

Report



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## Annual Report 2004



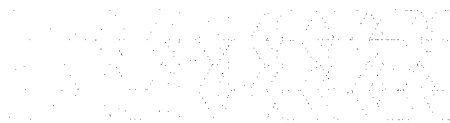
sasken

Report

Annual Report 2004

  
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Sasken is a world-class telecom software solutions provider offering a unique combination of complementary IP software components, research and development consultancy as well as software services to many of the leading semiconductor manufacturers, network equipment companies, and global wireless handset developers. Sasken has filed the highest number of patents among Indian IT companies and is an SEI-CMM Level 5 company.



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## Board of Directors

Mr. Rajiv C Mody	Chairman & Managing Director
Dr. Ashok Jhunjhunwala	Director
Shri Bansi S Mehta	Alternate Director to Mr. Shirish B Mody
Mr. J B Mody	Director
Mr. Krishna J Jhaveri	Whole-time Director
Mr. Mahendra J Jhaveri	Alternate Director to Mr. Suresh Dholakia
Mr. Pranabh D Mody	Whole-time Director
Professor J Ramachandran	Director
Mr. Shirish B Mody	Director
Mr. Suresh Dholakia	Director
Mr. Vinod Dham	Director

## Committees of the Board

### Audit Committee

Shri Bansi S Mehta	Chairman
Professor J Ramachandran	Member
Dr. Ashok Jhunjhunwala	Member

### Compensation Committee

Professor J Ramachandran	Chairman
Dr. Ashok Jhunjhunwala	Member
Mr. Vinod Dham	Member

### Share Transfer and Investor Grievance Committee

Mr. Rajiv C Mody	Chairman
Mr. Pranabh D Mody	Member

## Management Council Members

Mr. Colin Aitken	Vice President, Marketing and General Manager, Europe
Mr. Edwin Moses	Vice President, Head World Wide Sales
Mr. G Murlikrishnan	Vice President, Head Mobile Platform Solutions
Dr. G Venkatesh	Vice President, Strategy Officer
Mr. Hari Iyer	Vice President, Culture Officer
Mr. Krishna J Jhaveri	Whole-time Director and President, North America
Mr. K S G Shankar	Vice President, Operations and Quality
Mr. Kumar Prabhas	Vice President, Chief Operating Officer
Ms. Neeta Revankar	Vice President, Chief Financial Officer
Mr. Pranabh Mody	Whole-time Director & Head of Terminal & Network Business Division
Mr. Rajiv C Mody	Chairman & Managing Director
Mr. Shrikrishna G Gokhale	Vice President, Head Semiconductor Business Division
Mr. Surendra Saxena	Vice President, Head Key Customer Business Division

## Company Secretary

N Venkatramani

### Statutory Auditors

S R Batliboi & Co.

Chartered Accountants

### Internal Auditors

S B Billimoria & Co.

Chartered Accountants

### Bankers & Financial Institutions

Citibank N.A.

Dena Bank

HDFC

ICICI

Union Bank of India

### Solicitors and Attorneys

Dua Associates

Wilson Sonsini Goodrich and Rosatti

### Registered and Corporate Office

Sasken Communication Technologies Limited

No. 139/25,

Domlur Layout,

Ring Road, Domlur P.O.,

Bangalore 560 071.

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Letter to Shareholders

## Letter to Shareholders



Mr. Rajiv C. Mody  
Chairman &  
Managing Director

Dear Shareholder,

It is indeed with great pleasure that I present to you the performance of your company for the financial year 2003-04.

The year gone by was marked by a return to growth in revenue and profits for your company. As you are aware, this follows a period of two tough years of negative to low growth. Let me first take you through the numbers after which I will try to give you a feel for our business from where these numbers originate.

For the year that has ended, we have seen our revenues surge from Rs. 109 crores to Rs. 166 crores – a growth of 52% in rupee terms and from US\$ 22.6 million to US\$ 36.4 million, a growth of 61% in dollar terms. Services grew at 92% contributing 76% of our revenues, while our IPR related revenues contributed 24% to the total. Our onsite: offshore revenue ratio for the year is at 36:64. Our revenue per person stood at US\$ 32,810.

The profits grew from Rs. 1.27 crores to Rs. 18.33 crores during the year. From our profit and loss statement, I would like to highlight that we have returned to a path of double digit operating profits of 11% primarily through economies of scale (as reflected in a lower SG&A of 23% compared to 32% in the previous year). We received Rs. 4.73 crores as tax refunds during the year. I believe that this is a one time item and do not expect that this will be a regular feature on the statement.

If you take a close look at our balance sheet, you will notice that we are nearly a debt free company. During the year we repaid the term loans that we had taken for constructing the Sasken corporate office, and optimized our use of working capital loans to ensure that our interest costs are low. You will also notice that the capitalized software during the year has come down from Rs. 5.76 crores to Rs. 1.15 crores and inventorized software during the year has come down from Rs. 2.46 crores to Rs. 55 lakhs. From our cash flow statement you can see that we generated Rs. 26 crores from operations and were vigilant with new capital investments restricting it to Rs. 10 crores.

After giving you the tour of the financials for the year, let me now take you through our business that generates these numbers. I would like to start by taking you back to our earlier Annual Reports, in which I had laid down Sasken's key objectives:

- Focus exclusively on the communication market space, addressing the different segments that make up the entire value chain – semiconductors, network equipment OEMs, operators and terminals;
- Continue to develop a fusion business model that combines the value of intellectual property (IPs) with a range of services;
- Continue to strengthen our delivery mechanisms;
- Achieve the highest levels of corporate governance practices.

We track our business by revenues generated from services and IPR separately. Our services business has been growing handsomely over the last 8 quarters at 21% growth per quarter. We expect the trend to continue going forward. Our revenues from the IPR business continues to show choppiness quarter on quarter, and will remain like that for the coming 4 to 6 quarters till the IPR offerings are mature and start yielding royalties. Beyond this, revenue and profit growth can be sustained quarter on quarter and will bear a direct relation to the end user markets. We have made a conscious attempt this year to manage the mix of services and product revenues so that we can deliver double digit profits on a sustained basis.