

Media Release - for Immediate Release

Sasken Q3 FY06 Revenues at Rs 75.94 crore

Bangalore, January 19, 2006: Sasken Communication Technologies Limited (Sasken), a pioneer in telecom R&D outsourcing, today announced results for the third quarter ended December 31, 2005.

The consolidated revenues for the nine months ended December 31, 2005 stood at Rs 230.08 crore, in comparison to Rs 167.22 crore for the comparative period last year, registering a growth of 37.6%. Profit After Tax for the nine months ended December 31, 2005 stood at Rs 16.63 crore, in comparison to Rs 11.83 crore for the comparative period last year, registering a growth of 40.5%.

Consolidated revenues for the quarter ended December 31, 2005 stood at Rs 75.94 crore and Profit After Tax stood at Rs 0.18 crore, after providing for an exceptional item. Profit After Tax excluding the exceptional item was Rs 6.94 crore. This was in comparison to revenues of Rs 86.39 crore and Profit After Tax of Rs 11.67 crore in Q2 FY06.

Key Financial Highlights for Q3 FY06

- Selling, General and Administrative Expenses were Rs. 15.22 crore (20.0% of business revenues in comparison to 17.9% during the previous quarter)
- Cash and cash equivalents have improved to Rs. 17.79 crore as on December 31, 2005, from Rs. 10.87 crore as on March 31, 2005
- Average collection period stands at 71 days in Q3 FY06 in comparison to 88 days during the previous quarter
- Revenue contribution from the top five customers stood at 75.7%
- The consolidated forex-hedged position, as on December 31, 2005 was USD 44.1 Mn

Key Business Highlights for Q3 FY06

- Announced a development and support centre in Nuevo Leon, Mexico through a wholly owned subsidiary - Sasken Communication Technologies Mexico S.A De C.V
- Leading Japanese handset vendor begins shipping 3G handsets embedded with Sasken's multimedia solutions
- Strengthened the Integrated Solutions product line by investing in IXI-Connect OS™. This will increase the addressable market for Sasken products as well as enhance our "Offering Portfolio" and make Sasken a one-stop shop for mobile software solutions
- A net total of 38 people were added this quarter, taking the total employee strength to 2504 as on December 31, 2005

- Utilization on the services side improves to 74.3% in Q3 FY06 from 72.8% in Q2 FY06

Awards and Accolades for Q3 FY06

- Ranked # 2 in the *Business Today*-Mercer-TNS Best Companies to work for in India Survey 2005
- Ranked #29 in Deloitte's Technology Fast 50 India ranking and #409 in the Technology Fast 500 Asia Pacific Ranking
- Ms. Neeta Revankar, CFO Sasken won the India CFO Award 2005 for 'Excellence in Finance in a SME' instituted by IMA India

Commenting on the performance, Rajiv Mody, Chairman & CEO, Sasken said, "Our services business continues to show momentum with a healthy increase in offshore revenues. The Service Provider offering that we launched last quarter has helped us make inroads with global operators. Another exciting development was the launch of our Mexico development centre in keeping with our *nearshore* strategy to deliver to customers. Internally, a strong focus on operational efficiencies has resulted in better utilization rates."

"On the products side, the agreement with IXI-Connect OS™ was a significant breakthrough. Further to this agreement, Sasken will combine the IXI-Connect OS™ with existing Sasken IP to offer its customers a competitive solution in terms of footprint, price and performance. This will enable solutions across a wider range of phone categories and customer segments" added Rajiv.

There is a provision against a sum awarded in an Arbitration in a dispute with a customer with whom a licensing agreement had been made, although efforts are afoot to contest the award and although a claim against the insurers is presently pending and the company has been legally advised that probability of success in the claim against the insurer is strong.

The detailed financial results are given in Annexure A to this Media Release.

