

Sasken Communication Technologies Limited
Quarter Three Earnings Conference Call, Financial Year 2010
January 22, 2010

Moderator: Good afternoon ladies and gentlemen. I am Manjula, the moderator for this conference. Welcome to the Sasken Communication Conference Call. For the duration of the presentation, all participants' lines will be in the listen-only mode. After the presentation, the question and answer session will be conducted for participants connected to WebEx International. After that, the question and answer session will be conducted for participants in India. Now, I would like to hand over to Mr. Rajiv Mody. Thank you and over to you sir.

Mr. Rajiv C. Mody: Thank you Manjula. Ladies and gentlemen, good evening to all of you. It is my pleasure to welcome you to the conference call to discuss the performance of the Sasken Group for the third quarter ended December 31st, 2009. Before we begin, we must point out that certain statements made during the call concerning our future growth prospects are forward-looking statements. Please read the safe harbor clause in the second slide of our presentation for full details. I am joined on this call by my colleague, Neeta Revankar, CFO and Head of HR; Dr. G. Venkatesh, Head of Worldwide Delivery and Executive Director of the Board; Srinivasan Ramaraj - Senior Vice President and Head of Asia-Pacific Operations; and Rajesh Maniar, Vice President, Finance.

Let me begin by taking you through the highlights of our financials for the third quarter of fiscal 2010 ended 31st December 2009. The consolidated revenues for the Sasken Group for the third quarter fiscal 2010 grew by 7% over the previous quarter to rupees 145.2 crores.

Earnings before interest, depreciation, taxes, and amortization cost for the third quarter fiscal 2010 was at rupees 24.6 crores, a decline of 6% over the previous quarter and a decline of 42% over the corresponding quarter in the previous financial year.

Consolidated PAT for Q3 fiscal 2010 was 17.1 crores, a growth of 5% over the previous quarter and up by 19% over corresponding quarter in the previous year. PAT margin for the quarter was at 11.8%.

Services revenues grew by 7% in rupee terms over the previous quarter to rupees 137.2 crores.

EBITDA margins for the services business for the quarter expanded by 60 basis points to 17.7% as compared to the previous quarter.

Products revenue for Q3 increased 9% over the previous quarter to rupees 7.6 crores. This is a drop of 35% over the corresponding quarter in the previous year. The consolidated earnings per share for the third quarter was rupees 6.32. The services business delivered an EPS of 6.49 for the quarter.

Cash and cash equivalent as on December 31st 2009 was approximately rupees 165 crores.

The consolidated Sasken headcount as of December 31st 2009 stood at 3051.

We added 10 new customers taking the total number of active customers to 87.

We are happy to announce that Sasken is now a member of the Open Handset Alliance Forum championed by Google. Open Handset Alliance, OHA, is a group of technology and mobile companies who have come together to accelerate innovation in mobile and offer consumers a richer, less expensive, and better mobile experience. OHA is committed to commercially deploy handsets and services using the Android platform. OHA is a broad alliance of leading technology and wireless companies who have joined forces to develop Android. This consortium comprises Google, T-mobile, HTC, Qualcomm, Motorola, and others who are collaborating on the development of Android, the first truly open and comprehensive platform for mobile devices.

Sasken continues to differentiate itself by continuing to pursue the path of developing intellectual properties in the communication space with the healthy pipeline of patents. We have been granted 35 patents and 22 are pending grant. Sasken has demonstrated the ability to monetize its patent portfolio with a recent sell of 4 patents providing revenues of approximately half a million dollars.

The convergence of computing and communication continues and is bringing about in its wake exciting prospects for enhanced personal and professional communication. Netbooks and smart phones are increasingly becoming essential tools to keep pace with the demands of life and work. Open system alliances like OHA and Symbian Forum are advancing these technologies rapidly making them accessible to a large audience by continuously improving the price performance ratios. Smart phones with their ease of use makes possible rich communication experience that embraces social networking, access to the internet, rich media as well as mobile office communication requirements like e-mail and corporate applications.

