

The winner takes it all: When all-round performance truly makes it a field day

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sasken

**Nothing succeeds like success** they say. For the final execution bears testimony to the diligence of process and the wonder that is talent. Much like India's 2011 World Cup win.

By eulogising their win in the pages of our Annual Report, we attempt to learn from a team that did not break, but broke records. A team that was without doubt, as good as the opponents, but knew how to clinch a win by demonstrating unparalleled teamwork and giving its one hundred per cent.

In the business world, growth and development often drive enterprises to become future-ready and usher in new avenues of business. Clearly, those organisations succeed, that are willing to un-learn that which does not yield and re-learn that which is imperative. We recognise that this learning is an unending journey. Simply because, the means must always justify the end, i.e. an impeccable delivery and customer satisfaction. At Sasken, we simply cannot accept another way.

So, taking lessons from the champions on the field, we celebrate this spirit through our five sections, aptly titled A, B, C, D and E. The visual communication for this theme explores scenes of play, reminiscent of the World Cup win. Depicting A – Adaptability, B – Buoyancy, C – Capability, D – Differentiation, E – Ethics, these visuals are reflective of Sasken's own key aspects of performance – our people, ability, learning, process, quality, and execution.

Do enjoy our journey through these pages.



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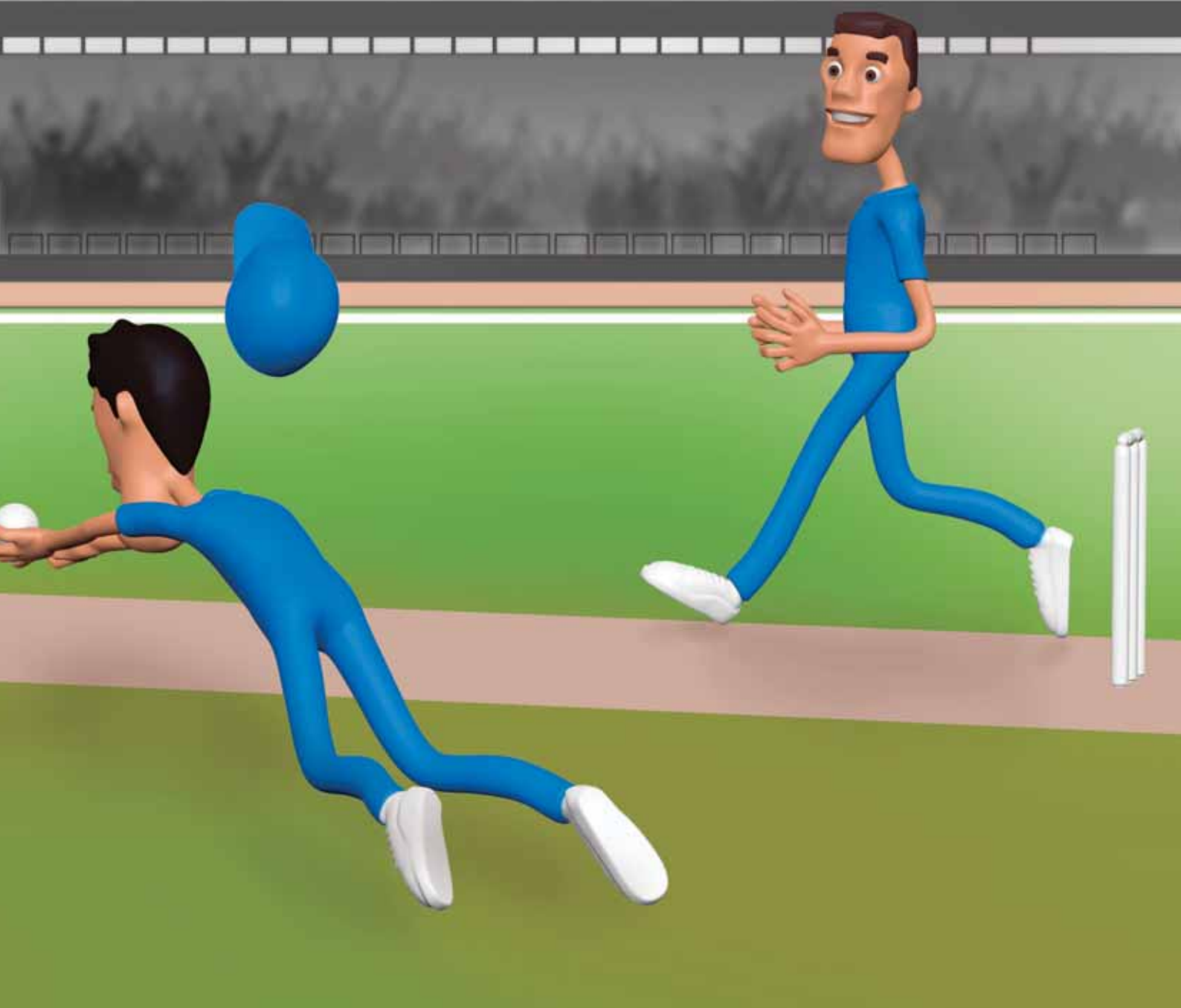
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**Adaptability** is seen best at the centre of the batting order, where the all-rounders come in. With expected agility, unwavering concentration, and economy of movement, these versatile players can make or break a game. Whether they bat for a six or bowl for a wicket, they deliver to the demands of the game, adapting their talent with adeptness. Their timely intervention is a game-changer, and must be so, because the team expects nothing but the best.



