10.86	165.71
Loss on sale/discard of assets, net	1.23	-
Auditor's Remuneration		
- Audit Fees (including fees for consolidated financials)	28.00	28.00
- Other Services	2.00	4.25
- Reimbursement of expenses	3.16	2.44
Rates and Taxes	274.08	96.89
Directors' Sitting Fees and Commission	165.56	107.50
Donations	18.29	9.67
Corporate Social Responsibility (CSR)	120.00	69.86
Printing & Stationery	73.48	63.64
Miscellaneous Expense	360.72	190.56
<b>Total</b>	<b>9,508.50</b>	<b>7,898.35</b>

### 26. Finance Cost

Amount in ₹ lakhs

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Interest Expense	18.89	13.87
<b>Total</b>	<b>18.89</b>	<b>13.87</b>

## Notes to Consolidated Financial Statements (Contd.)

### 27. Joint Ventures and Subsidiaries

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

In June 2007, Sasken and IDG Ventures formed a joint venture company called ConnectM Technology Solutions Pvt. Ltd. ("ConnectM") in Bengaluru. ConnectM intends to explore and focus on end-to-end cycle development & sustenance to the Transportation, Industrial, Utilities and Enterprise markets enabled by Machine-to-Machine (M2M) communications. As at March 31, 2016, the Company and IDG Ventures each hold 46.29% (As at March 31, 2015 - 46.29%) of the equity in ConnectM. In accordance with Accounting Standard 27 on "Financial Reporting of Interest in Joint Venture", the group has consolidated the results of ConnectM in proportion to its interest in the Joint Venture.

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

Amount in ₹ lakhs

Particulars	ConnectM	
	As at March 31, 2016	As at March 31, 2015
Deficit in Statement of Profit & Loss	(1,932.20)	(1,925.44)
Fixed Assets, net	1.56	2.36
Inventories	27.99	29.27
Trade Receivables	77.22	58.38
Cash and Bank	28.38	43.83
Other Current Assets	11.46	16.10
Other Non Current Assets	0.80	9.39
Loans and Advances	51.17	44.51
Liabilities and Provisions	248.38	246.90

Amount in ₹ lakhs

Particulars	Year Ended	
	March 31, 2016	March 31, 2015
Revenue	303.05	219.35
Expenses	310.67	401.55
Other Income including Exchange Gain/(Loss)	19.75	41.39
Interest	18.89	13.87
Profit/(Loss) before Tax	(6.76)	(154.69)
Provision for Tax	-	-
Profit/(loss) After Tax	(6.76)	(154.69)

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

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

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

#### (d) The Board of Directors at their meeting held on September 14, 2015 considered the amalgamation of Sasken Network Engineering Ltd., (SNEL) a wholly-owned subsidiary of the Company with Sasken Communication Technologies Ltd. The proposed merger shall be effected through a Scheme of Amalgamation under the provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956 or any other amendment or modifications made thereto. The Scheme has been approved by the Board subject to requisite approvals from the relevant regulatory authorities and sanction of the Hon'ble High Court of Karnataka. The Appointed Date of the Scheme will be April 1, 2015 and no issue of fresh capital or any other security is contemplated as SNEL is a wholly-owned subsidiary of the Company. The Hon'ble High Court of Karnataka, based on the application filed on March 30, 2016 passed orders on April 1, 2016 dispensing with the meetings of the equity shareholders and unsecured creditors for approving the Scheme of Amalgamation. SNEL is now permitted to file a petition within two weeks of receipt of certified copy of the order for which necessary application has been made.

#### (e) The Company has evaluated its investment in Sasken Finland Oy for the purpose of determination of potential diminution in value of investment and based on such evaluation and determination, the Company has recognized a provision for diminution in the value of investment for the year ended March 31, 2016 amounting to ₹ Nil (March 31, 2015 ₹7,256.82 lakhs).



## Notes to Consolidated Financial Statements (Contd.)

(f) Additional information, as required under Schedule III to the Act, of enterprises consolidated and subsidiaries/ Joint Venture

Net assets i.e. total assets minus total liabilities	As at March 31, 2016		As at March 31, 2015	
	Particulars	As % of consolidated net assets	Amount in ₹ lakhs	As % of consolidated net assets
<b>Parent</b>				
Sasken Communication Technologies Limited	93.06%	49,875.27	88.52%	44,679.15
<b>Indian Subsidiary</b>				
Sasken Network Engineering Limited (SNEL)	1.42%	758.79	2.97%	1,498.08
<b>Foreign Subsidiary</b>				
Sasken Communication Technologies Mexico, S.A. de C.V (Sasken Mexico)	(0.08)%	(41.01)	(0.05)%	(27.26)
Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China)	2.37%	1,267.83	1.51%	763.64
Sasken Finland Oy (Sasken Finland)	2.51%	1,344.11	2.34%	1,181.14
Sasken Inc. (Sasken USA)	0.82%	438.55	4.79%	2,419.58
<b>Joint Venture</b>				
ConnectM Technology Solutions Pvt. Ltd (ConnectM)	(0.09)%	(49.80)	(0.09)%	(43.05)
<b>Total</b>	100.00%	53,593.74	100.00%	50,471.28
<b>Adjustments arising out of consolidation</b>		(3,692.71)		(5,777.08)
<b>Total</b>		<b>49,901.03</b>		<b>44,694.20</b>
<b>Share in Profit and Loss</b>				
Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	As % of consolidated profit or loss	Amount in ₹ lakhs	As % of consolidated profit or loss	Amount in ₹ lakhs
<b>Parent</b>				
Sasken Communication Technologies Limited	110.85%	20,894.39	99.01%	15,879.04
<b>Indian Subsidiary</b>				
Sasken Network Engineering Limited (SNEL)	(0.08)%	(14.66)	1.29%	206.39
<b>Foreign Subsidiary</b>				
Sasken Communication Technologies Mexico, S.A. de C.V (Sasken Mexico)	(0.08)%	(15.96)	(1.76)%	(282.36)
Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China)	2.67%	503.07	2.09%	334.39
Sasken Finland Oy (Sasken Finland)	1.75%	329.24	1.30%	207.92
Sasken Inc. (Sasken USA)	(15.07)%	(2,840.65)	(0.96)%	(153.38)
<b>Joint Venture</b>				
ConnectM Technology Solutions Pvt. Ltd. (ConnectM)	(0.04)%	(6.76)	(0.96)%	(154.69)
<b>Total</b>	100.00%	18,848.67	100.00%	16,037.31
<b>Adjustments arising out of consolidation</b>		1,780.58		(4,080.87)
<b>Total</b>		<b>20,629.25</b>		<b>11,956.44</b>

### 28. Other Notes

#### (a) Capital and other Commitments

- (i) Estimated amount of contracts remaining to be executed on capital account (net of advances) amounted to ₹94.91 lakhs. (As at March 31, 2015 ₹28.21 lakhs).
- (ii) The Group enters into foreign exchange forward contracts and option contracts to hedge its net foreign currency receivables position including its future receivables. As per the current policy of the Group, the Group takes foreign exchange forward contracts for currencies primarily denominated in the US Dollar and Euro.

## Notes to Consolidated Financial Statements (Contd.)

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

Foreign Currency Hedged	Type of Contract	As at March 31, 2016		As at March 31, 2015	
		Amount (In Foreign Currency lakhs)	Weighted Average Forward Exchange Rate (₹)	Amount (In Foreign Currency lakhs)	Weighted Average Forward Exchange Rate (₹)
US Dollar (USD)	Sell	291.59	70.09	149.49	65.59
Euro (EUR)	Sell	33.53	77.06	24.14	80.08

The Company does not have any open European style option contracts whereby it has option to sell as on March 31, 2016 (As at March 31, 2015 EUR 2.00 lakhs).

(iii) For commitments relating to lease arrangements, Refer Note 34.

### (b) Contingent Liabilities

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Bank Guarantees	45.34	40.90
Income taxes* (matters pertaining to disputes on tax holiday benefits, transfer pricing and disallowance of certain expenses claimed by the Group)	3,329.51	3,799.78
Indirect taxes* (includes matters pertaining to disputes on VAT/sales tax and service tax)	2,879.68	5,048.23

\* The Group is contesting the demands and based on expert advice, the management believes that its position will likely be upheld in the various appellate authorities/courts. The management believes that the ultimate outcome of these proceedings will not be adverse and such demands have been disclosed as contingent liabilities.

