

# Orchestrating Competitive Advantage



# The symphony orchestra, a living, breathing organism.

It is a complex structure. Yet, to experience its music, is but simple. It is the coming together of several different kinds of talent and endowment, yet one that delivers a performance in perfect harmony. And the performance... it is the result of single-minded focus and passionate practice – to deliver an experience like no other, time and again.

We, Sasken, are the coming together of know-how and competence, blended with a generous amount of zeal and devotion to our work. With over 2000 talented people, development centers and offices in all major countries in the world, it is no surprise that we orchestrate competitive advantage for our portfolio of over 100 customers the world over.



# Table of Contents

Board of Directors .....	04
Letter to Shareholders .....	05
Technology and Markets .....	08
Sasken People .....	16
Directors' Report .....	17
Annexure to the Directors' Report .....	21
Corporate Governance .....	24

## Financial Statements

The Year at a Glance - Consolidated (Non GAAP).....	35
Financial Performance - A Seven Year Snapshot.....	36
Auditors' Report on Standalone Financial Statements.....	38
Annexure to the Auditors' Report .....	39
Auditors' Report on the Abridged Financial Statements .....	41
Abridged Balance Sheet .....	42
Abridged Statement of Profit and Loss .....	43
Abridged Cash Flow Statement .....	44
Notes to Abridged Financial Statements .....	45
Auditors' Report on Consolidated Financial Statements .....	53
Consolidated Balance Sheet .....	54
Consolidated Statement of Profit and Loss .....	55
Consolidated Cash Flow Statement .....	56
Notes to Consolidated Accounts .....	58
Statement pursuant to Section 212 of the Companies Act, 1956.....	88
Management Discussion and Analysis Report.....	90

