



ANNUAL REPORT 2007-2008



In the world of competitive sports, it is not the strongest team that wins, but the one which is most responsive to change.

Like any world-class sports team, Sasken, one of the world's foremost communications technology enablers, is a fusion of talent, efficient management, grit and performance. Whether it is adapting to market dynamics or managing changing customer needs, Sasken complements its excellent management practices with best in class team skills, to deliver winning solutions, time after time.

This comes alive, as Kenny – the face of Sasken, discovers that winning performances in sports have a lot in common with how Sasken plays in the arena of communications.

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Board of Directors

Mr. Rajiv C Mody	Chairman and Managing Director
Dr. G Venkatesh	Wholetime Director
Mr. Krishna J Jhaveri	Wholetime Director
Dr. Ashok Jhunjhunwala	Director
Mr. Bansi S Mehta	Director
Mr. J B Mody	Director
Prof. J Ramachandran	Director
Mr. Pranabh D Mody	Director
Mr. Sanjay M Shah	Director
Mr. Vinod K Dham	Director
Mr. Shirish B Mody	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. Vinod K Dham	Member

Share Transfer and Investor Grievance Committee

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

Enterprise Management and Governance Leadership Team

Mr. Rajiv C Mody	Chairman and Chief Executive Officer
Mr. Kannankote Srikanth	President and Chief Operating Officer
Ms. Neeta S Revankar	Chief Financial Officer
Dr. G Venkatesh	Wholetime Director and Corporate Chief Technology and Strategy Officer
Mr. Hari Iyer N	Senior Vice President (Human Resources)

Business Leadership Team

Mr. Kannankote Srikanth	President and Chief Operating Officer
Mr. Edwin Moses	Senior Vice President (Handset Solutions Group)
Mr. Hari Iyer N	Senior Vice President (Human Resources)
Mr. Murli Krishnan	Senior Vice President (Semiconductor Solutions Group)
Mr. Poonacha Machaiah	Senior Vice President (Worldwide Sales)
Mr. Ranga Puranik	Senior Vice President (Networks Solutions Group)
Mr. Shrikrishna Gokhale	Senior Vice President (Global-Engineering Resource Management)
Mr. Swaminathan Krishnan	Senior Vice President (Global Business Operations) and Chief Marketing Officer
Mr. B Ramkumar	Vice President (Finance)
Mr. Rajesh Maniar	Vice President (Finance)
Mr. John L Estrada	General Manager (Human Resources)

Chief Financial Officer

Ms. Neeta S Revankar

Company Secretary and Compliance Officer

Mr. R Vittal

Statutory Auditors

S R Batliboi & Co.
Chartered Accountants

Internal Auditors

Deloitte Haskins & Sells
Chartered Accountants

Bankers

Citibank N A
HDFC
Union Bank of India

Registered and Corporate Office

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





Standing the Test of Time



At Sasken, foresight and long term corporate vision helps the team adapt to rapidly changing conditions, and formulate winning strategies for testing times.



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Letter to Shareholders

Letter to Shareholders



Rajiv C Mody
Chairman and Managing Director

Dear Shareholder,

I am happy to present to you the performance of your Company for the Financial Year 2007-08. Let me begin by giving you an overview of the financial performance of the Company and then share some thoughts from a strategic perspective.

The Sasken Group has seen robust growth; revenues increased by 19.5% in Rupee terms, from Rs.477 Crores in FY 06-07 to Rs.570 Crores in FY 07-08. In USD terms, FY 07-08 consolidated revenues of USD 142 Million grew at 34.5% over the FY 06-07 revenues of USD 105 Million. Software Services, including Network Engineering Services, contributed Rs.524 Crores in FY 07-08, a 15% increase over FY 06-07 services revenues of Rs.454 Crores. In USD terms, in FY 07-08 software services contributed USD 131 Million growing at 29.8% over FY 06-07 revenues of USD 100 Million. Products revenues grew 102% to Rs.46 Crores in FY 07-08 from Rs.23 Crores in FY 06-07. In USD terms, FY 07-08 product revenues grew to USD 12 Million at 127% from USD 5 Million in FY 06-07. The net profits stood at Rs.39 Crores during the year which has translated into an EPS of Rs.13.80. The Board of Directors has recommended a dividend of 40%. This year 3 of our Tier-1 customers generated more than USD 20 Million each, up from 2 customers in the last year.

Coming to the strategic perspective, today's Sasken is a different company than it was about two decades ago, when we started. Over the years we have realigned our offerings, taken risks, built entrenched customer relations and made a mark in the communications space, thereby building a company focused on success and performances. In the course of FY 07-08, Sasken took many steps to drive the organization towards success. While we are proud of our achievements, we are also mindful of the challenging environment we face today. We believe that continuing on the path of innovation, quality, customer commitment and overall growth; Sasken is uniquely positioned to take advantage of the various opportunities presented by the changes in the communications industry.

