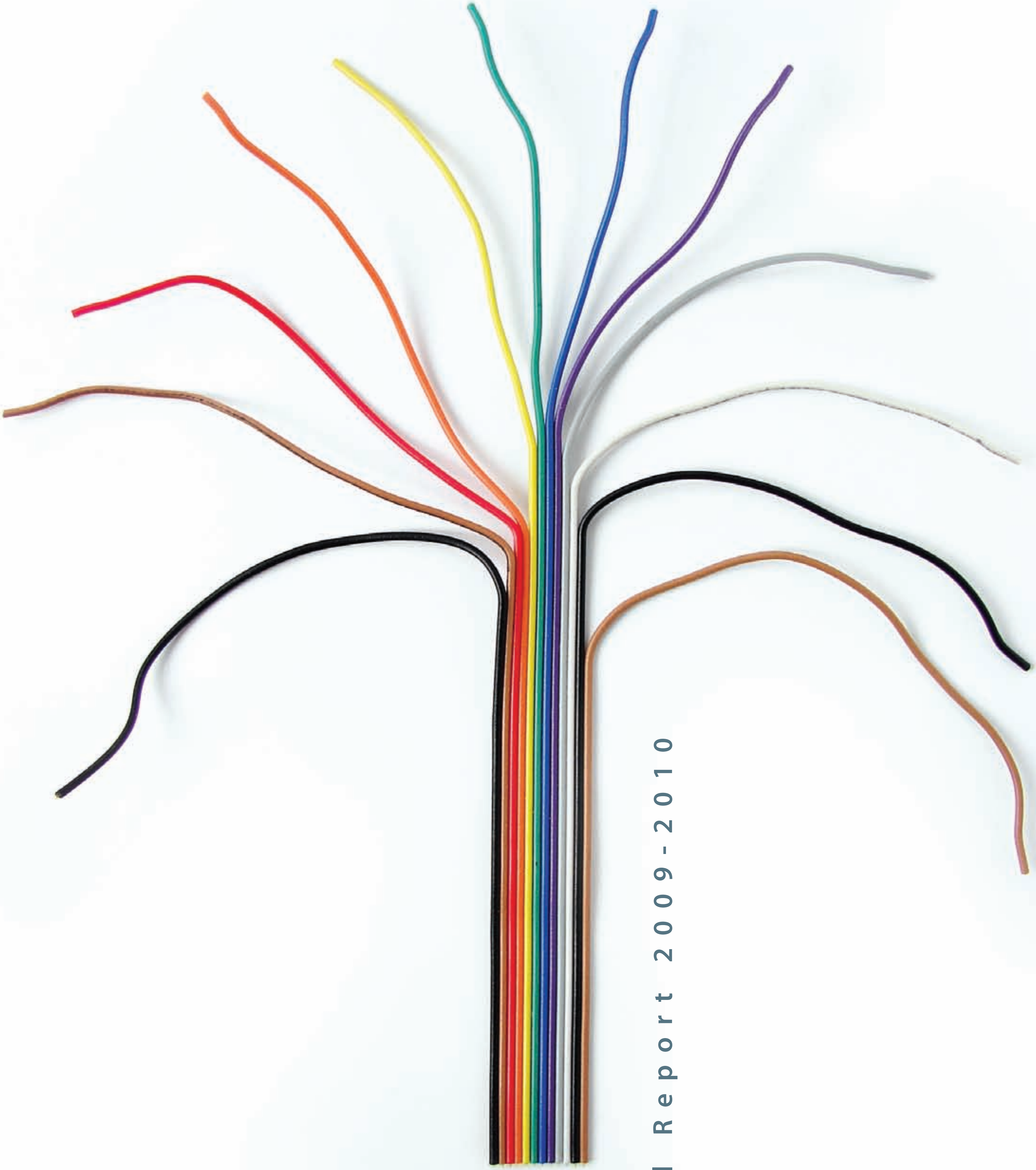

Annual Report 2009-2010

Going Lean-Mean-Green:
Strategies for
a Sustainable Tomorrow

sasken

The 20th century brought in unforeseen change on the planet – the world population doubled, food production tripled, energy usage quadrupled, and economic activity quintupled. Albeit this economic growth has brought in opportunities aplenty, it has fueled environmental degradation and decline. Therefore, this presents a need for sustainable development and environment-friendly practices that also spell economic success for the corporate sector.

In response this need, corporations worldwide are turning to leaner, meaner and greener measures that meet the needs of the present without compromising the quality of the future. At Sasken, we recognise the call of the hour and work towards a sustainable environment through a socially responsive style of operation. In short, we're geared to meet tomorrow because we are Lean-Mean-Green!