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

### (c) Unhedged exposure

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

As at March 31, 2016

Currency	Amount in Foreign Currency lakhs			Amount in Rupees lakhs		
	Loans & Advances	Current Liabilities	Net Receivable / (Payable)	Loans & Advances	Current Liabilities	Net Receivable / (Payable)
Australian Dollar (AUD)	-	0.13	(0.13)	-	6.63	(6.63)
Canadian Dollar (CAD)	-	0.13	(0.13)	-	6.66	(6.66)
Euro (EUR)	0.47	1.20	(0.73)	35.45	90.52	(55.07)
Hong Kong Dollar (HKD)	-	0.34	(0.34)	-	2.90	(2.90)
Great Britain Pound (GBP)	0.06	0.07	(0.01)	5.73	6.69	(0.96)
Japanese Yen (JPY)	-	2.04	(2.04)	-	1.20	(1.20)
US Dollar (USD)	11.36	7.19	4.16	752.28	476.35	275.93
Singapore Dollar (SGD)	-	0.31	(0.31)	-	15.27	(15.27)
Swedish Krona (SEK)	-	0.18	(0.18)	-	1.47	(1.47)

As at March 31, 2015

Currency	Amount in Foreign Currency lakhs			Amount in Rupees lakhs		
	Loans & Advances	Current Liabilities	Net Receivable / (Payable)	Loans & Advances	Current Liabilities	Net Receivable / (Payable)
Australian Dollar (AUD)	-	0.09	(0.09)	-	4.27	(4.27)
Euro (EUR)	0.44	1.96	(1.52)	29.55	131.65	(102.10)
Hong Kong Dollar (HKD)	-	0.34	(0.34)	-	2.74	(2.74)
Great Britain Pound (GBP)	0.01	-	0.01	0.92	-	0.92
Japanese Yen (JPY)	-	6.07	(6.07)	-	3.16	(3.16)
US Dollar (USD)	7.38	6.56	0.82	460.90	409.85	51.05
Singapore Dollar (SGD)	-	0.12	(0.12)	-	5.46	(5.46)
Arab Emirates Dirham (AED)	5.80	0.15	5.65	98.75	2.54	96.21





## Notes to Consolidated Financial Statements (Contd.)

### (d) Employee Benefits:

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Superannuation Fund	23.53	28.89
Other Social Security Contributions	1,699.93	1,603.44

(ii) Defined Benefit Plans:

#### (a) Gratuity

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Current Service Cost	124.60	84.14
Interest Cost	85.44	77.04
Expected return on Plan Assets	(85.39)	(89.07)
Actuarial (Gain)/Loss	267.02	87.97
<b>Total</b>	<b>391.67</b>	<b>160.08</b>

Liability/(Asset) recognized in the Balance Sheet:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Present value of the Defined Benefit Obligation	1,420.04	1,246.10
Plan Assets at the end of the year, at fair value	1,014.83	1,108.20
Liability/(Asset) recognized in the Balance Sheet	405.21	137.90

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Defined Benefit Obligations at beginning of the year	1,246.10	1,129.37
Current Service Cost	124.60	84.14
Interest Cost	85.44	77.04
Benefits Paid	(232.76)	(264.86)
Actuarial (gain)/loss	196.66	220.41
Defined Benefit Obligations at the end of the year	1,420.04	1,246.10

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Plan Assets at the beginning of the year at fair value	1,108.20	1,118.51
Contributions	124.36	33.04
Expected return on Plan Assets	85.39	89.07
Actuarial Gain/(Loss)	(70.36)	132.44
Benefits Paid	(232.76)	(264.86)
Plan Assets at the end of the year at fair value	1,014.83	1,108.20
Actual Return on Plan Assets	15.03	221.51

## Notes to Consolidated Financial Statements (Contd.)

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

Particulars	As at March 31, 2016	As at March 31, 2015
Interest Rate for discount (p.a.)	7.90%	7.90%
Salary increase (p.a.)	5.00%	5.00%
Estimated Rate of Return on Plan Assets (p.a.)	8.00%	8.00%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined Benefit Obligation	1,420.04	1,246.10	1,129.37	1,157.75	1,104.34
Plan Assets	1,014.83	1,108.20	1,118.51	986.92	945.61
(Surplus)/Deficit	405.21	137.90	10.86	170.83	158.73
Experience (Gain)/Loss adjustments on Plan Liabilities	144.28	131.82	16.10	(16.20)	(179.66)
Experience Gain/(Loss) adjustments on Plan Assets	(35.30)	132.44	4.47	12.41	31.79

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

Particulars	As at March 31, 2016	As at March 31, 2015
Investment with insurers managed funds	100.00%	100.00%

### (b) Pension

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Current Service Cost	-	-
Interest Cost	23.28	29.49
Expected return on Plan Assets	18.24	(18.59)
Actuarial (Gain)/Loss	(12.41)	68.51
Exchange (Gain)/Loss	-	-
<b>Total</b>	<b>29.11</b>	<b>79.41</b>

Liability/(Asset) recognized in the Balance Sheet:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Present value of the Defined Benefit Obligation	1,110.90	972.14
Plan Assets at the end of the year, at fair value	678.36	578.58
Liability/(Asset) recognized in the Balance Sheet	432.54	393.56

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Defined Benefit Obligations at beginning of the year	972.14	1,070.42
Current Service Cost	-	-
Interest Cost	23.28	29.49
Benefits Paid	-	-
Actuarial (Gain)/Loss	(4.88)	69.40
Exchange (Gain)/Loss	120.36	(197.17)
Defined Benefit Obligations at the end of the year	1,110.90	972.14



## Notes to Consolidated Financial Statements (Contd.)

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Plan Assets at the beginning of the year at fair value	578.58	674.60
Contributions	9.55	8.51
Expected return on Plan Assets	18.24	18.59
Actuarial Gain/(Loss)	7.53	0.89
Exchange (Gain)/Loss	64.46	(124.01)
Plan Assets at the end of the year at fair value	678.36	578.58
Actual return on Plan Assets	25.77	19.48

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

Particulars	As at March 31, 2016	As at March 31, 2015
Interest rate for discount (p.a.)	2.85%	2.85%
Estimated Rate of Return on Plan Assets (p.a.)	2.85%	2.85%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined Benefit Obligation	1,110.90	972.14	1,070.42	797.25	611.51
Plan Assets	678.36	578.58	674.60	546.82	511.52
(Surplus)/Deficit	432.54	393.56	395.82	250.43	99.99
Experience (Gain)/Loss adjustments on Plan Liabilities	-	59.67	237.42	258.58	-
Experience Gain/(Loss) adjustments on Plan Assets	-	68.50	92.68	4.06	-

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

Particulars	As at March 31, 2016	As at March 31, 2015
Investment with insurers managed funds	100.00%	100.00%

### (c) Provident Fund

The Guidance note on Implementing AS15, Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. The actuary has provided a valuation by applying the deterministic approach to compute the present value of interest rate guarantee and based on the below provided assumptions, there is no shortfall as at March 31, 2016.

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

Amount in ₹ lakhs

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Current Service Cost	526.32	571.73
Interest Cost	746.50	654.14
Expected Return on Plan Assets	(791.98)	(686.63)
Actuarial (Gain)/Loss	45.47	(48.64)
<b>Total</b>	<b>526.31</b>	<b>490.60</b>

## Notes to Consolidated Financial Statements (Contd.)

Liability/(Asset) recognized in the Balance Sheet:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Present value of the Defined Benefit Obligation	10,935.73	9,029.08
Plan Assets at the end of the year, at fair value	10,935.73	9,029.08
Liability/(Asset) recognized in the Balance Sheet	-	-

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Defined Benefit Obligations at beginning of the year	9,029.08	8,324.41
Current Service Cost	526.32	571.73
Transfer	-	-
Contribution by Plan Participants	940.54	1,086.79
Interest Cost	746.50	654.14
Benefits Paid	(330.01)	(1,608.02)
Actuarial (Gain)/Loss	23.30	0.03
Defined Benefit Obligations at the end of the year	10,935.73	9,029.08

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Plan Assets at the beginning of the year at fair value	9,029.08	8,324.41
Contributions	1,466.85	1,577.39
Transfer	-	-
Expected return on Plan Assets	791.98	686.63
Actuarial Gain/(Loss)	(22.17)	48.67
Benefits Paid	(330.01)	(1,608.02)
Plan Assets at the end of the year at fair value	10,935.73	9,029.08
Actual return on Plan Assets	769.81	735.30

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

Particulars	As at March 31, 2016	As at March 31, 2015
Interest rate for discount (p.a.)	7.88%	7.90%
Estimated Rate of Return on Plan Assets (p.a.)	8.53%	8.25%

Experience adjustments are as follows:

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Defined Benefit Obligation	10,935.73	9,029.08	8,324.41	8,021.50
Plan Assets	10,935.73	9,029.08	8,324.41	8,021.50
(Surplus)/Deficit	-	-	-	-
Experience (Gain)/Loss adjustments on Plan Liabilities	-	2.27	8.29	59.24
Experience Gain/(Loss) adjustments on Plan Assets	-	-	-	-



## Notes to Consolidated Financial Statements (Contd.)

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

Particulars	As at March 31, 2016	As at March 31, 2015
Government of India Securities	21.81%	28.33%
State Government Securities	27.78%	21.56%
PSU Securities	38.47%	43.32%
Others (including Bank Balances)	11.94%	6.79%

Notes:

- Assumptions relating to future salary increases, attrition, etc. have been considered based on relevant economic factors such as inflation, market growth, etc.
- The Group expects to contribute ₹410 lakhs (March 31, 2015 ₹150 lakhs) to gratuity, ₹9 lakhs (March 31, 2015 ₹ 9 lakhs) to pension and ₹750 lakhs (March 31, 2015 ₹750 lakhs) to provident fund in the subsequent year.
- The overall return on assets is determined based on prevailing market price.

### 29. Provision for tax expenses

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries. Sasken's operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions.