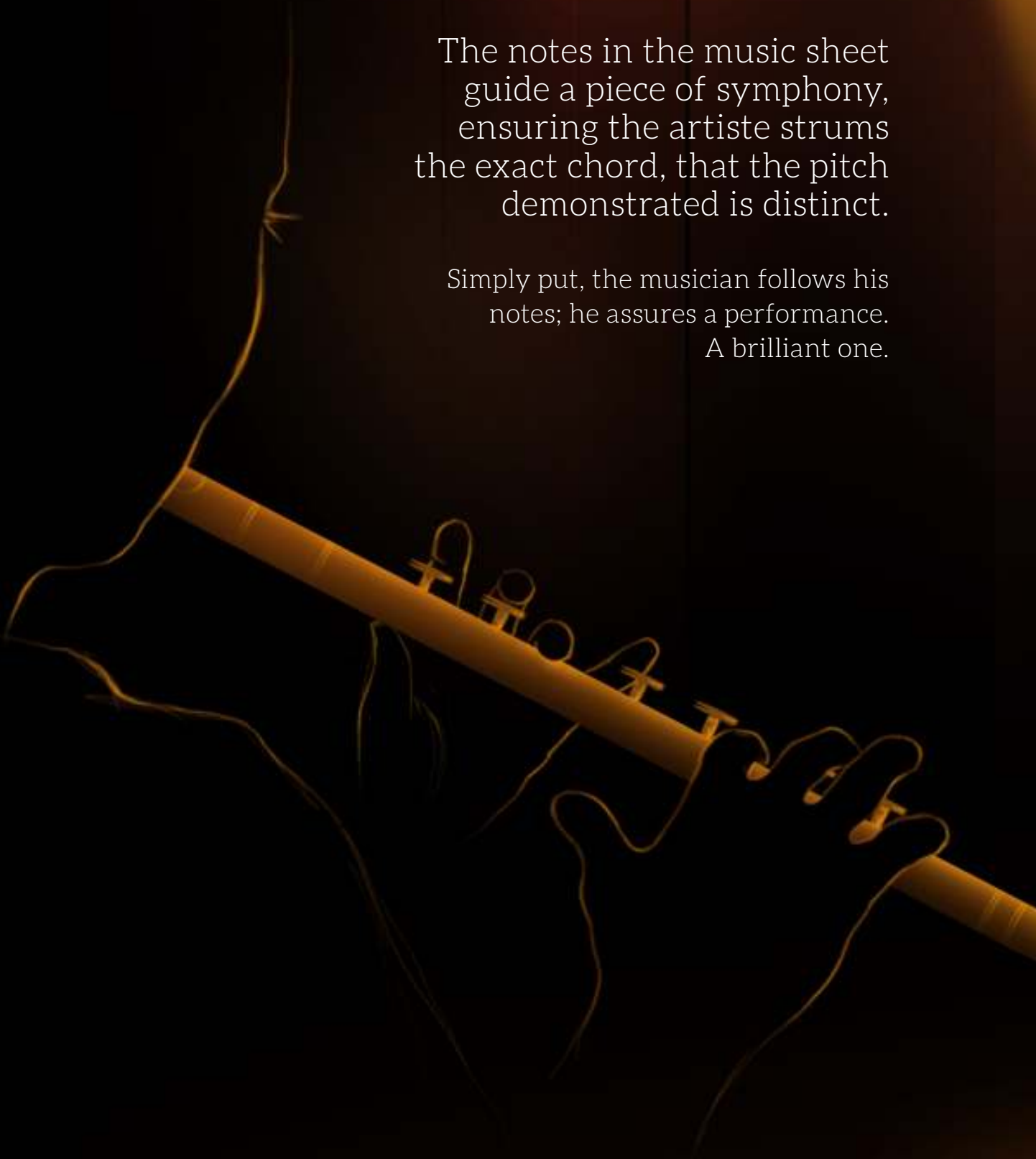
## Other Information

Route Map to Sasken Registered Office .....	99
---	----

# Assured Outcomes

The notes in the music sheet  
guide a piece of symphony,  
ensuring the artiste strums  
the exact chord, that the pitch  
demonstrated is distinct.

Simply put, the musician follows his  
notes; he assures a performance.  
A brilliant one.



It has been two decades. With our robust, time-tested processes and policies, our music sheets, we repeatedly deliver encore performances for customers worldwide. From developing an entire satellite phone that is today trail-blazing in the market, to enabling operators provide consumers best-in-class connectivity anywhere, anytime, we assure winning outcomes for customers.



# 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
Mr. Deepak V. Harlalka	Additional Director (w.e.f. July 17, 2014)
Mr. Anjan Lahiri	Whole Time Director & CEO
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 (upto April 25, 2014)

## Committees of the Board

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

## Bankers

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

## Registered and Corporate Office

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

## Chief Financial Officer

Ms. Neeta S. Revankar

## Company Secretary and Compliance Officer

Mr. S. Prasad

## Statutory Auditors

S.R. Batliboi & Co. LLP  
Chartered Accountants

# Letter to Shareholders

Dear Shareholder,

It is with a deep sense of pride and joy that I wish to share with you, the successful arbitration award in the matter of our arbitration with Spreadtrum Communications Inc. This award vindicates our rightful claim of being a global leader in providing intellectual property based services. The US arbitration award is a clear validation of the quality and value of our offerings which power several hundred million chipsets and thereby smartphones. While the amount of the award and future royalty payments are significant, I am enthused more about having taken a principle centered stand in this matter which is in keeping with our core values. I believe in building an organization that stands the test of time, which may seem a difficult path, but more satisfying and enriching. Integrity, above all, is what I hold very dear and truly believe that no great enterprise can be achieved without an unwavering commitment towards upholding integrity at all costs. This award reiterates that Sasken and indeed all Sasians are not only capable of delivering world-class products but defending them in the world markets if infringed upon.



Sasken's vision is to play a key role in enriching the lives of consumers by leveraging technology to provide superior means to connect, collaborate and communicate. We believe that by focusing all our efforts and resources on this vision, we will maintain our rightful position as a leader in the communications and devices industry. As our name suggests, we are a knowledge-driven company that attracts and nurtures the best talent. We take pride in our values, transparent business practices.

As you would be aware, your Company has completed its 25th year since incorporation. We have achieved the unique distinction of being among only a handful of companies that are respected for their ability to independently develop products end to end. We provide comprehensive solutions to help businesses achieve their goals of rapid product innovation and profitability. A testimony to our ability to execute complex engineering projects is evident from the confidence reposed by our customers. You will be happy to know that a vast majority of our customers continue to partner with us or on most of our journey.

In celebration of its 25th year since incorporation, your Company paid a Special Dividend of 250% (₹25 per equity share) in two tranches, viz. 25% (₹2.50 per equity share) in October 2013 and 225% (₹22.50 per equity share) in January 2014. Your Company had also paid two interim dividends of 25% (₹2.50 per equity share) in October 2013 and 30% (₹3 per equity share) in April 2014. The Board has now recommended a final dividend of 15% (₹1.50 per equity share), thus making the total dividend of 320% (₹32 per equity share) for the year. I am sure you would recall that your Company has a good track record of paying dividends since listing in 2005.

Today, your Company is all set to expand its offering portfolio and market coverage. We are building on the entry that we have made in the enterprise mobility space and crafting a rich portfolio of offerings in IT services. We believe that the timing for such an endeavour is perfect as the IT industry is in the midst of a transformation driven by the nexus of forces including atomization of processes, consumerization of IT and SMAC (social, media, analytics and cloud). This calls for fresh perspectives to serve the needs to the IT organization which can benefit from the productization mindset we can bring.

We see technology as the means to enabling the competitive advantage of our customers and not an end in itself. We dare to explore new opportunities to find new ways to solve technical challenges. We pride ourselves as being forward thinkers, anticipating market changes ahead of the curve to help our clients stay competitive. At Sasken, we do everything we can to sustain an environment that is conducive to incubating new ideas and creating powerful technology solutions that help our clients succeed.