Our Annual Report 2009-2010 bears testimony to this philosophy. Working with electronic waste materials, we have created models that best describe the Lean, Mean and Green aspects of Sasken. These models also demonstrate the perfect synergy with which man, machine and nature co-exist in our operations. All the waste components used to create the aesthetic models are from discarded electronic equipment, once in use at Sasken. This is in harmony with our philosophy of reducing, reusing, re-cycling and re-engineering – not just in our infrastructure but in every aspect of our development and operations too; not just for today, but in anticipation of and planning for a sustainable tomorrow. The animals and structures depicted through these pages further elucidate our story. Read on.

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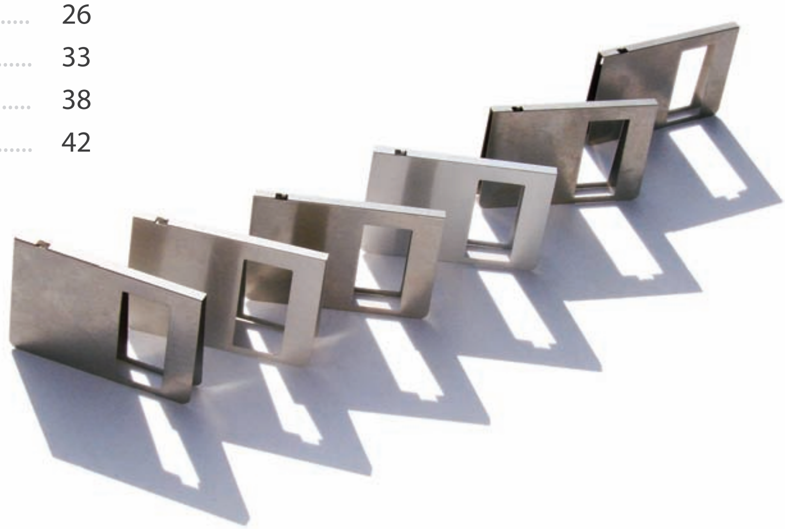

Financial Statements

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Ability. Agility. Prowess. Competence. Put together, these traits give the cheetah his place… at the forefront of every race! The goal is clear and he doesn't flinch. And because he doesn't play a mediocre game, he comes backed by strength and vigor, to be nothing but the best… cutting edge, mean, unstoppable!

In the circle of time, come those moments that are simply unstoppable – when the right skills and the right attitude combine to give you your moment of truth… your place in the sun!

We, at Sasken, stop at nothing when it comes to honouring our commitment of delivering the best in quality and technology, to our customers. Towards this, our technologies, methodologies, investments in innovation, and continuous learning and development give us the nimbleness to meet the next decade head on. Our professionals across the globe, are backed by a proven track-record in technologies and engagements that we take pride in nurturing. Because, when our customers win, we win!


When courage partners capability,
the game's no longer a draw – the playing field's set
for a win. And the winner takes it all, they say!

Board of Directors

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

Committees of the Board

Audit Committee

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

Compensation Committee

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

Share Transfer and Investor Grievance Committee

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

Enterprise Management and Governance Leadership Team

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

CFO and Global Head - HR, IT and Administration

Ms. Neeta S. Revankar

Company Secretary & Compliance Officer

Mr. R. Vittal

Statutory Auditors

S.R. Batliboi & Co.
Chartered Accountants

Internal Auditors

Aneja Associates
Chartered Accountants

Bankers

Citibank N.A.
HDFC Bank Ltd.
Union Bank of India

Registered and Corporate Office

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

From left to right:
Ms. Neeta S. Revankar, CFO and Global Head - HR, IT and Administration,
Dr. G Venkatesh, CTO, Head World-Wide Delivery and Capability,
Mr. Rajiv C. Mody, Chairman and Chief Executive Officer

LETTER TO SHAREHOLDERS

Dear Shareholder,

I am happy to present to you the performance of the company for FY 2010. While the year gone by was challenging in many aspects, we used this to streamline our operations and bring back efficiencies into our system. Our way of gearing up to meet the challenges of the future is a well-rounded approach that we call Lean-Mean-Green. And so, we've grown leaner in our operations, meaner/ keener in our technologies and solutions, and greener in our endeavour to nurture a sustainable eco-system. And while we've been doing this, our key customers have recovered…

It gives me immense pleasure to inform you that IsatPhone Pro, a handheld satellite phone developed by Sasken for Inmarsat, the leader in global satellite communication services, has completed its first call and is set for a planned global launch sometime in the latter half of 2010. Last year we had announced the partnership with Inmarsat to bring the satellite phone to market and this year I am happy to announce that we are all set to deliver on the plan. Sasken is responsible for end-to-end development of the Isatphone Pro satellite phone, which has been made possible through our multi-site capabilities and centers of excellence in India, Finland and Germany. Our global footprint gives us access to the best talent across the world and allows us to deliver at optimum costs to our customers.

