

Media Release - For Immediate Release

**Sasken Q3 FY07 Revenues at Rs 131 crore - up 73% YoY**  
*PAT increases by 71% YoY*

Bangalore, January 24, 2007: Sasken Communication Technologies Limited (BSE:532663, NSE:SASKEN), a pioneer in telecom R&D and support outsourcing, today announced its consolidated results according to Indian GAAP for the third quarter ended December 31, 2006.

**Quarter ended December 31, 2006**

Consolidated revenues: Rs 131.02 crore - up 11% vs Q2 FY07

Consolidated Profit After Tax (PAT): Rs. 11.87 crore - flat vs Q2 FY07

Consolidated EPS: Rs 4.22/- vs Rs 4.24/- in Q2 FY07

**Nine months ended December 31, 2006**

Consolidated Revenues: Rs 339.69 crore - increases 48% vs same period FY06

Consolidated PAT: Rs 32.41 crore - increases 95% vs same period FY06

Consolidated EPS: Rs 11.56/-

**Key Financial Highlights for Q3 FY07**

- Average collection period stands at 72 days
- Revenue contribution from the Top five customers stood at 81% and from Top 10 customers at 89%
- Cash and cash equivalents stand at Rs. 42.5 crore as on December 31, 2006, compared to Rs. 41.2 crore as on September 30, 2006
- The consolidated Forex-hedged position on December 31, 2006 was USD 56.1 Million
- The subsidiary in Mexico has turned profitable for the cumulative period of nine months ending December 31, 2006

**Key Business Highlights for Q3 FY07**

- A net total of 139 people were added this quarter (Gross Adds of 350), taking the total employee strength to 3,512 as on December 31, 2006
- Utilization on the services side stands at 73.6%
- EBITDA Margins on the services side were at 22.9%
- One new Design-In and one new Design-Win on the products side
- 11 new customers added during the quarter; a total of 76 active customers during the year

Commenting on the performance, Rajiv Mody, Chairman & CEO, Sasken said, "The Sasken Group has had a strong year so far. For the first nine months of this year, our revenues have grown 48% and net profits have grown 95%. Our services business has delivered 57% growth rate in revenues YTD. All industry trends point towards this growth momentum sustaining and continuing in a healthy manner. Our services efficiencies are improving and we held our EBITDA margins at 22.9% in Q3, despite the adverse impact of the currency.

"The products business is working towards achieving set milestones. We had a Japanese Tier 1 handset vendor shipping a new phone model with our multimedia software. We also signed up a Taiwanese semiconductor manufacturer for our Wireless modem sub-system product. More handset shipments from other Tier 1 customers are in the pipeline containing our multimedia and modem products.

Our application framework product is fully integrated with the Texas Instruments (TI) Locosto chipset, which we had announced earlier in the quarter. We are also focused on getting a sign-up for this product from a handset customer, and working towards achieving that milestone in Q4," he added.

"As we go towards the next orbit of growth, we are cognizant of the need to have high quality management expertise to steer us there. With this perspective, we have inducted some senior people into our management team. We have a new head for Worldwide Sales, an expanded Sales team and a new business CTO, all of whom come from global communication majors," Rajiv added.

The detailed financial results are given in an Annexure to this Media Release. A fact sheet providing the operating metrics for the company and a presentation for analysts can be downloaded from the investor section of [www.sasken.com](http://www.sasken.com).

### Conference Call details

A conference call is planned at **1030 hrs IST on Thursday, January 25, 2007**, where the senior management of Sasken led by Chairman and CEO, Rajiv Mody, will comment on the company's performance for the third quarter and nine months ended December 31, 2006, and respond to queries from participants. To participate in the conference call, please dial the numbers given below ten minutes ahead of the schedule. The transcript of this conference call will be available within 72 working hours in the investor section of the company website, [www.sasken.com](http://www.sasken.com). Details of the conference call are also available on [www.sasken.com](http://www.sasken.com).



**About Sasken**

Sasken is an embedded telecom solutions company that helps businesses across the telecom value chain accelerate product development life cycles. Sasken offers a hybrid model of services and products, and works with Network OEMs, semiconductor vendors, Terminal Devices OEMs and operators across the world. Global Fortune 500, Tier 1 companies in each of these segments are part of Sasken's customer profile. Established in 1989, Sasken employs over 3,500 people at its offices in India, China, Finland, Germany, Japan, Mexico, Sweden, UK and the U.S. Sasken has consistently been rated as a Best Employer in all leading industry surveys.

