

Sasken Group: Q2 and H1 FY06 Results

October 2005

Disclaimer



Certain statements made in this release concerning our future growth prospects may be interpreted as forward looking statements, which involve a number of risks and uncertainties that could cause the actual results to differ materially from those in such forward looking statements. Investors are requested to use their discretion in relying on them. We do not undertake to update any forward-looking statements that may be made from time to time.

Highlights

- Total Revenues grew Q-o-Q by 27.5% in Q2 06 to Rs 863.94 M and Y-o-Y by 46.5%.
- Software services revenues grew Q-o-Q by 13.7% to Rs 708.77 M in Q2 06 and Y-o-Y by 34.1%.
- Software products revenues grew Q-o-Q by 186.3% to Rs 155.18 M in Q2 06 and Y-o-Y by 153.8%.
- EBITDA grew Q-o-Q to 20.7% in Q2 06 from 11.4% in Q1 06 and Y-o-Y from 20.0% in Q2 05.
- Profit After Tax grew Q-o-Q by 144.6% in Q2 06 to Rs. 116.73 M and Y-o-Y by 78.0%.

A large blue rectangular area containing a repeating geometric pattern of white lines forming a series of interlocking triangles and diamonds.

Consolidated Results

October 2005

Income Statement Summary (Consolidated) Rs. Million



	Q2FY06	%	Q1FY06	%	Q2FY05	%	% Growth over	
							Q1FY06	Q2FY05
Revenues	863.94	100.0	677.42	100.0	589.63	100.0	27.5	46.5
Cost of Revenue	488.28	56.5	424.44	62.7	302.66	51.3	15.0	61.3
R&D ¹	42.49	4.9	41.06	6.1	48.60	8.2	3.5	(12.6)
Gross Profit	333.17	38.6	211.92	31.3	238.37	40.4	57.2	39.8
SG&A	154.76	17.9	134.49	19.9	120.50	20.4	15.1	28.4
EBITDA	178.41	20.7	77.43	11.4	117.87	20.0	130.4	51.4
Depreciation	44.81	5.2	35.34	5.2	32.91	5.6	26.8	36.2
Amortization	3.10	2.3	-	-	-	-	-	-
EBIT	130.50	15.1	42.09	6.2	84.96	14.4	201.4	53.6
Other Income	12.75	1.5	8.02	1.2	1.14	0.2	59.0	-
Exchange gain/(loss)	7.44	0.9	11.72	1.7	(11.39)	(1.9)	(36.5)	(165.3)
Interest	0.27	-	0.38	0.1	1.54	0.3	(28.9)	(82.5)
Taxes	33.69	3.9	13.73	2.0	7.60	1.3	145.4	343.3
PAT	116.73	13.5	47.72	7.0	65.57	11.1	144.6	78.0

Segmental Results (Consolidated) Rs. Million



	Q2FY06	Q1FY06	Q2FY05	Growth over	
				Q1FY06	Q2FY05
Revenues	863.94	677.42	589.63	27.5	46.5
Software services	708.77	623.22	528.48	13.7	34.1
Products	155.18	54.20	61.15	186.3	153.8
EBITDA	178.41	77.83	117.87	130.4	51.4
Software services	155.70	115.18	149.45	35.2	4.2
Products	22.71	(37.75)	(31.58)	(160.2)	(171.9)
EBITDA %	20.7%	11.4%	20.0%		
Software services	22.0%	18.5%	28.3%		
Products	14.6%	(69.7)%	(51.6)%		
Depreciation %	5.2%	5.2%	5.6%		
Software services	5.2%	4.6%	4.4%		
Products	5.2%	12.7%	15.5%		
EBITA %	15.5%	6.2%	14.4%		
Software services	16.8%	13.8%	23.8%		
Products	9.5%	(82.4)%	(67.2)%		

Balance Sheet Summary (Consolidated)