## Board of Directors

Mr. Rajiv C. Mody	Chairman and Managing Director
Dr. Ashok Jhunjunwala	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 & Chief Financial Officer
Mr. Bharat P. Mehta	Alternate Director to Mr. J. B. Mody

## Committees of the Board

Audit Committee  
Compensation Committee  
Share Transfer and Investor Grievance Committee  
Governance and Nomination Committee  
Strategy, Business and Marketing Review Committee  
Technology, Capabilities and HR Committee

## Enterprise Management and Governance Leadership Team

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

## CFO and Global Head - HR, IT and Administration

Ms. Neeta S. Revankar

## Company Secretary & Compliance Officer

Mr. R. Vittal

## Statutory Auditors

S.R. Batliboi & Co.  
Chartered Accountants

## Bankers

Citibank N.A.  
Deutsche Bank AG  
HDFC  
Union Bank of India

## Registered and Corporate Office

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







## ENTERPRISE MANAGEMENT AND GOVERNANCE LEADERSHIP TEAM



### From right to left:

Mr. Rajiv C. Mody

Chairman and Chief Executive Officer

Dr. G. Venkatesh

CTO, Head World-wide Delivery and Capability

Ms. Neeta S. Revankar

CFO and Global Head - HR, IT and Admin.



## LETTER TO SHAREHOLDERS



**Dear Shareholder,**

I am happy to present to you the performance of the company for FY 2011.

While the economic climate throughout the industry has remained challenging during the year gone by, we have had some successes coupled in the midst of tectonic shifts. This combination of wins and challenges created by the changing landscape in the industry has strengthened our resolve as an organization to tide through this phase. We clearly see a need to return to basics and get back to ABCDE or Adaptability, Buoyancy, Capability, Differentiate while continuing to maintain our unquestionable Ethical standards. It is our conviction that when these values are applied in our day to day functioning, our foundation will be strengthened, as we will emerge stronger to secure growth in the future.

Although we were anticipating a 10% growth over the first half of the year in the second half, we have not been able to meet this entirely. This is primarily because of the continued uncertainty in the business outlook, particularly in the Europe geography. One of our key tier-1 customers announced a significant shift in their platform strategy which impacted our business. In addition, some part of our business addresses rapidly evolving technologies; and business engagements in these areas tend to be short sprints coupled with some uncertainty. Due to increased competitive pressures our customers have scaled down outsourcing in high cost locations more aggressively than what we had anticipated. We are taking active steps to mitigate some of these risks and there are early signs of our business volume increasing in low cost locations.

It gives me immense pleasure however, to inform you that Sasken has started its first engagement in China with a key tier-1 handset vendor; building on this start we will be expanding our geographical reach with customers in this region. The Inmarsat GPS program commercial service introduction was executed as per plan with the launch being announced in Communiq Asia conference in Singapore.

Smt. Pratibha Devisingh Patil, Hon'ble President of India, on 7th March 2011 launched Sasken's VyapaarSEWA™ pilot under the 'Sanchar Shakti' project scheme of the Department of Telecommunications – Universal Service Obligation Fund (DoT-USOF). VyapaarSEWA™ Sasken's multi modal platform is one of the four categories of projects aimed at supporting commerce for rural women SHGs under the Sanchar Shakti scheme. The objective of VyapaarSEWA™ is to create strong market linkages for rural women SHGs through Value Added Service applications and contribute to their socio-economic development. The VyapaarSEWA™ platform helps in the reduction of intermediaries by a direct-to-consumer approach and is expected to benefit the producers by directly connecting them to consumers thereby enhancing sustainability of their business.