### 30. Employee Stock Option Plans (Equity Settled)

#### Sasken ESOP 2006

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

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

#### Details of Option Plans

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

## Notes to Consolidated Financial Statements (Contd.)

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Total accounting value of options outstanding (A)	-	21.95
Deferred Compensation Cost	-	21.95
Less: Amortized	-	18.61
Net Deferred Compensation Cost (B)	-	3.34
<b>(A) - (B)</b>	<b>-</b>	<b>18.61</b>

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

Particulars	March 31, 2016			March 31, 2015		
	No. of Options	Amount in ₹ lakhs	Weighted average - Exercise Price (₹)	No. of Options	Amount in ₹ lakhs	Weighted average Exercise Price (₹)
Outstanding at the beginning of the year	54,000	21.95	126.92	1,88,800	125.60	156.13
Granted during the period/year	-	-	-	-	-	-
Forfeited during the period/year	22,500	9.75	122.80	67,500	64.82	188.61
Exercised during the period/year	31,500	12.20	123.75	67,300	38.83	146.98
Outstanding at the end of the period/year	-	-	-	54,000	21.95	126.92
Exercisable at the end of the period/year	-	-	-	27,000	-	134.83
Weighted average remaining contractual life (in years)	-	-	-	1.77	-	-

The weighted average market price of the Company's shares during the year ended March 31, 2016 was ₹276.55 (March 31, 2015 : ₹245.63 per share).

The Black Scholes valuation model has not been disclosed for computing the weighted average fair value since no ESOPs were granted during the current and previous year.

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

Range of exercise price (₹)	As at March 31, 2016			As at March 31, 2015		
	Number of options outstanding	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)	Number of options outstanding	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)
50 - 119	-	-	-	31,500	2.50	119.00
120 - 225	-	-	-	22,500	0.75	138.00

### 31. Related Party Disclosures

(a) Following is the list of Key Managerial Personnel

Name of the related party	Relationship
Rajiv C. Mody	Chairman, Managing Director and Chief Executive Officer
Krishna J. Jhaveri	Whole Time Director
G. Venkatesh*	Non - Executive Director
Neeta S. Revankar	Whole Time Director and Chief Financial Officer
Anjan Lahiri (up to September 23, 2014)	Whole Time Director and Chief Executive Officer

\* Dr. G. Venkatesh, ceased to be a Whole Time Director as on January 19, 2015 and continues in the Board as a Non - Executive Director.



## Notes to Consolidated Financial Statements (Contd.)

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

Amount in ₹ lakhs

Name of the related party	Year Ended March 31, 2016	Year Ended March 31, 2015
Rajiv C. Mody	747.66	323.25
Krishna J. Jhaveri	22.11	28.68
G. Venkatesh	-	60.55
Neeta S. Revankar	408.18	179.55
Anjan Lahiri (up to September 23, 2014)	-	50.46
<b>Total</b>	<b>1,177.95</b>	<b>642.49</b>

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

### 32. Segment Reporting

During the year, the management has reviewed the existing segments and has reclassified them as "Software Services", "Software Products" and "Others" to better align the segments in line with the underlying scale of operations and the manner in which management reviews business performance. Software Services that are related with Intellectual Property based on product offerings are considered as part of the Software Products segment.

#### (a) Business Segment Information

##### Segment Balance Sheet

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Segment Assets</b>		
Software Services	14,133.85	11,643.67
Software Products	312.55	187.74
Others	154.76	169.98
Corporate Assets (Unallocated)	49,166.52	43,893.49
<b>Total</b>	<b>63,767.68</b>	<b>55,894.88</b>
<b>Segment Liabilities</b>		
Software Services	7,176.97	5,062.44
Software Products	59.11	101.50
Others	128.30	134.23
Corporate Liabilities (Unallocated)	6,502.27	5,902.51
<b>Total</b>	<b>13,866.65</b>	<b>11,200.68</b>
<b>Capital Expenditure</b>		
Software Services	132.08	158.80
Software Products	16.20	0.70
Others	1.11	0.49
Corporate and others (Unallocated)	286.40	242.17
<b>Total</b>	<b>435.79</b>	<b>402.16</b>

##### Segment Results

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Revenues</b>		
Software Services	47,271.26	41,814.62
Software Products	2,007.49	1,187.47
Others	303.06	219.36
<b>Gross Revenues</b>	<b>49,581.81</b>	<b>43,221.45</b>
Less: Inter Segmental Revenue	(1,265.07)	(420.46)
<b>Net Revenues</b>	<b>48,316.74</b>	<b>42,800.99</b>

## Notes to Consolidated Financial Statements (Contd.)

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Segmental Profit</b>		
Software Services	12,870.67	9,610.09
Software Products	1,289.61	393.74
Automotive, Utilities & Industrial	81.13	17.64
<b>Total</b>	<b>14,241.41</b>	<b>10,021.47</b>
<b>Less:</b>		
Corporate Expenses (Unallocated)	10,184.51	7,916.69
<b>Profit from Operations</b>	<b>4,056.90</b>	<b>2,104.78</b>
Less: Finance Costs	18.89	13.87
Add: Other Income including Exchange Gain/(Loss), net	1,620.29	2,193.80
Add: Exceptional item	23,294.27	17,333.30
<b>Profit Before Taxes</b>	<b>28,952.57</b>	<b>21,618.01</b>
Income Taxes	8,323.32	9,661.57
<b>Profit After Taxes</b>	<b>20,629.25</b>	<b>11,956.44</b>
<b>Other Information:</b>		
<b>Depreciation/Amortization</b>		
Software Services	540.34	851.72
Software Products	17.74	27.26
Automotive, Utilities & Industrial	0.59	1.43
Unallocated Depreciation	101.41	239.35
<b>Total</b>	<b>660.08</b>	<b>1,119.76</b>

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

### (b) Geographic Segment Information:

#### Revenues:

Amount in ₹ lakhs

Region	Year Ended March 31, 2016	Year Ended March 31, 2015
North America (including Canada)	14,719.25	14,904.88
Europe (including Middle East)	15,288.58	15,082.54
Asia Pacific (other than India)	6,055.93	4,125.26
India	12,252.98	8,688.30
<b>Total</b>	<b>48,316.74</b>	<b>42,800.99</b>

#### Assets:

Amount in ₹ lakhs

Region	As at March 31, 2016	As at March 31, 2015
North America (including Canada)	4,242.19	5,179.02
Europe (including Middle East)	4,155.06	4,271.06
Asia Pacific (other than India)	1,928.06	1,836.82
India	53,442.37	44,607.98
<b>Total</b>	<b>63,767.68</b>	<b>55,894.88</b>

#### Capital Expenditure:

Amount in ₹ lakhs

Region	As at March 31, 2016	As at March 31, 2015
North America (including Canada)	23.54	6.20
Europe (including Middle East)	51.19	32.14
Asia Pacific (other than India)	2.40	0.51
India	358.66	363.31
<b>Total</b>	<b>435.79</b>	<b>402.16</b>





## Notes to Consolidated Financial Statements (Contd.)

### 33. Earnings Per Share (EPS)

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

Amount in ₹ lakhs (except share data)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Profit for computation of basic and diluted EPS	20,629.25	11,956.44
Weighted average number of shares considered for basic EPS	1,92,55,028	2,13,08,543
Add: Effect of stock options	-	22,706
Weighted average number of shares considered for diluted EPS	1,92,55,028	2,13,31,249

### 34. Operating Lease

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

Amount in ₹ lakhs

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Rent expenses included in Statement of Profit and Loss towards operating leases	735.45	890.28

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

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Due within one year	45.52	98.88
Due between one to five years	25.70	55.01
Due more than five years	-	-

### 35. Due to Micro and Small Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 (the Act)'. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Amount in ₹ lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period.		
- Principal	2.44	-
- Interest	-	-
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-

## Notes to Consolidated Financial Statements (Contd.)

### 36. Exceptional Items

#### Previous year

The group had received a favourable arbitration award of ₹26,752.99 lakhs for royalty and interest income in respect of Software product license granted to a non-Indian licensee, who had purportedly claimed non-usage of the licensed IPR after initial acceptance, which was successfully contested by the Company, and the same was recognized as exceptional revenue. In relation to the above, a provision towards employee payments amounting to ₹1,500.00 lakhs was recorded as an exceptional item.

The Company has evaluated its investment in Sasken Finland Oy (Sasken Finland) for the purpose of determination of potential diminution in value of investment and based on such evaluation and determination, the Company has recognized a provision for diminution in the value of goodwill related to investment in Sasken Finland amounting to ₹7,256.82 lakhs and the same is included under exceptional items.

Certain dues receivable from statutory authorities in an overseas jurisdiction, amounting to ₹253.82 lakhs have been considered impaired and provided for and disclosed as an exceptional item. Also investment made in Omni Capital LLP, USA has been impaired amounting to ₹409.05 lakhs and disclosed as an exceptional item.

#### Current year

The group had another arbitration proceeding with one of its customer and both parties had preferred certain claims. In March 2016, the two parties entered into a settlement agreement whereby both parties mutually agreed to stop the arbitration proceedings and the Company received a consideration of USD 45 million (equivalent to ₹29,812.50 lakhs) for assignment of its rights in the independently owned IPR and foreground information, which has been recognized as an exceptional item. Further, in relation to the above, a provision towards employee payments amounting to ₹2,100.00 lakhs and managerial remuneration amounting to ₹784.38 lakhs has also been recorded as an exceptional item.

During the current year, the group has evaluated certain long term investments for the purpose of determination of potential diminution in value of investments and based on such evaluation and determination, a provision for diminution in the value of investment as at March 31, 2016 amounting to ₹3,633.85 lakhs has been recorded as an exceptional item.