Rs. Million



	Sep 30, 2005	%	Mar 31, 2005	%
Liabilities				
Share capital	275.12	7.1	168.47	11.7
Share application	9.11	0.2	2.55	0.2
ESOP Outstanding	10.79	0.3	7.89	0.6
Reserves & Surplus	3,535.55	91.9	1,240.47	86.5
Borrowing	18.33	0.5	14.56	1.0
Total Liabilities	3,848.90	100.0	1,433.94	100.0
Assets				
Net Fixed Assets	909.17	23.6	877.40	61.2
Capitalised software product costs (net of amortization)	24.33	0.6	-	-
Investments	2,015.11	52.4	5.60	0.4
Current Assets				
Cash and equivalents	84.07	2.2	108.66	7.6
Receivables	848.76	22.1	541.22	37.7
Other current assets	315.40	8.2	239.09	16.7
Total Current Assets	1,248.23	32.4	888.97	62.0
Current Liabilities	347.94	9.0	338.02	23.6
Net Current Assets	900.29	23.4	550.94	38.4
Total Assets	3,848.90	100.0	1,433.94	100.0

A large blue rectangular area with a repeating geometric pattern of white lines forming a series of overlapping triangles and diamonds. The pattern is centered horizontally and vertically within the blue area.

Operating Metrics

Geography Wise Revenue



%

	Q2FY06	Q1FY06	Q2FY05	H1FY06	H1FY05
North America	35.3	37.6	36.1	36.3	35.2
Europe	30.5	41.1	49.6	35.1	50.2
India	17.9	20.1	7.1	18.9	6.4
APAC	16.3	1.2	7.2	9.7	8.2
Total	100.0	100.0	100.0	100.0	100.0