The NEMS infrastructure space continues to remain sluggish, as the effects of consolidation continue to play out. However enterprise and data communication needs as well as emerging technologies like Femtocell, WiMax and 3G LTE will fuel the growth in this segment. Sasken is well poised to take advantage of opportunities arising in these areas.

The semiconductors industry is also currently on a slow track. But with traditional silicon vendors looking at adding more value through software, along with increased application of silicon in several consumer electronic segments, such as digital lifestyle and near field communications, the opportunity for Sasken becomes that much bigger.

The mobile handset market continues to be dominated by the top 5 OEMs. The fact that Sasken is engaged in its integration services business with all of Top 5 Handset manufacturers is driving volume growth in this vertical across all locations, and is a matter of great pride for Sasken.

Our products have made major headway last year. Royalty-bearing handsets have started shipping in the Japanese market. One of the Top 5 Handset vendors has licensed Sasken's Multimedia software solution for its Symbian/UIQ platform, and a couple of top of the line handsets based on the same are already shipping with operators and retailers in Europe. We have not been able to drive volume shipments as anticipated for the Sasken Application Framework (E-series product line). We have Rs.21 Crores of capitalized software

on account of developing the Sasken Application Framework. We continue to have a small team working on E-series, while the rest of the team has been revectoring for other accounts. We are in the process of evaluating alternatives for this product line, and we will arrive at a decision by the end of September 2008.

On the people front, attrition remains a challenge for Sasken as well as the industry, with the attrition numbers being 24.3% on an LTM basis. The Headcount for Sasken globally now stands at 3,623.

Sasken's demonstrated ability to deliver the best in whatever it does, has won many accolades in the past year. One of our largest handset vendors recognized us as a preferred vendor, and our leading semiconductor customer recognized Sasken's Mexico development center as the Best Supplier. It is also a matter of pride that Sasken became the only Indian company chosen amongst one of the Top 100 across all industry categories at LACP (League of American Communications Professionals) 2006 Vision Awards Annual Report Competition, where we received the Gold Award for the 2005-06 Annual Report in the telecom category.

Focusing solely on a single vertical has inherent risks. Some constituents of the communication industry value chain are witnessing business pressures owing to consolidation or changes in the market share of the top tier players. Technology innovation also results in disrupting the creation of challenges for existing market leaders. We are confident that telecom will still continue to be a sector that is vital to both developing and developed economies in a business environment that is rapidly seeing the need for global business integration.

In terms of diversifying, our strategy is to pick those verticals where communications technology can make a significant impact in terms of new product concepts or productivity enhancement, and to enter them through Joint Venture partnerships with others who can enable us to reach those markets. Currently, we have two JVs operational – ConnectM and TACO-Sasken Automotive Electronics (TSAE). In TSAE, we are building three product categories – driver information systems, in-vehicle entertainment systems and telemetry gateways. The goal is to provide solutions available only in luxury cars today to entry level cars in the affordable price range.

ConnectM, backed by Sasken and IDG Ventures, focuses on improving the productivity of assets by deploying remote monitoring and analytics solutions for mission critical equipment used in the industrial, transportation, utilities and health care verticals. ConnectM recently relocated to a 10,000 Sq. Ft. SEZ facility, which marks the evolution from a start-up center to a scalable full-service facility within nine months of its operations. The new location will help ConnectM expand its quality talent pool to service immediate needs and be scalable to match its future growth needs.

Sasken has also invested in OmniCapital, a US-based venture capital fund that provides early stage funding for information technology companies in the US. The investment in OmniCapital augments Sasken's access to the US Market, providing it with another window into the latest technology, industry developments and new markets in information technology, telecommunications, video, and multimedia. It also provides opportunities for mutually beneficial strategic partnerships with OmniCapital portfolio companies.

Our investments in creating "co-located" delivery centers in Mexico and Finland is beginning to pay off. We have witnessed excellent contributions from both Sasken Mexico and Sasken Finland to the overall service business. In the coming fiscals, it will be our endeavor to sustain these growth trajectories.

Going forward our company is faced with several challenges from the business environment, heightened competition, currency volatility, extended sales cycles and a possible recession. The management will be tracking these periodically and will do all it can within its purview to de-risk any adverse impact one or a combination of these factors may have on our business.

As Sasken enters another strategic period in its existence, I trust that the year will be marked by growth and profit, while further strengthening our customer engagements. I am confident that all of you will continue to support Sasken in making the best of the opportunities and taking Sasken to the next level which it truly deserves.

Thanking you,

Rajiv C Mody
Chairman and Managing Director