### 37. Comparatives

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

As per our report of even date.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Chandra Kumar Rampuria  
Partner  
Membership Number: 055729

Place : Bengaluru  
Date : April 22, 2016

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

Rajiv C. Mody  
Chairman and Managing Director  
DIN: 00092037

Neeta S. Revankar  
Whole Time Director &  
Chief Financial Officer  
DIN: 00145580

S. Prasad  
Company Secretary



Statement pursuant to Section 129(3) of the Companies Act, 2013, relating to Subsidiary Companies

Part "A" : Subsidiaries

Amount in ₹ lakhs

Name of the Subsidiary	Sasken Network Engineering Limited	Sasken Communication Technologies Mexico S.A de C.V	Sasken Communication Technologies (Shanghai) Co. Ltd.	Sasken Finland Oy	Sasken Inc.
Financial year / period of the Subsidiary ended on	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016
1. Reporting currency	INR	MXN	CNY	EUR	USD
2. Exchange rate as at March 31, 2016 to INR	1.000	3.840	10.254	75.4323	66.250
3. Share Capital	305.00	176.75	706.96	12.09	222.25
4. Reserves & Surplus	453.79	(217.76)	560.87	1,332.02	216.30
5. Total Assets	847.61	2.82	1,577.16	2,259.84	520.15
6. Total Liabilities	88.82	43.83	309.33	915.73	81.59
7. Investments (except investment in Subsidiary)	176.44	-	-	-	-
8. Turnover	246.58	-	2,385.67	4,524.87	2,150.84
9. Profit before Taxation	6.63	(15.96)	667.55	409.50	(2,638.59)
10. Provision for Taxation	21.29	-	164.48	80.26	2.06
11. Profit after Taxation	(14.66)	(15.96)	503.07	329.24	(2,840.65)
12. Proposed dividend	-	-	-	-	-
13. % of shareholding	100%	100%	100%	100%	100%

Rajiv C. Mody	Neeta S. Revankar	S. Prasad
Chairman and Managing Director	Whole Time Director and	Company Secretary
DIN: 00092037	Chief Financial Officer	
	DIN: 00145580	

Place : Bengaluru

Date : April 22, 2016

Name of the Joint Venture	ConnectM Technology Solutions Pvt. Ltd.	TACO Sasken Automotive Electronics Ltd. (TSAE)
1 Latest audited Balance Sheet Date	March 31, 2016	NA
2 Share of Joint Venture held by the Company on the year end		
No.	1,44,73,846 equity shares of ₹10 each fully paid up	52,00,403 equity shares of ₹10 each fully paid up and 24,78,000 redeemable preference shares of Rs 10 each fully paid up
Amount of Investment in Joint Venture	1,796.24	767.84
Extent of holding %	46.29%	50.00%
3 Description of how there is significant influence	By virtue of shareholding	NA
4 Reason why the Joint Venture is not consolidated	NA	The shareholders of TSAE have resolved that the company be wound up voluntarily. Requisite documents have been filed with the Registrar of Companies. Considering the closure of operations of TSAE, the financial statements of TSAE have not been consolidated.
5 Networth attributable to Shareholding as per latest audited Balance Sheet	(49.81)	NA
6 Profit / (Loss) for the year		
i. Considered in Consolidation	(6.76)	NA
ii. Not Considered in Consolidation	(7.85)	NA

Rajiv C. Mody  
Chairman and Managing Director  
DIN: 00092037

Neeta S. Revankar  
Whole Time Director and  
Chief Financial Officer  
DIN: 00145580

S. Prasad  
Company Secretary

Place : Bengaluru  
Date : April 22, 2016



## Management Discussion and Analysis Report

IN ADDITION TO HISTORICAL INFORMATION, THIS ANNUAL REPORT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS (FLS). THE FLS CONTAINED HEREIN ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE REFLECTED IN THE FLS. 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 FLS, WHICH REFLECT MANAGEMENT'S ANALYSIS ONLY AS OF THE DATE HEREOF.

### Company brief

For over 25 years, Sasken has been a leader in providing Engineering R&D services. Since its inception, Sasken had kept pace with the rapidly changing technology and business landscape and has emerged as a dependable partner in providing world class Product Engineering Services. Our marquee customer base reposes its trust on Sasken as a go to partner for solving critical engineering challenges spanning all facets of the product development life cycle. Sasken today operates in the Automotive and Consumer electronics, Semiconductor, Smart Devices and Network Equipment segments. Additionally, Sasken is taking advantage of the opportunities stemming from the collision of physical and digital worlds and has made a successful entry into the world of Digital IT. Sasken estimates that its products and services have helped power several hundreds of millions of products that have been trail blazers in global markets.

### Outlook

NASSCOM remains confident about the growth prospects emerging from the global demand to tap the dual benefits that India's Engineering Research & Development (ER&D) has to offer. While cost effectiveness was the key motivation early on, the focus has now turned to harnessing the Product Engineering competencies that are available, albeit from select companies. This segment is expected to witness double-digit growth and total approximately USD 40 billion by 2020. Several vectors of change including 'digitization' and 'platformization' continue to cause radical changes in every conceivable industry segment. In response to these trends, Sasken sees opportunities from customers who continue to invest in building new products and derivatives to defend their leadership position.

ER&D players are now expected to move beyond working on sustaining legacy systems and be able to make significant contributions to new product development. This calls for a systematic understanding of complex technologies from embedded software development to software integration, hardware design and testing. Global companies will continue to work with players who have a product engineering DNA to augment their 'Innovation Quotient' especially as they seek access to attractive domestic markets. We believe that while companies will invest to expand their India-based Global In-house Centers (GICs), they will continue to partner with independent service providers.

### Business environment

The World Bank has signaled that growth in 2016 will be about 60 basis points above what we saw in the preceding year. With the exception of India, which continues to show robust growth, there is a deceleration in the growth of the other BRIC economies. The positive side is that high income countries notably the US, the Eurozone countries and the UK are expected to post a moderate recovery buoyed by domestic demand, higher disposable income and increased job creation. According to the IMF, while a camp of economists hold the position that there are 'diminishing returns' from 'technological innovation', others counter that transformative innovation continues at a healthy pace in many areas. The World Economic Forum continues to place Innovation, Technological readiness and Infrastructure (including communication) among the 12 pillars that foster global competitiveness. Digital platform based service providers have hastened the creation of a 'networked community' of buyers and sellers whose combined power disrupts and changes the very fabric of traditional industries. Other vectors that are driving change are hyper connectivity, the Internet of Things (IoT) and Analytics. 'Data driven decision' is fast becoming the default choice in both individual and industrial contexts.

### Growth opportunities for Sasken

Our technology led offerings and solutions combine our traditional strength and leadership in the Embedded Systems space with our Digital IT Services Offerings. This uniquely positions Sasken as an ideal, flexible and responsive partner. Our customers continue to repose their trust on us to deliver mission critical projects in complete ownership mode.

As in the preceding years, we have structured our technology focus under three broad heads viz., Engineering Research & Development (ER&D), Testing, and Application and Data Services (ADS). Sasken offers a comprehensive range of ER&D services including hardware and software development enveloping the entire product lifecycle from conceptualization to development followed by commercial launch enablement to post deployment support. We have a Testing practice group with a comprehensive repertoire of test solutions and automation tools to help customers deliver reliable products and services. Our ADS practice was conceptualized to serve businesses that are digital from inception or abet traditional players migrating from the physical to the digital dominion. The service thrust includes 'Enterprise Mobility', 'Advanced Analytics', 'Data Discovery' and is directed at Retail enterprises and Independent Software Vendors.

While there are several exemplars of the excellent work we have delivered to our global customers, we have called out a few alongside the commentary on our technology practice areas.

### Application and Data Services

In our ADS practice, we are extremely proud to have delivered a solution to a leading European MVNO that uses predictive analytics. The MVNO has reaped the twin benefits of gaining competitive advantage and saving tens of millions of Euros in costs. Our insights platform based solution uses a heuristic model to analyze past and current data usage to help predict future usage patterns. This enables optimal provisioning of capacity paving the way for substantial savings during the purchase of wholesale bundles. We have delivered intuitive and visual dashboards that enable improved analysis and decision making for the Finance and Operations division of a large conglomerate in the Industrial Automation space.

## Management Discussion and Analysis Report (Contd.)

There are several instances of our foray in this segment with partnerships across products and platforms. We have incorporated Radio Frequency Identification (RFID) technologies to create a Data Acquisition and Capture solution for logistics support. A large European supplier has entrusted us to maintain and enhance their platform of their automated fare management platforms which is in active use in several markets. On the retail front we have delivered mobile applications for one of the world's largest Fast Moving Consumer Goods (FMCG) companies for better brand engagement based on leading IoT platform. Our suite of validation and quality assurance services is helping new age mobile commerce players automate testing of client data which is vital prior to using the data for decision support.

Sasken with a quest to offer a richer suite of services has become a Premier Consulting Partner for Xamarin. This partnership will focus on commercializing enterprise mobile applications for outstanding user experience and performance.

### ER&D Services

In the Engineering Research & Development (ER&D) space, we have an enviable set of entrenched customer engagements. We have amply demonstrated our ability to solve complex engineering problems that have helped our customers triumph in the markets they serve.