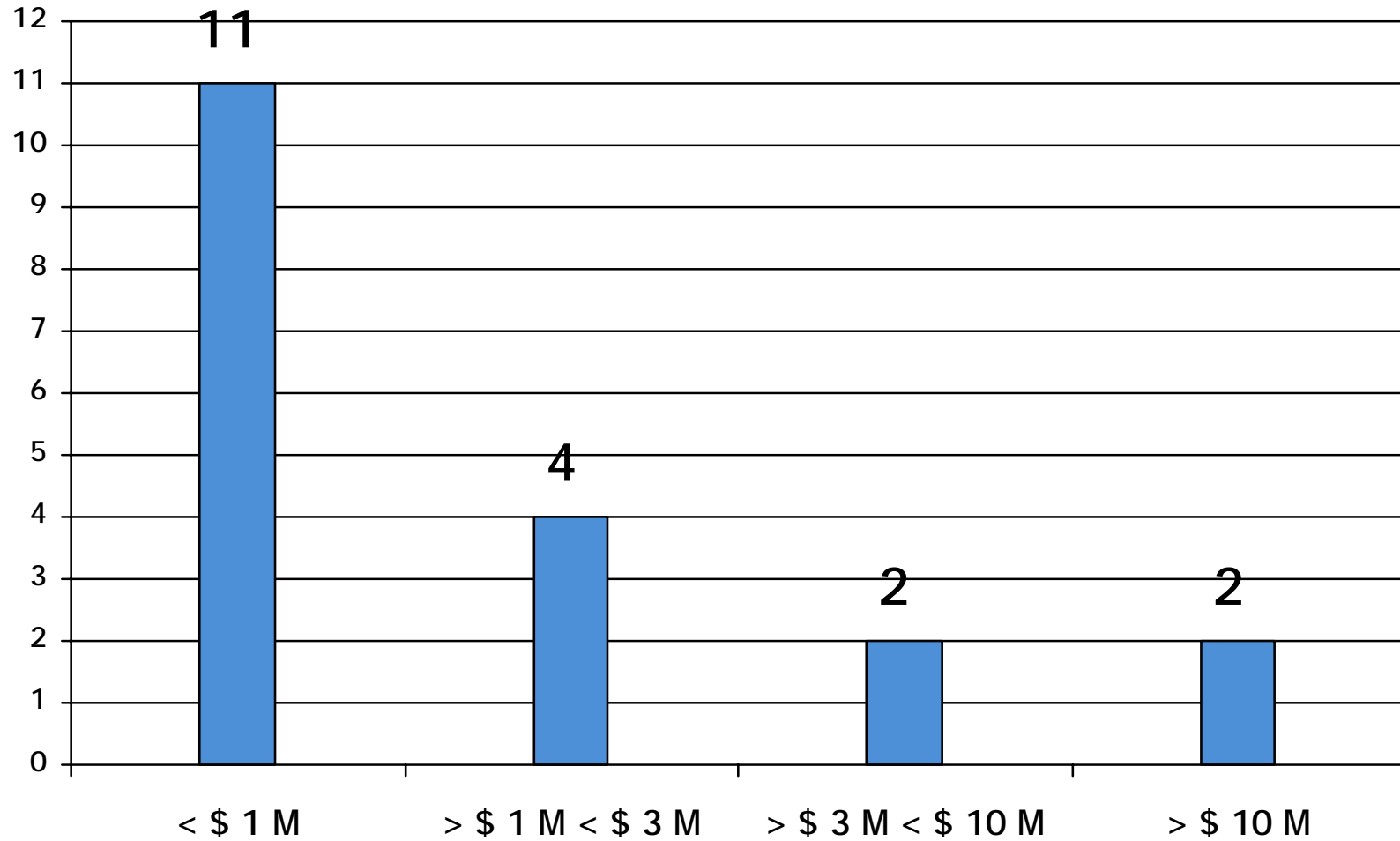
Customer Concentration



%

	Q2FY06	Q1FY06	Q2FY05	H1FY06	H1FY05
Top 5 customers	74.2	76.2	73.0	72.6	72.2
Top 10 Customers	83.8	87.0	86.4	83.8	84.9

Relationships with Tier 1 Customers



Human Resources



	Q2FY06	Q1FY06	Q2FY05
Total Employees	2466	2159	1882
Gross Adds	474	221	326
Net Adds	307	38	302
Attrition (%)**	23.4%	24.9%	24.6%

** Based on voluntary attrition

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Services Revenue Mix

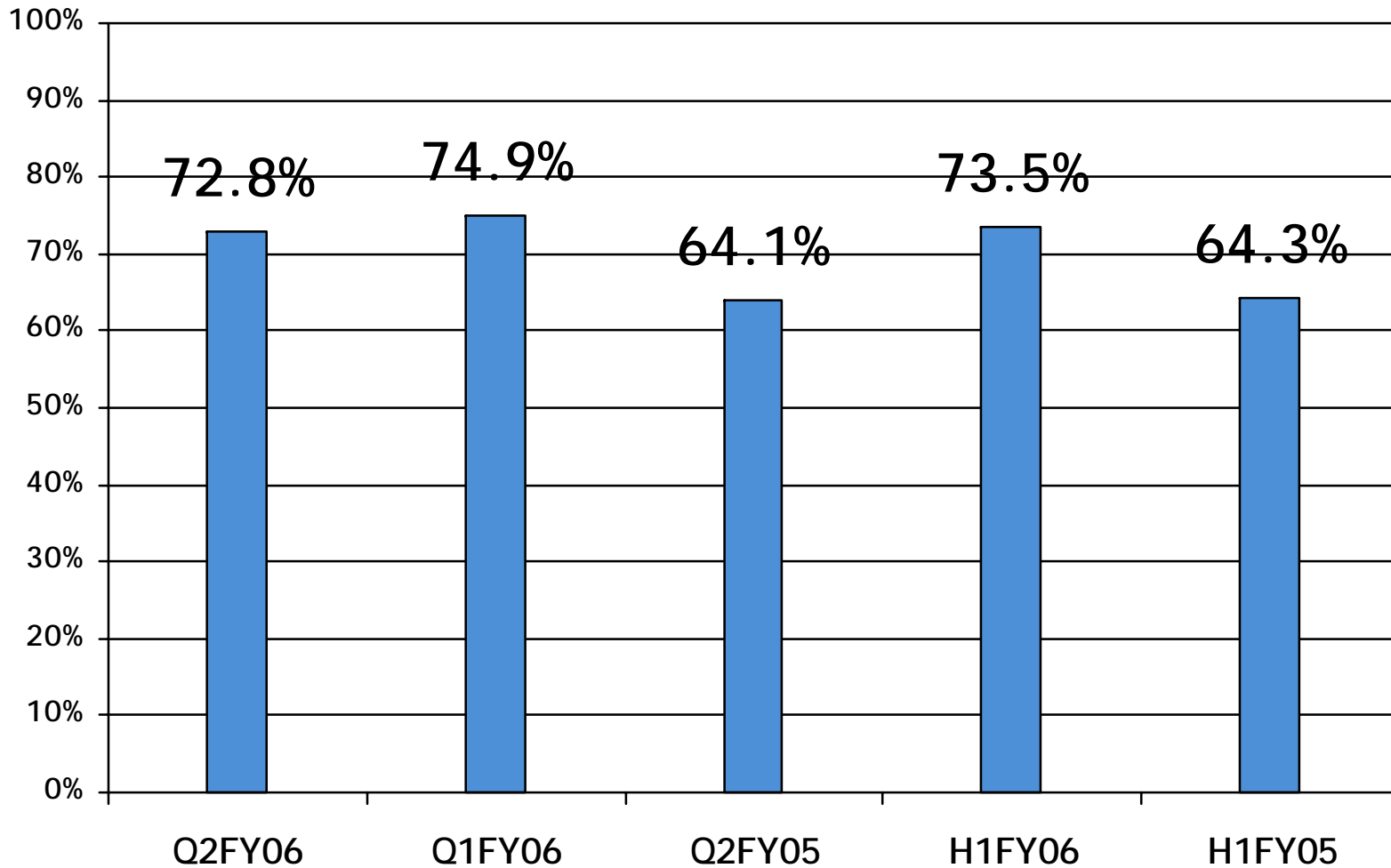
	Q2FY06		Q1FY06		Q2FY05		H1FY06		H1FY05	
	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%
T&M onsite	143.71	20.3	118.77	19.1	134.67	25.5	262.48	19.7	242.95	25.9
T&M off-shore	484.21	68.3	420.94	67.5	286.40	54.2	905.14	68.0	525.55	56.1
Fixed Price	80.85	11.4	83.52	13.4	107.41	20.3	164.37	12.3	169.13	18.0
Total services	708.77	100.0	623.22	100.0	528.48	100.0	1,331.99	100.0	937.63	100.0