A fact sheet providing the operating metrics for the company can be downloaded from 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. Unlike other service providers, Sasken helps clients speed up product development through a unique combination of ready-to-use technology blocks and services using its unparalleled telecom experience. Global Fortune 500 companies including Nortel, Nokia and Motorola are part of Sasken's esteemed customer profile. Established in 1989, Sasken employs over 2500 people at its offices in India, Canada, China, France, Germany, Japan, Sweden, UK and the U.S.

For further information, please contact:

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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.

Consolidated Balance Sheet data of Sasken Communication Technologies Limited		
	Rs in Lakhs	
	As at December 31 2005	As at March 31 2005
SOURCES OF FUNDS		
<u>Shareholders' Funds</u>		
Share Capital	2,779.92	1,684.72
Share Application Money	-	25.49
Employee Stock Options Outstanding (Net of deferred compensation cost)	79.51	78.93
Reserves and Surplus	35,775.80	12,404.66
<u>Loan Funds</u>		
Secured Loans	248.89	45.03
Unsecured Loans	-	100.56
Total Sources	38,884.12	14,339.39
APPLICATION OF FUNDS		
<u>Fixed Assets</u>		
Gross Block	18,604.37	16,025.31
Less : Accumulated Depreciation	8,620.56	7,328.77
Net Block	9,983.81	8,696.54
Capital Work in Progress including capital advances	131.99	77.41
Total	10,115.80	8,773.95
<u>Capitalised software product costs (net of amortization)</u>	760.83	-
<u>Investments</u>	19,828.91	55.95
<u>Current Assets, Loans and Advances</u>		
Inventories	377.85	19.75
Sundry Debtors	5,956.43	5,412.18
Cash and Bank Balances	1,778.81	1,086.64
Loans and Advances	3,323.92	2,371.14
Gross Current Assets	11,437.01	8,889.71
<u>Less: Current Liabilities and Provisions</u>		
Current Liabilities	3,055.64	2,536.05
Provisions	202.79	844.17
Total	3,258.43	3,380.22
Net Current Assets	8,178.58	5,509.49
Total Applications	38,884.12	14,339.39

Consolidated Profit and Loss Account data of Sasken Communication Technologies Limited				
	Rs in Lakhs			
	For the Quarter ended December 31, 2005	For the Quarter ended December 31, 2004	For the nine months ended December 31, 2005	For the nine months ended December 31, 2004
Revenues	7,593.94	5,800.01	23,007.55	16,721.83
Cost of Revenues	4,926.99	3,794.51	14,632.18	10,031.71
Gross Profit	2,666.95	2,005.50	8,375.37	6,690.12
Research and Development Expenses	313.24	635.08	1,242.14	1,601.86
Gross Profit after Research and Development Expenses	2,353.71	1,370.42	7,133.23	5,088.26
Selling and Marketing Expenses	403.49	559.46	1,554.63	1,757.15
Administrative and General Expenses	1,172.73	773.33	3,011.08	2,109.12
Employee stock option compensation cost (net)	10.83	14.53	43.90	57.32
Profit from operations	766.66	23.10	2,523.62	1,164.67
Amortisation of Non Compete Fees	31.67	-	62.70	-
Other Income	197.16	9.27	404.90	25.49
Exchange gain /(loss), (net)	(127.79)	135.24	63.79	45.93
Profit before Interest, Exceptional items & Income Taxes	804.36	167.61	2,929.61	1,236.09
Interest Expense	4.31	17.88	10.85	38.46
Exceptional Items	676.08	-	676.08	-
Profit before Taxes	123.97	149.73	2,242.68	1,197.63
Income Tax expense/(credit), net	72.62	6.10	496.74	14.14
Fringe Benefit tax	32.96	-	83.03	-
Profit After Taxes	18.39	143.63	1,662.91	1,183.49
Earnings Per Share (Equity Share par value Rs 10 each)				
Before exceptional item				
Basic	2.52	0.85	9.61	7.32
Diluted	2.47	0.84	9.39	7.07
After exceptional item				
Basic	0.07	0.85	6.83	7.32
Diluted	0.07	0.84	6.67	7.07
Weighted average number of Equity Shares used in computation of				
Basic EPS	27,607,399	16,817,259	24,351,004	16,166,686
Diluted EPS	28,133,389	17,000,861	24,919,326	16,728,597