An instance of our ability to build enduring partnerships is reflected in our longstanding relationship with a leading satellite service provider. In the Automotive segment, we have emerged as the partner of choice for providing Audio and Connectivity solutions for global American Tier - 1 suppliers. We have delivered turnkey solutions to help a Japanese customer build line - fitted In - Vehicle Infotainment (IVI) systems. We remain the preferred partner to provide services to players building semiconductor platforms and OEMs for smart and rugged devices based on the Android Software Platform. We support a Japanese consumer electronics giant and manage their messaging assets for all their mobility platforms. For another Japanese smart device vendor we are developing advanced features on Android based platforms to support VoLTE and Wi - Fi networks.

On the networks side, our engineers have delivered new access nodes for a GSM - R based network. This network will support a host of key European railway operators serving a vast and busy rail network. We are building on the inroads we have made in the Industrial Automation space and are now engaged in providing multiple services. One instance of the work we do in this segment is the enablement of secure transaction processing in terminals that are used in logistics and other industrial mobility applications. From our development center in Finland we continue to engage in several interesting engineering projects that have helped build trace and tracking devices.

Our Testing practice provides a comprehensive bouquet of services for embedded and digital platforms. We offer testing services that span technologies from 2G to 4G and include testing and triaging services that range from conformance to field testing. On the device side we are working with carriers rolling out 4G technologies and enable them to launch next generation smart devices that will support features on the Long Term Evolution (LTE) network. Our test automation suite serves players who offer customization of the Android Platform. In addition to smart devices, we are providing testing services to manufacturers of rugged terminals and computers, smart - home gateways and automotive infotainment systems. In the carrier and Network Equipment market, we support customers to improve reliability, compatibility and interworking of products within their heterogeneous networks.

It is evident that our strength in the ER&D and Testing is unique and is a testimony to the depth of the engineering talent we have. We continue to expand our portfolio of offerings and have partnered with a pioneer in manufacturing inlay tags using NFC and RFID supported by their smart IoT platform.

### Financial Performance

#### Financial results for the Year Ended March 31, 2016

Particulars	Year Ended March 31, 2016		Year Ended March 31, 2015		Increase / Decrease
	(In ₹ lakhs)	(%)	(In ₹ lakhs)	(%)	
<b>Revenue from Operations</b>	<b>48,316.74</b>	<b>100.0</b>	<b>42,800.99</b>	<b>100.0</b>	<b>12.9</b>
Employee Benefits Expense	34,275.58	70.9	31,500.34	73.6	8.8
Inventory Related Expenses	(184.32)	(0.4)	177.76	0.4	(203.7)
Other Expenses	9,508.50	19.7	7,898.35	18.5	20.4
Total Expenditure	43,599.76	90.2	39,576.45	92.5	10.2
<b>Profit before Interest, Taxes, Depreciation and Amortization</b>	<b>4,716.98</b>	<b>9.8</b>	<b>3,224.54</b>	<b>7.5</b>	<b>46.3</b>
Interest & Borrowing Expenses	18.89	0.0	13.87	0.0	36.2
Depreciation and Amortization Expense	660.08	1.4	1,119.76	2.6	(41.1)
Other Income	1,620.29	3.4	2,193.80	5.1	(26.1)
Exceptional items	23,294.27	48.2	17,333.30	40.5	34.4
<b>Profit before Taxes</b>	<b>28,952.57</b>	<b>59.9</b>	<b>21,618.01</b>	<b>50.5</b>	<b>33.9</b>
Income Tax Expense (Including deferred tax benefit and MAT credit entitlement)	8,323.32	17.2	9,661.57	22.6	(13.9)
<b>Net profit for the year</b>	<b>20,629.25</b>	<b>42.7</b>	<b>11,956.44</b>	<b>27.9</b>	<b>72.5</b>



## Management Discussion and Analysis Report (Contd.)

### Revenue from operations

Consolidated revenues for FY 2016 were ₹48,316.74 lakhs, an increase of 12.9%, from ₹42,800.99 lakhs in FY 2015. The revenue in USD terms increased by 6.8% over the last year coupled with the depreciation of INR against USD by 5.7% helped in this increase.

Software Services revenues, Software Product revenues and Automotive, Utilities and Industrial revenues net off inter segmental revenues were ₹46,006.19 lakhs, ₹2,007.49 lakhs and ₹303.06 lakhs respectively, for FY 2016, as against ₹40,303.74 lakhs, ₹1,090.42 lakhs, ₹1,187.47 lakhs and ₹219.36 lakhs respectively from Software Services revenues, Network Engineering Services revenues, Software Product revenues and Automotive, Utilities and Industrial revenues net off inter segmental revenues for FY 2015.

In FY 2016, in INR terms, Services revenue contributed 95.2% of the overall revenues. It was at ₹46,006.19 lakhs as against ₹41,394.18 lakhs in FY 2015, up by 11.1%. The services revenue by project type is as follows:

Particulars	In %	
	FY 2016	FY 2015
Time and Material	83.9	88.8
Fixed Price	16.1	11.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The increase in the proportion of the fixed price projects is due to a large Fixed Price Project undertaken from one of the SEZ locations.

Services revenue derived from services performed in development centers and customer locations in India are categorized as offshore revenues and revenues from other locations are categorized as onsite revenues. During the current year, the offshore work has increased as compared to the previous year. Customer delivery from an offshore location provides cost effective solution to our customers. It may be noted that in spite of increased delivery from offshore locations there was an increase in the revenue over last year and overall business volume increased by 24.9%. The offshore - onsite mix of revenues was as follows:

Revenue	In %	
	FY 2016	FY 2015
Onsite	39.1	45.3
Offshore	60.9	54.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Person months	In %	
	FY 2016	FY 2015
Onsite	2,702	2,689
Offshore	13,183	10,025

In FY 2016, in INR terms, software product revenue contributed 4.2% of the overall revenues. It was at ₹2,007.49 lakhs as against ₹1,187.47 lakhs in FY 2015, up by 69.1%

Details of software product revenue were as follows:

Particulars	In %	
	FY 2016	FY 2015
License fees	Nil	2.6
Royalties	29.6	52.1
Customization	70.4	45.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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

### Employee benefits expenses

Employee benefits expenses include salaries which have fixed and variable components, contribution to social security funds such as provident fund, superannuation fund, gratuity fund and other statutory schemes. It also includes expenses incurred on, staff welfare, recruitment and relocation. As on March 31, 2016 there are no Employee stock options outstanding.

The total employee costs for FY 2016 were ₹34,275.58 lakhs compared to ₹31,500.34 lakhs in FY 2015 - an increase of ₹2,775.24 lakhs i.e., 8.8% of FY 2015 salary. In percentage terms, the cost in FY 2016 is 70.9% of revenues, as against 73.6% in the earlier year.

The employee benefit cost has been higher in the current year due to relatively higher annual wage and bonus increase, increase in the headcount over last year partially offset by higher offshore employees. The headcount as at the end of FY 2016 was 2,118 as against 1,919 in FY 2015. The higher utilization of 80.6% in the current year as against 72.9% in the last year is due to the result of the process improvements driven throughout the year in the area of bench management.

### Inventory related expenses

In FY 2016 inventory has increased to ₹218.84 lakhs from ₹15.68 lakhs in the earlier year, due to inventorisation of expenses pertaining to those fixed price projects where either delivery on acceptance of the milestone was pending.

## Management Discussion and Analysis Report (Contd.)

### Other expenses

Other expenses for FY 2016 were ₹9,508.50 lakhs as against ₹7,898.35 lakhs for FY 2015 – an increase of ₹1,610.15 lakhs. During the current year, we had incurred substantial legal expenses towards an arbitration proceeding, which dispute was settled in March 2016. Additionally, professional charges were paid to a global consultancy firm for consultation on strategic matters. In FY 2016, the CSR spend was higher in quantum over last year. This is because of the larger expenses which the Company incurred on SEWA project as part of the CSR activity. But it was lesser than the 2% of the eligible profits, as the project was monitored closely and the money was spent only at the appropriate point of time.

### Interest & Borrowing expenses

ConnectM, which is a Joint Venture of Sasken, has borrowed from SVB India Finance Pvt. Limited, which is a Non - Banking Finance Company (NBFC) and whose business has been taken over by Innoven Capital India Pvt. Limited which is also an NBFC. Out of the total borrowings, the balance outstanding as on March 31, 2016 is ₹254.45 lakhs, which includes outstanding interest of ₹40.80 lakhs.

### Depreciation and amortization expense

Depreciation and amortization charge has decreased by ₹459.68 lakhs to ₹660.08 lakhs in FY 2016 from ₹1,119.76 lakhs in FY 2015. The higher depreciation during last year is mainly due to retirement of assets and leasehold improvements when facilities were given up.

### Other Income

Other Income comprises of Interest earned on Fixed Deposits, Dividend on Mutual Funds including Fixed Maturity Plans (FMP), Dividend on Preference shares, Gain on sale of Investments, profit on sale of fixed assets, write back of unclaimed balances and provisions, exchange gains and other miscellaneous receipts. Other income was ₹1,620.90 lakhs in FY 2016, a decrease of ₹573.51 lakhs over the other income in FY 2015 amounting to ₹2,193.80 lakhs.

Some of the investments were liquidated in this fiscal year to fund the buyback. The weighted average post tax return on investment in FY 2016 was 6.12% as against 5.83% in FY 2015. In spite of reduction in interest rate by 1.25% in the course of the year, the return improved by 5% over last year. This is because of the change in the portfolio.