As multiple companies in the communication and semiconductor space seize these opportunities, they are under pressure to get it

right the first time. In the near term, we see the blurring of boundaries between traditional communication and computing opening up new vistas in the white spaces. Sasken through its global operations and expertise in R&D services is able to provide unparalleled value to key players helping them develop platforms that enable them to rapidly introduce new convergence devices and stay competitive in the market place.

It gives me immense pleasure to inform you that in the last quarter Sasken has won the Best Supplier Award from Sony Ericsson in the software consultancy and outsourcing category amidst strong competition from other leading global players. This has opened up opportunities for us with this key customer.

Integration of Ingenient business that we acquired last quarter is proceeding as per plan. There is an excellent complementary fit of Ingenient Multimedia software offerings with Sasken's strategy of diversifying its portfolio and expanding its market efficiencies like consumer and automotive electronics. With the depth and best of Sasken's engineering resources in India working alongside Ingenient's experienced development team we will bring new multimedia products and services offerings to our combined customer base at an accelerated and exciting pace.

Time-to-market pressure and design complexities are critical challenges that design teams in the semiconductor industry face today. Design teams want to get it right the first time and improve the predictability of design process, and as software service providers to the semiconductor segment, we have been working towards making the verification process cost effective and focused not only on design services but also on IT integration to ensure predictability for our customers at the optimal cost.

Nortel, a key customer for us in the networking space is in the process of completing the sale of its GSM and GSM-R business to Ericsson and Kapsch CarrierCom, and prior to this, its enterprise business to Avaya.

We continue to service the requirements of Nortel and are now engaged in discussions with the companies named above to continue to be their outsourced development partner. Indications we have at this time are that businesses that we are servicing for Nortel will continue with the same new incumbent. We also understand that Nortel has completed the sale of its holdings in Sasken.

To sum up, we are seeing demand pickup in handset and semiconductor verticals and continued to be confident of our growth prospects in these segments. Thank you and over to you Manjula for Q&A.

Moderator: Thank you very much sir. At this moment, I would like to hand over the proceedings to WebEx International moderator to conduct the Q&A for participants connected to WebEx International. After this, we will have a question and answer session for participants at India Bridge. Thank you and over to Brandon.

International Moderator: Thank you moderator. We will now begin the Q&A session for participants connected to the WebEx International Bridge. Please press *1 to ask a question. Once again, please press *1 to ask a question. At this moment, there are no questions from the WebEx International Center. I would now hand over the proceedings back to the India moderator.

Moderator: Thank you very much Brandon. We will now begin the Q&A interactive session for India participants. Participants who wish to ask questions please press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking a question. To ask a question, kindly press *1 now. First in line, we have Mr. Pratik Gandhi from Edelweiss Securities. Please go ahead with the questions.

Mr. Kunal Sangoi: Good evening. This is Kunal Sangoi.

Mr. Rajiv C. Mody: Hi Kunal.

Mr. Kunal Sangoi: Yeah, hi Rajiv. Rajiv my question is with regards to, you know, the profitability on the product side. I think, you know, this time around what actually has gone into on the cost side of the product because we see substantial in terms of margins...I think the profits on the product side seem to be very low?

Mr. Rajiv C. Mody: Neeta...

Ms. Neeta Revankar: Actually the change that has happened in quarter three is that we made this acquisition in Chicago, Ingenient Technologies...

Mr. Kunal Sangoi: Yeah.

Ms. Neeta Revankar: ...the cost of that are included in the product segment for the quarter in question and revenues will come over a period of time. So, which is why you see this a drop in EBITDA, increase in cost in the product segment.

Mr. Kunal Sangoi: Okay. So, how much would that cost be if you can quantify that?

Ms. Neeta Revankar: The expenses over there are likely to be in the range of 1.5 to 2 million dollars each quarter, but it will really depend on how things unfold going forward.

Mr. Kunal Sangoi: Sure, okay, and also Rajiv in your opening remarks you did mention that you have, you know, sold about 4 patents which has fetched you half a million. So, is that also recognized in this quarter itself.

Mr. Rajiv C. Mody: That is correct. We have recognized the revenue for that towards the products portfolio.