Zinnov, a leading independent consultant, in its Global Service Provider Rating - 2013, has placed Sasken in the Established zone, in their overall ranking. Sasken is also ranked amongst the leading providers in automotive, consumer electronics, semiconductors and telecommunications verticals. Sasken ranked #2 globally and bagged the Platinum ranking for the creative execution of its Annual Report 2012-13 by LACP (League of American Communications Professionals). On the people front, our ongoing initiatives have increased the ability to attract and retain talent. Our robust training engine ensures that our talent stays current with technological and other skills required to execute projects of any complexity and scale. With our mid-sized positioning, we are able to provide speed, flexibility and attention to our customers that others cannot match. The one constant that has governed interactions with all our stakeholders is our value system. We stand by integrity, respect for the individual, customer centricity, innovation and excellence, which we call IRISE. We take pride in being ethical and in nurturing an environment of trust and openness in all business interactions. We respect the courage of personal conviction, and actively cultivate a spirit of inquiry and individual enterprise.

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 in the coming years.

Thanking you,

**Rajiv C. Mody**

Chairman and Managing Director







# Domain Expertise

Relentless practice, flawless understanding of music, respect for his instrument. This is the making of a maestro. With the passage of time, he becomes one with his instrument. And thus world-class acts become second nature.

Deep in the vortex of changing technology and consumer landscapes, we have toiled with our practice, we know and understand every microscopic element of our work. We revere our art. It is no wonder that today, we have catalyzed the launch of over a 100 breakthrough products globally.





# Technology and Markets

The global telecommunications industry has been disrupted like never before. The arrival of new age companies like Facebook, WhatsApp (recently acquired by Facebook), Twitter, Skype (Microsoft) and several OTT players have transformed the landscape of this industry. The demand for wireless broadband as a preferred means of connectivity has given a fillip to the deployment of 4G/LTE networks. In emerging markets, the prohibitive cost of wired infrastructure and inadequate backbone networks means that wireless will be the only way to ensure connectivity to a vast majority of people who have not experienced the power of the internet. Telecommunications revenues are expected to exceed USD 2 trillion by the year 2020.

The term digital enterprise has moved from the realm of possibility to one of reality. Enterprises have always relied on technology to enhance their operational efficiency and fulfill the requirements of their customers. The digital world has tremendous implications for existing business as it allows new, agile and aggressive entrants to penetrate existing strongholds and completely disrupt the traditional business models. At the heart of the digital enterprise is a revolutionary approach to how businesses acquire, architect and adopt technology to transform their core processes to dovetail into the collaborative digital economy. The combined impact of atomization of business processes, consumerization of IT and SMAC (social media, analytics and cloud) is democratizing innovation. Enterprises are now focused on managing and building digital assets that will allow the creation of a virtual environment that fosters collaboration through automation, resulting in the ability to rapidly respond to the needs of demanding customers. The ability to process big data and glean insightful information in real time, gives enterprises insights into channels including online and in-store. This makes it possible for them to equip their employees to better engage with their customers.

In summary, digital applications will reshape every single aspect of an enterprise including its ability to innovate, distribute its products, fulfill customer requirements, enhance customer engagement and experience. Decision making at the enterprise level will be enhanced by the adoption of analytics and new age tools that will mitigate risk by the use of appropriate control mechanisms and harness the power of information systems.

We will now delve a little deeper into each of the segments that we operate in:

## Semiconductors

The semiconductor industry delivered the consensus forecast of a five percent growth in 2013 despite coming from an earlier period of sluggish growth. Several estimates indicate that the growth rate in 2014 will be better than the previous years and is likely to be in the six to seven percent range. While smart devices such as smart phones and tablets were the primary growth engines for the segment, there is likely to be a softening of demand in this area as the market has matured. Industry CEOs have indicated growth to be forthcoming in areas such as wearable devices and the internet of things (IoT). The key verticals that will drive growth in the semiconductor industry will include consumer electronics, computing, automotive electronics, industrial, medical and energy. From a geography standpoint, in addition to US and Europe, China is being increasingly viewed as an important end market.

R&D spending of semiconductor companies is expected to increase to keep pace with advancements in process technologies. Chip design costs which increase fairly steeply for every new generation is also adding to this pressure. The demands of the market continue to pull in seemingly opposing directions; on the one hand placing increasing demand on the computing ability and on the other, on power efficiency. Semiconductor vendors are increasingly focusing their research and development efforts towards application markets to counter the effects of business cycles and increasing cost of chip development. Application markets such as automotive, medical, Internet of Things allow them to increase the value proposition offered to their customers and thereby their competitive advantage. It is no surprise therefore that wearables and IoT are being called out as a focus area by leading semiconductor companies worldwide.