We have seen some positive upsides in the increased offtake of TDSCDMA in the Chinese market, leading to a significant increase in our product business. It is likely that this market may display some positive momentum in the quarters to come. However, we continue to be cautious about making inferences about this being a long term trend that will continue.

We continue to consolidate and build on our strengths in our key offerings. Some key project wins in the last financial year were integration services for a tier-1 handset vendor, product design and testing services for the TDSCDMA standard, Android MMI integration and stability project for a tier-1 chipset vendor. In addition, we have a significant win to provide integration services in the smart phone space that is based on a platform using the latest symmetric multi processing dual core technology. Our total active customer base is now 127.

While the iPhone helped create a tipping point for mainstream smart phone adoption, Android activations are up significantly as per market research reports. We are well placed to exploit this trend of continued Android adoption which now seems to be targeting all price points, devices and attracting new entrants.





Some other key trends that we see in the marketplace that have an impact on our business are the following:

Mobile devices will interwork with servers to create a rich user experience bringing contextual awareness. However these devices will continue to act independently when needed, as mobile devices will not always be connected. In the future, memory and computational power of devices will be leveraged alongside server side capabilities, enabling services to use the most efficient and responsive resource at any given time.

The limited bandwidth of wireless networks is being heavily taxed by the rapid increase of data use. With the increase in uptake of smart phones and wireless 3G modems that are used in conjunction with netbooks, data has far surpassed voice as the leading bandwidth user. We are investing in building capabilities in technologies for effectively delivering and distributing video over wireless channels, and innovative applications involving streaming and sharing of media for both retail and enterprise customers.

Deployment of 4G networks in mature economies seems to be gathering momentum with multiple operators announcing network rollout plans and launch of new devices in several markets. The speed of 4G will make watching live streaming video on mobile a common activity. 4G will provide the ideal foil for rich media applications to take off, presenting us with an opportunity to exploit our rich media capabilities. 4G is also likely to see the introduction of graphics intensive applications which will leverage the compute power of dual core processors that are becoming standard in high end smart phones. Again, we are making investments in 4G technologies like LTE (Long Term Evolution) that would place us in a favourable position here.

Semiconductor vendors are hastening the introduction of multi technology, multi core platforms and struggling to keep pace with the rapid evolution in operating systems and applications that they are expected to support. The proliferation of open source software platforms means that semiconductor vendors and OEMs (Original Equipment Manufacturers) must collaborate stronger than ever before to differentiate themselves in the market place. These provide white spaces for Sasken to step in and fill.

We see our customers are engaged in a process of moving work from high cost locations to low cost locations. What it means for us is that in the short term, we have to deal with a decline in the quantum of work at high cost locations and continue to engage with them through their planning cycle to move business to low cost locations. We continue to see increase in the quantum of RFPs of these companies and this will offset some of the declines that we are currently seeing at high cost locations. In light of this trend, we examined the prospects for our Mexico center. As both the pipeline and future growth prospects were not healthy, we decided to close down operations at our centre in Mexico. This has resulted in a onetime adverse impact on our EBIDTA and PAT margins.

The board had approved a buyback of shares to the extent of ₹34.5 crores with a maximum price of ₹260 per share. This is reflective of management's view that our share is currently undervalued. Our strong cash position gives us the leeway to buyback our shares to the extent approved by the board. We are well on our way to completing the program promised in the buyback.

While attrition was high through the last financial year, focussed efforts are on to retain key talent through innovative measures. Actions have also been intensified to help individuals manage their growth and career aspirations. Across the board we have heightened our employee engagement through increased leadership communication with employees, and a series of targeted initiatives such as employee recognition, performance linked reward systems, managerial training, etc. We expect these initiatives will stem attrition in the next few quarters.

To conclude, we are optimistic of seeing return to growth towards the latter half of the financial year and we continue to make investments in the area of smart phones, LTE and data communications to enable us to benefit from the increased R&D spends which are now becoming visible. Our move to address market adjacencies including consumer electronics, defence, space and the automotive sectors will begin to pay dividends in the coming few quarters. Parallely, we are confident that our resolve to practise our ABCDE will pilot us towards a better future.

Thanking you,

**Rajiv C Mody**

Chairman and Managing Director



**Buoyancy** is a team at its collective best. It is a spirit that lifts to dominate, irrespective of the past. When the eleven come together to repeat history on the field, nothing defines their buoyancy better than their sheer collaborative genius. So whether it's a blazing batting attack or menacing bowling blows or stop-in-your-tracks fielding, it's a confident team that knows what it takes to deliver; and will stop at nothing but a hundred per cent. It's no wonder then that they bounce back in the face of adversity, to bring back the cup!