Mr. Kunal Sangoi: Okay. So, that is a part of the product revenues itself, right?

Mr. Rajiv C. Mody: Right, that is correct.

Mr. Kunal Sangoi: Yeah and that would be within licensing....license revenues?

Mr. Rajiv C. Mody: Yeah, that would be within license revenues, that is correct.

Mr. Kunal Sangoi: Okay, okay, got it. Rajiv, with regard to semicon and handset segment, I think certainly we are seeing some, you know, uptake and as you see the, you know, pipeline improving and demands improving, how do you see, you know, the next few quarters panning out for yourself? You know, based on in terms of the growth rate, I think certainly these subverticals are growing much faster than company, but if you were to, you know, just help us project some or model growth into model....how much or what could it be?

Mr. Rajiv C. Mody: Yeah, see from Q3 to Q4, we see a growth of about 5% overall in our topline about 4.5% in our services business and remaining coming out of our products, but overall topline growing by about 5% from Q3 to Q4.

Mr. Kunal Sangoi: Okay, and may be, you know, if you were to take a little longer term with regards to, you know, some of the projects that you are at the final stage, could FY '11 be, you know, growth could really pickup in terms of say, you know, closer to 20% on the services side?

Mr. Rajiv C. Mody: We would definitely give you that clear view in our April call....

Mr. Kunal Sangoi: Okay.

Mr. Rajiv C. Mody: ...but essentially directionally we are seeing that more and more things are moving to be to the low-cost locations, and we are definitely benefiting out of that in both the handset space as well as in the semiconductor space.

Mr. Kunal Sangoi: Okay, alright. Thank you and good luck.

Mr. Rajiv C. Mody: Thanks a lot Kunal.

Moderator: Thank you very much sir. Next in line, we have Mr. Prashant from Retail Investment. Please go ahead.

Mr. Prashant: Hi Rajiv.

Mr. Rajiv C. Mody: Hi.

Mr. Prashant: Good evening and okay, so two questions. Number one is that your EBITDA year-to-date has fallen to 17.8% as compared to 22.6% FY '09 and that is one and second part is that okay so how do you want to fix that and what is your target EBITDA for the year, what is your ideal figure? So, that is one part. The second part is if you are projecting growth, as I just heard, I am actually worried about the headcount continuously going down quarter-on-quarter. So, these are the two questions.

Mr. Rajiv C. Mody: I will have my colleague Rajesh discuss the EBITDA thing and we can then answer you on the headcount separately?

Mr. Rajesh Maniar: Hi, it is Rajesh here. If you notice that our EBITDA in the services has actually gone up quarter-on-quarter by 60 basis points and that is despite the adverse impact of exchange rates of approximately 1.5%. So, this overall EBITDA is affected because of the Ingenient acquisition and the expenses that we incurred during the current quarter. So, you know, that has really driven the overall EBITDA down. Now, as we look forward for the next quarter, we expect the services EBITDA to continue to maintain that upward trend that we see in the current quarter despite the fact that we are factoring in exchange rate of 46 only for the next quarter compared to the 46.6 rate that we had in the current quarter. So, that is really the picture on the EBITDA going forward.

Ms. Neeta Revankar: And relating to your concern about how will volume improve in spite of headcount. Now, two things. One is if you notice the utilization is just a little below 80%. So, we do expect to improve utilization in this quarter and the second thing is that in this quarter we also expect about 75 to 100 net adds. So, both of these together will help us meet our volume growth requirements.

Mr. Prashant: Okay great, and Rajiv one question for you. I heard last quarter....it appeared to me and that is not perception may be that, at the end of last quarter when we attended the conference call, you were slightly more bullish than what your figures have showed this quarter. So, are you feeling similar passion or are you still feeling that bullish?