Gains on account of exchange rate were significantly lower in the current year at ₹155.35 lakhs as compared to ₹744.75 lakhs in the previous year. During the previous year, higher exchange gain was realized due to higher dividends from overseas subsidiaries. The dividend was remitted at an exchange rate which was higher than the rate at which the profit was earned. Additionally the devaluation of CNY during FY 2016 had a marginal adverse effect. In order to mitigate the impact of the exchange fluctuation, we use a combination of foreign exchange forward contracts and foreign exchange options to hedge our net exposure. The sales and cash flows are hedged on a continuous basis. While the movement in the exchange rates is not within our control, we manage our foreign exchange exposures in line with our hedging policy which aims to ensure that exposures on revenue and balance sheet accounts are properly monitored and are limited to acceptable levels. The hedges as on March 31, 2016 were \$32.86 million @ ₹70.07 per USD as against \$18.16 million @ ₹65.47 per USD.

### Exceptional items

During the previous year ended March 31, 2015, the Company received a cumulative sum of USD 45.31 million towards royalties up to December 2014 and interest on royalties. Of the above, USD 1.67 million was adjusted towards outstanding trade receivables and the balance amount of USD 43.64 million (equivalent to ₹26,752.99 lakhs) was recognized as exceptional revenue. Further, in relation to the above, a provision towards employee payments amounting to ₹1,500.00 lakhs was recorded as an exceptional item.

In the same year, the Company had, after due evaluation, provided for:

- diminution in the value of goodwill related to investment in Sasken Finland amounting to ₹7,256.82 lakhs.
- impairment of certain dues receivable from statutory authorities in an overseas jurisdiction, amounting to ₹253.82 lakhs.
- diminution in the value of investment made in Omni Capital LLP, USA amounting to ₹409.05 lakhs.

During the current year ended March 31, 2016, another arbitration proceeding was in progress. In March 2016, the two parties entered into a settlement agreement whereby both parties mutually agreed to terminate the arbitration proceedings and the Company received a consideration of USD 45 million (equivalent to ₹29,812.50 lakhs) for assignment of certain rights in the jointly owned Foreground IPR and Sasken owned Background IPR. This consideration has been recognized as an exceptional item in the financial statements. Further, in relation to the above, a provision towards employee payments amounting to ₹2,100.00 lakhs and managerial remuneration amounting to ₹784.38 lakhs has also been recorded as an exceptional item.

During the current year ended March 31, 2016, the Company has evaluated certain long term investments for the purpose of determination of potential diminution in value of investments. Based on such evaluation and determination, a provision for diminution in the value of investment in Omnicapital LLP (₹2,723.79 lakhs), 21E6 Inc (₹670.20 lakhs), Axiom Research Labs Pvt. Ltd. (₹239.86 lakhs) amounting to ₹3,633.85 lakhs, has been recorded as an exceptional item in the consolidated financial statements.

The investment in Omnicapital LLP and 21E6 Inc. was through Sasken Inc., a wholly owned subsidiary.

### Income tax expense

The tax charges vary depending on the nature of the transaction, mix of onsite-offshore revenues, country of operations, and revenues generated from units which enjoy a tax holiday.





## Management Discussion and Analysis Report (Contd.)

The income tax expense was ₹8,323.32 lakhs in FY 2016, a decrease of ₹1,338.25 lakhs as compared to the tax expense of ₹9,661.57 lakhs in FY 2015. The tax charges are lower in the current year. The effective tax rate for normal income in FY 2016 was about 20.44% as against 25.24% in FY 2015. The mix of profits from SEZ undertakings and non SEZ undertakings has an impact on the tax amount. The exceptional income in FY 2016 is in the nature of capital gains and therefore is taxable at a lower rate, whereas the exceptional income in FY 2015 is in the nature of business income which is taxable at the regular rate.

### Profit after taxation

Consolidated Profit After Tax (PAT) has increased by 172.54%, to ₹20,629.25 lakhs in FY 2016 from ₹11,956.44 lakhs in FY 2015. In absolute terms, the PAT increased by ₹8,672.81 lakhs in FY 2016. The PAT margins for FY 2016 were 42.7% as against 27.9% in FY 2015.

### Segment Results

	Year ended March 31, 2016	Year ended March 31, 2015	Increase/ Decrease
	(in ₹ lakhs)	(in ₹ lakhs)	(%)
<b>Segment Revenues</b>			
Software Services (incl. NW Engineering Services)	47,271.26	41,829.57	13.0
Software Products	2,007.49	1,172.52	71.2
Automotive, Utilities and Industrial	303.06	219.36	38.2
Less : Intersegment Revenue	(1,265.07)	(420.46)	200.9
Total Revenue	48,316.74	42,800.99	12.9
<b>Segmental EBITDA</b>			
Software Services	4,975.57	3,509.54	41.8
Software Products	(251.53)	(104.14)	141.5
Automotive, Utilities and Industrial	(7.01)	(180.83)	96.1
Exceptional items (net)	23,294.27	17,333.30	35.0
<b>Segment EBITDA %</b>			
Software Services	10.8	8.5	27.6
Software Products	(12.5)	(8.8)	42.9
Automotive, Utilities and Industrial	(2.3)	(82.4)	(97.2)

EBITDA margins from Services business, in the current year, were 10.8% as against 8.5% in FY 2015. The increase in margins in FY 2016 was due to increase in revenue realization, higher utilization and better exchange rates.

EBITDA margins from Software products, in the current year, decreased to (12.5)% from (8.8)% in FY 2015. The investments into newer products has been minimal and the royalty from existing software products have gradually declined over time. This coupled with legal costs has decreased the margins.

### Financial Position

Particulars	As at March 31, 2016		As at March 31, 2015	
	(In ₹ lakhs)	(%)	(In ₹ lakhs)	(%)
<b>EQUITY AND LIABILITIES</b>				
1. Shareholders' Funds				
(i) Share Capital	1,771.98	2.8	2,134.49	3.8
(ii) Reserves and Surplus	48,129.05	75.5	42,559.71	76.2
2. Non - Current Liabilities				
(i) Long Term Provisions	566.78	0.9	690.91	1.2
3. Current Liabilities and Provisions				
(i) Trade Payables	6,316.40	9.9	2,470.86	4.4
(ii) Other Current Liabilities	1,730.42	2.7	2,099.40	3.8
(iii) Short Term Provisions	5,253.05	8.2	5,939.51	10.6
<b>Total</b>	<b>63,767.68</b>	<b>100.0</b>	<b>55,894.88</b>	<b>100.0</b>
<b>ASSETS</b>				
1. Non - Current Assets				
(i) Net Fixed Assets including Capital Work-in-Progress	4,031.57	6.3	4,246.23	7.6
(ii) Non Current Investments	18,319.04	28.7	7,231.32	12.8
(iii) Deferred Tax Assets (net)	1,139.61	1.8	1,275.65	2.3
(iv) Long Term Loans and Advances	6,945.90	10.9	6,771.42	12.1
(v) Other Non - Current Assets	0.80	0.0	259.39	0.5

## Management Discussion and Analysis Report (Contd.)

Particulars	As at March 31, 2016		As at March 31, 2015	
	(In ₹ lakhs)	(%)	(In ₹ lakhs)	(%)
2. Current Assets				
(i) Current Investments	16,826.79	26.4	12,283.75	22.0
(ii) Inventories	246.83	0.4	44.95	0.1
(iii) Trade Receivables	9,627.84	15.1	6,992.91	12.5
(iv) Cash and Bank Balances	2,338.26	3.7	12,589.69	22.5
(v) Short Term Loans and Advances	1,559.35	2.4	1,650.02	3.0
(vi) Other Current Assets	2,731.69	4.3	2,549.55	4.6
<b>Total</b>	<b>63,767.68</b>	<b>100.0</b>	<b>55,894.88</b>	<b>100.0</b>

### Equity and Liabilities

#### 1. Share Capital

The authorized share capital is ₹5,000.00 lakhs comprising of 500 lakh equity shares of face value of ₹10 each. The number of shares outstanding, as on March 31, 2016 were 1,77,19,813 and these are fully paid up. The issued, subscribed and paid up capital as on March 31, 2016 stood at ₹1,771.98 lakhs, lower by ₹362.51 lakhs as compared to March 31, 2015.

#### 2. Reserves and Surplus

Reserves and Surplus as at March 31, 2016 was ₹48,129.05 lakhs as against ₹42,559.71 lakhs as at March 31, 2015, increase of ₹5,569.34 lakhs. This change over the last year is due to the following:

1. The profit after tax during FY 2016 was ₹20,629.25 lakhs which increased the Reserves and Surplus.
2. Dividend and dividend tax paid during the year from the profits was ₹6,427.56 lakhs.
3. Additionally ₹9,141.40 lakhs was used for paying the premium on buy back of 36,56,560 shares. ₹6,544.88 lakhs was funded from Securities Premium account and the remaining ₹2,596.52 lakhs was funded from the balance in General Reserve account.
4. These two items decreased the balance available in Reserves and Surplus by ₹15,568.96 lakhs.
5. In addition to these there were inter se movement of funds between different heads

During the year ₹2,080.44 lakhs was transferred to General Reserve from the Profit and Loss account. Closing balance of Hedging Reserve as at March 31, 2016 showed a gain of ₹471.42 lakhs as against a gain of ₹402.09 lakhs as at March 31, 2015. The balance represents the net unrealized gains on the effective hedges. The realized gains or loss will be transferred to the Profit and Loss account on settlement of the forward contracts.