Standalone Balance Sheet data of Sasken Communication Technologies Limited

Rs in Lakhs

	As at December 31 2005	As at March 31 2005
SOURCES OF FUNDS		
<u>Shareholders' Funds</u>		
Share Capital	2,779.92	1,684.72
Share Application Money	-	25.49
Employee Stock Options Outstanding (Net of deferred compensation cost)	79.51	78.93
Reserves and Surplus	34,942.44	12,297.84
<u>Loan Funds</u>		
Secured Loans	-	45.03
Total Sources	37,801.87	14,132.01
APPLICATION OF FUNDS		
<u>Fixed Assets</u>		
Gross Block	18,083.67	15,629.92
Less : Accumulated Depreciation	8,439.70	7,251.65
Net Block	9,643.97	8,378.27
Capital Work in Progress including capital advances	39.19	77.41
Total	9,683.16	8,455.68
<u>Capitalised software product costs (net of amortization)</u>	760.83	-
<u>Investments</u>	20,102.52	329.55
<u>Current Assets, Loans and Advances</u>		
Inventories	239.61	19.75
Sundry Debtors	4,795.37	4,536.72
Cash and Bank Balances	1,588.22	914.28
Loans and Advances	3,494.58	2,895.68
Gross Current Assets	10,117.78	8,366.43
<u>Less: Current Liabilities and Provisions</u>		
Current Liabilities	2,691.77	2,188.11
Provisions	170.65	831.54
Total	2,862.42	3,019.65
Net Current Assets	7,255.36	5,346.78
Total Applications	37,801.87	14,132.01

Standalone Profit and Loss Account data of Sasken Communication Technologies Limited

Rs in Lakhs

	For the Quarter ended December 31, 2005	For the Quarter ended December 31, 2004	For the nine months ended December 31, 2005	For the nine months ended December 31, 2004
Revenues	6,545.27	5,256.18	20,135.05	15,511.84
Cost of Revenues	4,312.14	3,471.48	13,033.12	9,362.09
Gross Profit	2,233.13	1,784.70	7,101.93	6,149.75
Research and Development Expenses	313.25	635.08	1,242.14	1,601.86
Gross Profit after Research and Development Expenses	1,919.88	1,149.62	5,859.79	4,547.89
Selling and Marketing Expenses	400.89	469.49	1,538.72	1,502.01
Administrative and General Expenses	997.86	697.96	2,626.10	1,947.54
Employee stock option compensation cost (net)	10.82	14.53	43.89	57.34
Profit from operations	510.31	(32.36)	1,651.08	1,041.00
Amortisation of Non Compete Fees	31.67	-	62.70	-
Other Income	197.16	25.24	404.90	41.45
Exchange gain / (loss), (net)	(115.68)	142.89	74.21	54.48
Profit before Interest, Exceptional items & Income Taxes	560.12	135.77	2,067.49	1,136.93
Interest Expense	-	15.36	0.20	35.97
Exceptional Items	676.08	-	676.08	-
Profit before Taxes	(115.96)	120.41	1,391.21	1,100.96
Income Tax expense/(credit), net	64.61	6.10	398.45	14.14
Fringe Benefit tax	18.74	-	56.38	-
Profit after Tax	(199.31)	114.31	936.38	1,086.82
Earnings Per Share (Equity Share par value Rs 10 each)				
<u>Before exceptional item</u>				
Basic	1.73	0.68	6.62	6.72
Diluted	1.69	0.67	6.47	6.50
<u>After exceptional item</u>				
Basic	(0.72)	0.68	3.85	6.72
Diluted	(0.71)	0.67	3.76	6.50
Weighted average number of Equity Shares used in computation of				
Basic EPS	27,607,399	16,817,259	24,351,004	16,166,686
Diluted EPS	28,133,389	17,000,861	24,919,326	16,728,597