We have added a few key customers in the North American region. These are expected to become large, long, ongoing partnerships for Sasken over the next several quarters. The R&D outsourcing market in the handset segment is expected to grow at approximately 15% and we believe that with our capabilities across the R&D value chain, we are in a prime position to serve this market. Outsourcing of application, user interface solutions, and testing of different elements at units, system and field testing levels also continues to grow as OEMs and operators look to move activities to third parties located in low-cost locations such as India and China. We have added customers with projects in new technology areas including Bluetooth, Mobile Internet, Web Runtime, Antenna Design and Android Platform while continuing to strengthen our position in Satellite Communication Segment, given our IP and expertise in the mobile handset space.

The convergence of computing and communications is bringing about in its wake, exciting prospects for enhanced personal and professional communication. Along with this, the high growth trend of consumer usage of wireless data, including video, images, content and communication is expected to continue as consumers demand more from their wireless devices. Smart Phones continue to be a key driver of growth in the technology industry, with innovations in interfaces, design, applications and promotion helping to stabilise prices and boost sales. Device manufacturers are continuously challenged to provide high-end features, low power and user friendly devices at low price points. As an early and key player in this segment, Sasken's investments in the key development platforms of Android and Symbian are paying off well with our services and solutions empowering customers to build phones that have been successful in the marketplace.

Recent semiconductor industry association reports reflect continued recovery of sales of semiconductor, with leading demand drivers being PCs and cell phones. We continue to be beneficiaries of this trend with sufficient demand from semiconductor manufacturers. We had a couple of sizeable wins in this segment including one from a leading semiconductor customer for modem memory optimisation. New accounts that we penetrated in the last financial year have quickly scaled up to greater than 1 million accounts on a run rate basis. Time-to-market pressures and design complexity are critical challenges that design teams in the semiconductor industry face today. Design teams want to "get it right" the first time, and improve the predictability of design process. As software service providers to the semiconductor segment, we have been working towards making the verification process cost-effective and have focussed not only on design services but also on IP integration to ensure predictability for our customers at optimal costs.

The networks business continues to remain a challenge, but we are gaining some traction with leading satellite communication companies that provide network infrastructure solutions. We continue to make investments in 4G technologies like LTE, which we believe is the growth area in the network space. Nortel, a key customer for us in the Networking space, completed the sale of its GSM/GSM-R business to Ericsson and Kapsch Carriercom during the year and prior to this its enterprise business to Avaya. We continue to be engaged with both Avaya and Kapsch and the business that we were servicing for Nortel continues with the new incumbents.

We continue to extend our competencies to tap adjacencies to the telecom vertical and expand our customer base and offerings. In line with this strategy, we have planned for about 10 to 12% of revenues in FY 2011 to come from adjacent verticals like satellite, auto and consumer electronics. We had announced the acquisition of Ingenient in the beginning of the second half of FY 2010. The integration of Ingenient business is proceeding as per plan. There is an excellent complementary fit of Ingenient Multimedia software offerings with Sasken's strategy of diversifying its portfolio and expanding into market adjacencies and we are tremendously excited by the opportunities that this deal is opening up for both Sasken and Ingenient. Sasken has always aimed to be the supplier of choice for embedded R&D services by providing best-in-class embedded solutions for various applications. Ingenient's best-in-class multimedia solutions combined with Sasken's global reach and India-based development centres enable us to offer a compelling portfolio of value-added solutions to our customers across the globe.

It gives me immense pleasure to inform you that Sasken has won the "Best Supplier" award from Sony Ericsson in the Software Consultancy & Outsourcing category amidst strong competition from other leading global players. This has opened up opportunities for us with this key customer. Our operations in China, where we completed one year recently, received the ISO 9001:2008 certification too.

In conclusion, I wish to state that we are well-placed to exploit growth opportunities this year. I am confident that our multi-site global delivery strategy that lowers the total cost of ownership for our customers will place us ahead of our competitors and help us grow quickly. I remain confident of sustainable growth in the coming financial year and thank you all for your support and confidence in Sasken's management.

Thanking you,

Rajiv C. Mody
Chairman & Managing Director

Think eagle and you think of size, strength and keenness of vision. A symbol of powerful empires of the past and present, the eagle represents the ability to think far and achieve flight to attain its goal. But not before, it has seen the bigger picture from its vantage position. And having done so, it leverages its talent to give shape to its vision.

Soaring to bigger and better environs, facing the unknown, your heart experiences unbridled joy. Therein lies the spirit that nurtures confidence and trust in your own abilities.

At Sasken, we revel in the spirit of innovation and discovery – of seeking the unknown and the unexplored. We leverage our strengths to build mean capabilities that present an advantage to our business and our customers. We seek to abandon limited perspectives and set business goals that facilitate growth and learning. But not before we have defined the path that takes us there – achieving target values in resource utilization, environment integration, agility, scalability, and business and infrastructure inter-dependency.