The balance in the foreign currency translation reserve account as on March 31, 2016 was ₹989.79 lakhs as against ₹589.31 lakhs in the earlier year. This represents the unrealized foreign exchange gains on accumulated profits in the overseas subsidiaries, based on the exchange rate prevailing on March 31, 2016. This will be realized on receipt of dividend from these subsidiaries and the quantum may change based on the exchange rate on the date of receipt.

#### 3. Non Current Liabilities:

##### a. Long Term Provisions:

Long term provisions include retirement benefits like Gratuity, Pension, leave salary, etc. payable to employees on separation. As on March 31, 2016 these were at ₹566.78 lakhs and represent 0.9% of the balance sheet size, as against ₹690.91 lakhs as at March 31, 2015. The decrease of ₹124.13 lakhs is mainly on account of the lower provisions in the current year which depend on various factors like the age profile of the employees and are determined based on actuarial valuation.

#### 4. Current Liabilities & Provisions:

##### (i) Trade payables

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

As at March 31, 2016, trade payables representing 9.9% of the Balance Sheet, were at ₹6,316.40 lakhs, as against ₹2,470.86 lakhs as at March 31, 2015. The increase is due to the provision made for employee related expenses and managerial remuneration and for the expenses which are exceptional in nature.

##### (ii) Other Current Liabilities:

This includes that portion of the long term borrowing and the interest accrued thereon, deferred revenues and advances from customers, unpaid dividends, capital creditors, statutory liabilities, etc. and which are expected to be settled within twelve months.

Deferred revenues consist primarily of advance billings on customers for fixed price contracts. Advance received from customers represents amount received for the delivery of services in future. Unpaid dividend represents dividend paid, but not encashed by shareholders and is represented by bank balance of the equivalent amount. Capital creditors include amounts due on



## Management Discussion and Analysis Report (Contd.)

account of goods purchased or services received in the nature of capital expenditure. Statutory liabilities include withholding tax and social security costs payable to statutory authorities in various countries we operate in.

Other current liabilities constituting 2.7% of the balance sheet, as at March 31, 2016 were at ₹1,730.42 lakhs, as against ₹2,099.40 lakhs as at March 31, 2015. The decrease in this head in this year is mainly due to the refund of the money received against the share warrants issued.

### (iii) Short term provisions

These include employee benefit obligations (other than what has been identified as non-current), warranties, onerous contracts, and provision for dividends and tax thereon which are expected to be settled within twelve months from the balance sheet date and which are considered to be current.

Short term provisions represent 8.2% of the balance sheet, and as at March 31, 2016 were at ₹5,253.05 lakhs as against ₹5,939.51 lakhs as at March 31, 2015. The provision as on March 31, 2015 was higher because of the proposed final dividend.

### Assets

Assets are broadly classified as Current and Non-current Assets. As in the case of liabilities, non-current assets are those which are not expected to be liquidated within twelve months and current assets are those which are expected to be liquidated within twelve months.

Non-current assets include Fixed Assets (net of depreciation) which are deployed in business for generating revenue and for business support, Non-current investments, Deferred tax Assets, Long Term loans and advances and other Non-current assets.

#### Net Fixed assets including Capital Work-in-Progress:

Net Fixed assets including Capital Work-in-Progress includes tangible and intangible assets as reduced by accumulated depreciation/amortization, Capital Work-in-Progress and Intangible assets under development.

Freehold Land & Buildings, Leasehold Improvements on leased facilities, Computers, Electrical fittings, Furniture and Fixtures, Office equipment and Plant & Equipment are classified under Tangible assets, Computer software, contract know-how and Goodwill – both arising on consolidation and acquired are classified as intangible assets.

The Net Fixed Assets, including capital work-in-progress, represents 6.3% of the total assets. The Fixed Assets, as at March 31, 2016, were at ₹4,031.57 lakhs as against ₹4,246.23 lakhs as at March 31, 2015. Intangible assets represent computer software whose net carrying value is ₹52.14 lakhs. Technical know-how, Contract Rights and Goodwill, both arising out of consolidation and purchased have been fully amortized or impaired.

Net Tangible assets whose carrying value is ₹3,966.64 lakhs is largely represented by Land and Building with a carrying value of ₹3,132.54 lakhs.

Additions to fixed assets during the FY 2016 were ₹427.24 lakhs mainly on account of investments in computing equipment and software.

#### Non-current investments

Intention of management at the time of making the investment determines the classification of the investments into current and non-current. If the intention is to hold the Investments for a period of more than twelve months, those are classified as non-current investments. Under this category, Sasken has made several strategic investments aimed at procuring business benefits and operation efficiencies.

The non-current investments, representing 28.7% of the total assets, were ₹18,319.04 lakhs, as at March 31, 2016 as against ₹7,231.32 lakhs as at March 31, 2015. This is largely represented by the investment made in tax free bonds to the tune of ₹5,441.19 lakhs and in Mutual Funds amounting to ₹12,177.85 lakhs and investment in Non-Convertible Cumulative Redeemable non-participating Preference shares ("CRPS") of Tata Capital Limited ₹500 lakhs. The investment in Omni Capital Fund LLP, a limited liability partnership in USA and certain other investments have been impaired completely during the year. The strategic investments in other body corporates are periodically tested to see if there is an impairment loss and if so, those investments are impaired in the books.

#### Deferred tax assets (net)

Deferred income taxes represent 1.8% of total assets. This reflects the tax impact of timing differences between taxable income and accounting income for the year and reversal of tax due to timing differences of earlier years. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as we do not have a legal right to do so.

The Deferred tax assets, as at March 31, 2016 were ₹1,139.61 lakhs as against ₹1,275.65 lakhs as at March 31, 2015, a decrease of ₹136.04 lakhs. The decrease in deferred tax assets in FY 2016 was mainly on account of deferred tax assets reversal on long term employee benefit expenses and other employee related payments which are allowed for tax purposes only on payment basis.

#### Long term loans and advances

Loans and advances which are not expected to be liquidated within twelve months are classified as long term loans and advances. This consist of capital advance, security deposits placed for securing inter alia, facilities leases, prepaid expenses, advance to employees, balances with Government Authorities and advance tax & MAT credit entitlement. This represents 10.9% of the balance sheet, and as at March 31, 2016 was ₹6,945.90 lakhs, as against ₹6,771.42 lakhs as at March 31, 2015 – an increase of ₹174.48 lakhs. The increase is primarily due to increase in advance income tax payments, on account of the settlement money received in FY 2016 and loan to Janacare Inc. which is in the medical software field.

## Management Discussion and Analysis Report (Contd.)

### Other non-current assets

Long term trade receivables and non-current bank balances have been classified as other non-current assets. Long term trade receivables mean Trade receivables which are not due within the operating cycle of the company. Non-current bank balances include fixed deposits having maturity of more than 12 months as at the balance sheet date. This represents negligible portion of the total assets, and as at March 31, 2016 was at ₹0.80 lakhs, as against ₹259.39 lakhs as at March 31, 2015 - a decrease of ₹258.59 lakhs. To take benefit of the higher rate of return, the Company locks into fixed deposits with Bank which are maturing beyond one year and these are liquidated when there is a cash requirement or better reinvestment opportunities arise. The decrease over last financial year is mainly due to liquidation of ₹250 lakhs bank deposit.

### Current Assets:

#### Current Investments

Investment in treasury products which are readily realisable, and that are intended to be held for not more than twelve months are classified under this head. Surplus funds are invested in Debt/Equity mutual funds, bank fixed deposits and other instruments which can be liquidated quickly to fund the operational cash requirements or other non-current investments. The guiding principle of the Company's treasury investment is safety, liquidity and return. These investments, representing 26.4% of the total assets, were ₹16,826.79 lakhs, as at March 31, 2016 as against ₹12,283.75 lakhs, as at March 31, 2015.

During FY 2016 the investment policy was reviewed and changed. As a result, composition of the investments has undergone change considering rate of returns on various instruments in the current market scenario. The total cash surplus available for investment has increased as compared to previous year on account of collections including the amounts received from a customer on settlement of a dispute.

The breakup of treasury investments by instrument type, both current and non-current, is as follows:

Particulars	In %	
	As on March 31, 2016	As on March 31, 2015
Fixed Maturity Plan	34.5	29.7
Equity Mutual Fund	2.3	1.1
Arbitrage Funds	-	5.4
Fixed Deposit	1.1	38.3
Preference Shares	1.4	-
Tax Free Bonds	15.4	-
Liquid Plan/Ultra Short Term Plan	45.3	25.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The breakup of treasury investments (excluding by accounting classification):

Particulars	In %	
	As on March 31, 2016	As on March 31, 2015
Current Investments	47.6	82.2
Non-Current Investments	52.4	17.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Inventories

Inventories, which are 0.4% of the total assets, represent (a) Work-in-progress – that is costs related to project milestones that have not been met (b) Raw materials and components – costs related to stock of raw material and other components which are used as a part of project deliverables. The Work-in-progress, as at March 31, 2016 was at ₹246.83 lakhs, as against ₹44.95 lakhs as at March 31, 2015. The Work-in-progress will be charged off to Profit and Loss account as and when the related milestone is delivered and accepted by the customer and revenue is recognized, going by the matching principle of accounting. Raw materials and components, as at March 31, 2016 was at ₹27.99 lakhs, as against ₹29.27 lakhs as at March 31, 2015.