Mr. Rajiv C. Mody: No, if you look at the transcripts of last quarter, we had said that in dollar terms we would grow in our services by about 8% to 10%. Actually, we have delivered 10.5% in dollar terms from Q2 to Q3, and we also had said that we would be doing about 1.8 to 2 million

dollars in our products. We have fallen short by about 200K on that. We have done about 1.6 million dollars in that. So, I think we have more or less met the targets that we had set ourselves and kind of told you all on the analyst call. Similarly, we are saying right now that we would grow by about 5% overall in this quarter from Q3 and we are fairly confident of achieving that. Directionally, we are seeing that things are improving, opening up, and more and more demand is coming up because most of our customers are expecting to move activities to low-cost because of the change in the overall global scenario, and we are benefitting and we continue to derive out of it. So, we are fairly, fairly bullish and confident of achieving our target scores.

Mr. Prashant: Okay, great. Can you also tell us how much percentage of your cost of revenue is the salary?

Mr. Rajiv C. Mody: How much percentage of our revenues is salary, is it?

Mr. Prashant: Yeah.

Mr. Rajiv C. Mody: It will be approximately around 50% kind of number.

Mr. Prashant: Okay, alright, and can you also tell us the hedge positions which we have for the dollar-rupee?

Mr. Rajesh Maniar: As of the end of the quarter, we had dollar 46.6 million approximately hedged at an average exchange rate of approximately 49 rupees to a dollar.

Mr. Prashant: Right, great. So, thanks a lot and good luck for the rest of the year and more. So, I hand back to the operator.

Mr. Rajiv C. Mody: Thank you so much.

Moderator: Thank you very much sir. Participants who wish to ask questions, may kindly press * followed by 1 on your telephone keypad. Next in line, we have Mr. Ashish Khetan from Nirmal Bang Securities. Please go ahead.

Mr. Ashish Khetan: Good afternoon everybody.

Mr. Rajiv C. Mody: Yeah, hi, good afternoon.

Mr. Ashish Khetan: I wanted to know what was the Ingenient contribution to the topline in this quarter ?

Mr. Rajiv C. Mody: Yeah, the Ingenient contribution to the topline this quarter was very...was quite negligible because we are putting in the method, systems, processes to ensure that our revenue recognition is applied to that. As you all know, Ingenient was a start-up company. So, they did not have much of the processes put in

place. So, that is being put in and we should start seeing revenue recognition of that happening starting this quarter in line with the practices that Sasken is following. So, the recognition is very, very negligible.

Mr. Ashish Khetan: Okay, and the growth guidance that you have given 4% to 5% for next quarter, does that include Ingenient's cost revenue?

Mr. Rajiv C. Mody: Yeah, yeah, henceforth everything that we give will include Sasken Global.

Mr. Ashish Khetan: Okay. Second thing, SG&A expenses have increased quite dramatically in this quarter. So, like is there any specific reason for that?

Ms. Neeta Revankar: Actually, I think it is worthwhile looking at the SG&A for quarter two itself. There was a decline in that period because of reversal of some ESOP compensation cost.

Mr. Ashish Khetan: Okay.

Ms. Neeta Revankar: So, really we have to compare it with about 16 to 16.5 crores has gone up to about 20 crores. Two significant reasons for that, one is the SG&A that has come as a result of the Ingenient acquisition itself. So, that has contributed to an increase. The other thing is the acquisition cost itself were a little higher and there were a few one time expenses that we incurred during the quarter. So, I do not think there is any increase in this apart from the Ingenient increase which is anything that is going to continue quarter-on-quarter.

Mr. Ashish Khetan: Okay. So, next time onwards, we can expect a small decline in the SG&A?

Ms. Neeta Revankar: That is correct.

Mr. Ashish Khetan: Okay fine. Thanks a lot.

Mr. Rajiv C. Mody: Thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions, may kindly press * followed by 1 on your telephone keypad. I repeat again, participants who wish to ask questions, may kindly press * followed by 1 on your telephone keypad. Now, I had it over to the US moderator. Brandon if there are any further questions, please go ahead.

International
Moderator:

Participants if you would like to ask a question, please press *1. Once again, participants if you would like to ask a question, please press *1 on your telephone keypad. At this moment, there

are no further questions from participants at WebEx International Center. I would now like to hand over the proceedings back to the India moderator.