includes Software services and Network Management Services

Services Utilization



Utilization



Services Highlights

- Successfully incubated new business vertical - Service Providers
 - Acquired and billed a leading Tier 1 Global Service Provider
- Volume growth continues to be driven by Tier 1 accounts
 - One key Tier 1 account crosses US\$ 20 M in billings
 - Higher growth in offshore services, reaffirms customer confidence in R & D outsourcing to India
 - Paving the way for enhanced “Product Realization” and “Product Ownership” out of India for global markets
- Focus on operational excellence leads to enhanced utilization
- Economies of Scale improves SG&A spread
- EBITDA margins impacted by:
 - Wage increases
 - Building strategic infrastructure to scale the business
 - Investments in building new service offerings

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Products Business

Products Revenue Mix



	Q2FY06		Q1FY06		Q2FY05		H1FY06		H1FY05	
	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%
Licensing	123.86	79.8	23.12	42.6	24.17	39.5	146.98	70.2	55.69	36.0
Royalty	6.84	4.4	10.66	19.7	7.00	11.4	17.50	8.4	14.73	9.5
Customization	24.48	15.8	20.42	37.7	29.98	49.1	44.89	21.4	84.13	54.5
Total Products	155.18	100.0	54.20	100.0	61.15	100.0	209.37	100.0	154.55	100.0

Products Highlights



- Product business continues to be on track
- One non-royalty bearing licensing deal pays off this quarter

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Additional Financial Information

Income Statement Summary (Consolidated) Rs. Million



	H1FY06	%	H1FY05	%	Growth in %
Revenues	1,541.36	100.0	1,092.18	100.0	41.1
Cost of Revenue	912.72	59.2	582.62	53.3	56.7
R&D ¹	83.55	5.4	87.37	8.0	(4.4)
Gross Profit	545.09	35.4	422.19	38.7	29.1
SG&A	289.25	18.8	246.46	22.6	17.4
EBITDA	255.84	16.9	175.73	16.1	45.6
Depreciation	80.15	5.2	61.66	5.6	30.0
Amortization	3.10	0.2	-	0.4	-
EBIT	172.59	11.2	114.07	10.4	51.3
Other Income	20.77	1.3	1.62	0.1	-
Exchange gain/(loss)	19.16	1.2	(8.84)	(0.8)	-
Interest	0.65	0.0	2.06	0.2	(68.4)
Taxes	47.42	3.1	0.80	0.1	-
PAT	164.45	10.7	103.99	9.5	58.1

Includes product engineering expenses

Thank You