### Trade receivables

Trade receivables, representing 15.1% of the total assets, as at March 31, 2016 were at ₹9,627.84 lakhs as against ₹6,992.91 lakhs as at March 31, 2015. The quality of the receivables are periodically reviewed and suitable provisions made wherever necessary. Accordingly, the provisions for doubtful debts as at March 31, 2016 were ₹140.00 lakhs. The sharp increase in trade receivables is reflective of extended credit periods and delayed payments by the customers. This area has been identified for improvement in the current year.

Trade receivables including long term trade receivables were 69 days (March 31, 2015: 61 days) in terms of days of sales outstanding (DSO) as at March 31, 2016.

### Cash and Bank balances

Cash and Bank balances, representing 3.7% of the total assets, as at March 31, 2016 were at ₹2,338.26 lakhs, as against ₹12,589.69 lakhs as at March 31, 2015, out of which ₹10,268.88 lakhs were in bank deposits. We maintain sufficient cash balance in current accounts for operational requirements and invest surplus funds in a variety of instruments including fixed deposits in line with the Investment policy as approved by Board. Bulk of the bank deposits were redeemed in the current year to fund the operational expenses and the buyback related outgoings. The reduction in the Cash and Bank balances as on March 31, 2016 is mainly due to this liquidation.



## Management Discussion and Analysis Report (Contd.)

Amount in ₹ lakhs

Particulars	As on March 31, 2016	As on March 31, 2015
Cash in Hand	3.33	1.49
With Indian Banks		
In Current Accounts	607.44	1,091.08
Others	229.95	99.12
With Foreign Banks	1,084.12	1,129.12
In Fixed Deposits	413.42	10,518.88
Total	2,338.26	12,839.69
Less : Deposits with original maturity greater than 12 months shown as other non-current assets	-	250.00
<b>Cash and Bank Balances</b>	<b>2,338.26</b>	<b>12,589.69</b>

### Short term Loans and Advances

Loans and advances consist of security deposits, prepaid expenses, advance to employees and suppliers, balances with Government Authorities which are expected to be liquidated and realised within twelve months are classified as Short term loans and advances. This represents 2.4% of the Balance Sheet, and as at March 31, 2016 was ₹1,559.35 lakhs, as against ₹1,650.02 lakhs as at March 31, 2015 – a decrease of ₹90.67 lakhs.

### Other Current Assets

This represents interest accrued on fixed deposits and unbilled revenue and constitutes 4.3% of Balance Sheet. As at March 31, 2016 the balance was ₹2,731.69 lakhs, as against ₹2,549.55 lakhs as at March 31, 2015 – an increase of ₹182.14 lakhs. Unbilled revenue represents amounts recognized based on services performed in accordance with contract terms and where invoices are yet to be raised as on the balance sheet date. Unbilled revenue had increased by ₹371.32 lakhs as on March 31, 2016 compared to March 31, 2015. The decrease in the interest accrued on fixed deposits is due to liquidation of bank fixed deposits for meeting the operational expenses and for meeting the buyback related outgo.

### Cashflow

During the year, we have generated ₹24,899.55 lakhs from operating activities as against ₹19,132.61 lakhs during March 31, 2015 on account of collections from litigated items and unpaid liabilities. The outflow on account of taxes was lower by ₹1,460.75 lakhs at ₹7,530.72 lakhs. Of the cash generated, ₹7,512.38 lakhs was utilized towards distribution of dividend (including tax thereon). The balance at the end of the year including treasury investments is ₹29,752.52 lakhs.

### Threats, Risks and Concerns

Business Risks:

We operate in a high-growth market environment characterized by rapid changes in technology along with disruptions in the industrial value chain. The fundamental attractiveness of this market results in intense competition which could have an impact on our ability to continue to attract new customers and scale existing business. The nexus of forces such as cloud, big data, mobile devices, social media and changing consumer behavior, requires us to continuously evaluate our offerings and business models to be relevant in the market place. Some of our customers face serious competitive challenges from digital upstarts and new-age enterprises that may lead to erosion in their market share and margins thus adversely affecting our business prospects with them. Additionally, we have a customer concentration risk due to our key account focus. Our geo-focus is predominantly toward North America and Europe where there is a prospect of economic upheaval which may adversely affect business from customers in those areas.

Our sectoral focus spreads from semiconductors and smart devices to networks but is largely on the wireless domain. The reconstitution of this sector's profit pool due to the emergence of digital disruptors is both an opportunity and threat. This has led to some of our customers – who were otherwise considered stalwarts – exiting business lines we were engaged with or being acquired thus muting our business prospects. Some companies who outsource technology development in our industry have well-established global in-house centers. The presence of GICs may potentially lead to insourcing of product development engineering services which may reduce the volume of forthcoming business.

To mitigate these risks, we are endeavoring to scale business opportunities arising out of the cusp of embedded and IT systems. We continue to strengthen our traditional business in embedded systems including testing as the business prospects remain promising. We have successfully diversified to address the needs of segments including automotive electronics, industrial automation and workforce mobility. We are increasing our competitive ability by embracing agile practices to continue to be a significant partner to marquee customers in the communication and devices space. We continue to build proof of concepts that enables the delivery of next generation services to our customers and also broaden our customer base. Our deep domain knowledge in our traditional business combined with new practices such as Application and Data Services and Data Science based Business Analytics enables us to provide transformative and differentiates solutions.

HR Risks:

As our services are provided by highly skilled and trained engineers, attraction and retention of talent will remain a challenge. Increase in employment costs in developing economies exert pressure on operating margins. Mobility of global workforce on account of immigration

## Management Discussion and Analysis Report (Contd.)

restrictions in key markets is another challenge faced by the industry. Legislative changes and political rhetoric against outsourcing will impact our service delivery.

We continued to build on our employee engagement programs and implemented a robust performance management system, align compensation to reflect market conditions. Further with a view to increase learning opportunities, we have designed and implemented training and rotation programs. Thanks to these initiatives, employee scores are moving in the right direction, employee engagement is up and attrition levels are showing signs of stability.

### Financial risks:

#### Foreign Exchange Fluctuation Risk

Most of the Group revenues are derived from its global customers and are generally denominated in US Dollars and Euros. A significant portion of expenses are in Indian Rupees as majority of the service delivery of the Company happens from India. Consequently, fluctuations in the exchange rate have an influence on the operating profit.

With view to minimize the impact of exchange fluctuations, the Group periodically reviews its foreign exchange exposures and takes appropriate hedges through forward contracts and option contracts, regularly. The policy of the Group is to take hedges for risk mitigation and not for profit maximization. The Group has preset loss limits and unhedged exposures are subject to these loss limits for the purpose of deciding the hedge.

#### Liquidity Risk

The Board reviews the liquidity position periodically and determines the need for infusion of equity and debt capital into the business. The Company and its subsidiaries have met its working capital requirements through internal cash accruals during the current year. Cash surplus generated by the business are invested in line with Board approved policy which factors interest risk, credit risk and reinvestment risks. The Group has fund based and non-fund based lines of credit available, to satisfy any working capital requirements, if required.

### Internal Control Systems

The Group aims to manage risk so as protect the value of the Group on behalf of the shareholders. Apart from identifying and documenting 'Entity level' risks and controls, the exercise involves identifying all significant locations and business processes which are documented by each of the process flows. A risk register is then created showing, inter alia, the identified risk, its impact and the mitigation plans and controls. The assessment of controls is carried out by way of testing and periodic reporting & monitoring. 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. It starts from the 'control' owner and then on to the 'process' owner and upwards, leading to the CEO and CFO certification. The Company complies with the requirements of Enterprise Risk Management (ERM), which is mandated by the Listing Regulation.

In addition, the Companies Act, 2013 has mandated that the companies have a robust Internal Control System on financial reporting. The Company is mandated to have the mitigation steps for all the processes impacting the financial reporting and the Directors in their report to the shareholders have to certify that the Company has an Internal Control System in preparation of the financials and their operating effectiveness.

At intervals, the Company does assessment of the risks and controls for the existing and new process flows. During the year, the Company retained an expert external firm to carry out the assessment. As part of the assessment exercise, certain new risks have been identified. Controls to mitigate these risks are being designed for implementation in the coming periods. 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. The statutory auditors have to certify on adequacy of Internal Controls over Financial Reporting and their operating effectiveness. Accordingly the testing of the transactions and adherence to the process and to ensure compliance was done by statutory auditors and have certified accordingly.

### Legislative Changes:

Indian Accounting Standards (Ind AS), which will be in line with the International Financial Reporting Standards (IFRS) have been notified and will replace the present Accounting Standards which apply to the corporates. The Ind AS will be applicable for Company and the Group from FY 2017 - 18. The Company is in the process of migrating to these new standards and the impact on the financial standards has not yet been ascertained.

Ind AS is expected to harmonise the treatment of transactions under the accounting standards and disclosures globally. In the era of globalisation, this will enable the enterprises in evaluation of other enterprises for business partnership, banks to evaluate their potential customers, etc. The disclosure requirements and the granularity in reporting is expected to be increased under the Ind AS.

The Government of India (GoI) has proposed to bring the Goods and Services under a single legislation and in the process subsume the existing Value Added Tax, Service Tax and host of other legislations under the Goods and Services Tax Act (GST). The Company is yet to evaluate the impact of GST on its business and operations.

Please read this in conjunction with (a) Board's Report; (b) Technology and Markets; and (c) Sasken People sections appearing elsewhere in the Annual Report for information on industry structure and developments, material developments in Human Resources, etc.

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