Moderator: Thank you very much Brandon. We have certain questions from India. It is Mr. Nirav Dalal from Capital Market. Please go ahead.

Mr. Nirav Dalal: Good evening sir. Sir, I wanted an outlook on the industries such as networking and the handset and semicon industry. How is it currently and going ahead?

Dr. G. Venkatesh: Of course, the networking segment continues to be challenged because, you know, the consolidation has taken place and there are only a few OEMs which are in some sense got the ability to continue to supply products on a competitive basis to customers in the advanced as well as developing markets. So, that is one segment that continuously we will have. Our handsets, primarily the big events that are taking place are in the smartphone area.

Mr. Nirav Dalal: Okay.

Dr. G. Venkatesh: We have noticed basically the smartphone segment is attracting a lot of attention primarily because customers are now looking to get full browser-based or internet-based experiences on their phones, and this is driving a demand for.....I mean, this year a number of companies are trying to enter the market....new companies trying to enter the market to make smartphones. So, besides the existing leaders like Nokia, Motorola, Sony Ericsson, Samsung, we are seeing also the entry of other players. We have seen already Apple and RIM take a very strong position on this, and now we are going to see, you know, other companies entering, HTC particularly along with Google has made a very strong position for itself, and there is Acer and Dell and a few others who are also trying to enter the market using the Android platform. So, for Sasken primarily, we see the fact that we are very strong presence in not only the layers that sit inside the phone between the modem of the phone and the applications as well as in the middleware services layers of the phone as well as the user interface aspect, we have very, very strong capabilities and we have very good familiarity with the prevailing operating systems like Symbian and now we have also got very comfortable with the Android operating systems. So, you know, we have a good presence, pretty much on almost all the platforms that are going to mobile phones ranging from the existing ones to the new ones and that basically puts and these kinds of capabilities are not available so easily in the market. So, that kind of puts us in a very special position and we are seeing a large number of requests come our way primarily Symbian and Android to actually support all these new smartphones that are being developed, both in terms of actually helping the semiconductor companies to bring out all these handsets as well as for the phone companies who

are trying to look at developing the middleware as well as develop applications for these phones. So, that basically is one of the big drivers for us right now.

Mr. Nirav Dalal: Okay.

Dr. G. Venkatesh: While at the same time if you look at the feature phones or the entry level phones, there is a very strong drive now to take the engineering workforce that are engaged on those entry-level phones and move that engineering work to locations like India and China. So, for example, Nokia is making a big push to move most of that work to China and India. Sony Ericsson is doing likewise and everybody else, and again here we are well positioned with our low-cost factor in India, China as well as Mexico, and we are trying to leverage this basically to position ourselves as a very strong player to pick up all these R&D work that is moving from these companies for these entry-level phones. So, this can be in terms of testing, pretesting, or it could be in terms of actually supporting some of the software pack that go into these phones either for modems or middleware applications.

Mr. Nirav Dalal: So, would you see stronger traction in the second half of next year or you know it will be, you know, even throughout the year?

Dr. G. Venkatesh: No, we have started seeing the traction already, I think above the growth that we saw in the last quarter was primarily because we had a.....this 5% growth that Rajiv mentioned is also primarily going to be given by this, and as we go forward primarily driven by these factors.

Mr. Nirav Dalal: Okay right sir. Thanks a lot.

Dr. G. Venkatesh: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Ritesh Khanna from B&K Securities. Please go ahead.

Mr. Ritesh Khanna: Yeah, good evening sir. Can you just explain on that Avaya which had bought the Nortel's enterprise business? How do you, I mean, you had mentioned that you have continued to see business coming from there, can you just explain on that a bit?

Mr. Rajiv C. Mody: Yeah, so as you know, Avaya has acquired Nortel's enterprise business and we have been working, we had been working on product lines from Nortel particularly for the enterprise segment because we were servicing the small and the medium businesses. The business has been transitioned to Avaya, and we continue to be a supplier. We continue to work on those product lines and supply and support them on those existing product lines. We continue to get now purchase orders from Avaya instead of from Nortel.

Mr. Ritesh Khanna: Okay and sir in the morning you had mentioned something about Ericsson and one Australian company called Kapsch?