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**Disclaimer**

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy and our growth and expansion plans, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, changes in the laws and regulations that apply to the Indian IT services industry, including with respect to tax incentives and export benefits, adverse changes in foreign laws, including those relating to outsourcing and immigration, increasing competition in and the conditions of the Indian and global IT services industry, the prices we are able to obtain for our services, wage levels in India for IT professionals, the loss of significant customers the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the information technology/telecommunication industries. Additional risks that could affect our future operating results are more fully described in our Red herring filing. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

## Sasken Communication Technologies Limited

## Consolidated Balance Sheet

Rs in Lakhs

	As at December 31 2006	As at March 31 2006
<b>SOURCES OF FUNDS</b>		
<u>Shareholders' Funds</u>		
Share Capital	2,821.80	2,793.64
Share Application Money	-	-
Employee Stock Options Outstanding (Net of deferred compensation cost)	135.40	77.32
Reserves and Surplus	38,311.38	35,631.05
Government Subsidy (PROSOFT)	161.77	-
<u>Loan Funds</u>		
Secured Loans	8,888.63	115.04
Unsecured Loans	68.77	-
Deferred Tax Liability	39.79	-
Total Sources	50,427.54	38,617.05
<b>APPLICATION OF FUNDS</b>		
<u>Fixed Assets</u>		
Gross Block	41,716.39	18,946.94
Less : Accumulated Depreciation	12,028.81	9,178.08
Net Block	29,687.58	9,768.86
Capital Work in Progress including capital advances	313.19	342.93
Total	30,000.77	10,111.79
Capitalised software product costs (net of amortization)	3,116.21	1,413.45
<u>Investments</u>		
	4,251.02	18,651.01
<u>Deferred Tax Asset</u>		
	96.29	19.50
<u>Current Assets, Loans and Advances</u>		
Inventories	285.20	334.97
Sundry Debtors	10,393.67	6,528.59
Cash and Bank Balances	4,254.37	1,514.49
Loans and Advances	4,920.25	3,852.76
Gross Current Assets	19,853.49	12,230.81
<u>Less: Current Liabilities and Provisions</u>		
Current Liabilities	4,854.12	2,663.57
Provisions	2,036.12	1,145.94
Total	6,890.24	3,809.51
Net Current Assets	12,963.25	8,421.30
Total Applications	50,427.54	38,617.05

Sasken Communication Technologies Limited				
Rs. in Lakhs				
Consolidated Profit and Loss Account				
	For the Quarter ended December 31 2006	For the Quarter ended December 31 2005	For the Nine months ended December 31 2006	For the Nine months ended December 31 2005
Revenues	13,101.84	7,593.94	33,968.63	23,007.55
Cost of Revenues	8,711.93	4,926.99	22,468.90	14,632.18
Gross Profit	4,389.91	2,666.95	11,499.73	8,375.37
Research and Development Expenses	555.34	313.24	1,366.37	1,242.14
Gross Profit after Research and Development Expenses	3,834.57	2,353.71	10,133.36	7,133.23
Selling and Marketing Expenses	671.61	548.49	1,771.40	1,709.80
Administrative and General Expenses	1,680.18	1,027.73	4,286.86	2,855.91
Employee stock option compensation cost (net)	97.36	10.83	100.65	43.90
Profit from operations	1,385.42	766.66	3,974.45	2,523.62
Amortisation of Non Compete Fees	54.72	31.67	162.78	62.70
Other Income	153.09	197.16	653.31	404.90
Exchange Gain/(loss) (net)	158.81	(127.79)	(147.45)	63.79
Profit Before Interest and Income Taxes	1,642.60	804.36	4,317.53	2,929.61
Interest Expense	103.99	4.31	342.22	10.85
Exceptional Item ( Refer note 3(h) in Notes to Consolidated Accounts)	-	676.08	-	676.08
Profit Before Taxes	1,538.61	123.97	3,975.31	2,242.68
Income Tax expense/(credit), net				
-Current	329.08	72.62	655.06	496.74
-Deferred	(20.02)	-	(44.10)	-
Fringe Benefit Tax	42.20	32.96	123.42	83.03
Profit After Tax	1,187.35	18.39	3,240.93	1,662.91
Add: Balance brought forward	7,668.01	6,883.97	6,446.39	5,239.45
Less: Transfer to General Reserve on account of Merger of SNS (Also refer Note 2(A)(1)(a) in Notes to Consolidated Accounts)	-	-	(167.80)	-
Less: Adjustment for transitional provision under Accounting Standard 15 (revised)	-	-	(664.16)	-
Balance carried to Consolidated Balance Sheet	8,855.36	6,902.36	8,855.36	6,902.36
Earnings Per Share ( Equity Share par value Rs 10 each)				
Basic	4.22	2.52	11.56	9.61
Diluted	4.16	2.47	11.38	9.39
After exceptional item				
Basic	4.22	0.07	11.56	6.83
Diluted	4.16	0.07	11.38	6.67
Weighted average number of Equity Shares used in computation of				
Basic EPS	28,146,040	27,607,399	28,033,496	24,351,004
Diluted EPS	28,548,611	28,133,389	28,468,684	24,919,326