Mr. Rajiv C. Mody: Yeah, it is Austrian company.

Mr. Ritesh Khanna: Austrian company, yeah.

Mr. Rajiv C. Mody: Yeah, Kapsch CarrierCom has acquired the GSM and the GSM-R assets of Nortel, and the contracts are getting concluded by end of this quarter.

Mr. Ritesh Khanna: Okay.

Mr. Rajiv C. Mody: So, for this quarter we have all the purchase orders and everything in place from Nortel, and the directional messages we are getting from both Ericsson as well as Kapsch is that the things will continue once the contracts are signed.

Mr. Ritesh Khanna: Okay, and sir if you look at your revenue contribution from your top five and top ten, so there has not been a very significant growth from the top five whereas top six to top ten have been growing?

Mr. Rajiv C. Mody: We have seen significant growth come in from some of the top five as well as we have seen those who were in the six to ten bracket growing quite rapidly in the last two to three quarters.

Mr. Ritesh Khanna: Right.

Mr. Rajiv C. Mody: Definitely we have seen that change also.

Mr. Ritesh Khanna: Okay, and sir, can you just once again give us the hedge position for FY '10 fourth quarter as well as what would be the hedge position for FY '11 or probably the strategy going forward?

Ms. Neeta Revankar: Actually our hedge position is totally 46.6 million US and at an average exchange rate of 49.1. That is it. We do not disclose quarterly breakups of our hedges.

Mr. Ritesh Khanna: And this would be spread for what timeframe?

Ms. Neeta Revankar: It is from zero to eighteen months.

Mr. Ritesh Khanna: Okay, and we had won one order in the satellite segment from Etipstar. So, any progress on that front?

Mr. Rajiv C. Mody: Yeah, this is the Inmarsat one you are talking about. So, the progress on the delivery, the program is going very well and we expect to deliver the handsets to Inmarsat by the committed dates. Right now as we are talking, testing is going on in various

locations globally and it has come out very well. We are waiting for the final thing to come to us sometime in late February or early March, and as you might have seen an announcement made by Inmarsat itself that they do plan to launch, they have already officially announced it to the market and they plan to launch this handsets in the markets sometime in the month of July-August time period this year.

Mr. Ritesh Khanna: And one last question is like, you had last time mentioned that you are looking to fill up, you know, the portfolio gaps by moving into or probably looking at new areas such as internet technologies. One would be the smartphone segment where we you are seeing lot of attraction. What else are you....I mean like what would be the other segments wherein we can, you know, fill up the gap?

Mr. Rajesh Maniar: So, primarily we are looking at few a few adjacencies. The first one is the consumer and automotive infotainment segment and the Ingenient acquisition primarily is related to getting an entry into this segment. Today, we are stabilizing our acquisition, but the next step for us basically will be to take the customers of Ingenient which are spread between Japan, Korea, North America, and some in Europe and to drive services business with each of these customers. So, that will be one of the areas that we have been expanding to. The other is to use..... leverage our Inmarsat relationship to enter the satellite government and defense space, and we have made some small entries here but we look to expand it to other adjacencies. The third is to look at the operator and the value-added services space. So, these are the three adjacent areas that we are looking to expand into.

Mr. Ritesh Khanna: Thanks. That is it from my side.

Mr. Rajiv C. Mody: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Sunil Jain from Nirmal Bang. Please go ahead.

Mr. Sunil Jain: Good evening sir.

Mr. Rajiv C. Mody: Good evening.

Mr. Sunil Jain: Sir, can you share with us how you see the outlook for the products side of business?

Mr. Rajiv C. Mody: Like we have been saying we are continuing to derive revenues out of the multimedia licensing that we do for the mobile handset space, that seems to be going reasonable and we are seeing good traction on the commitment from our customer, particularly NEC for the products that they do plan to launch in the next few years. On the Protocol Stack side, we are deriving royalty revenues and you know that we do not invest into it any further,

but all the past investments and past agreements that have signed, we do see royalty revenues flowing from there, and the third thing now we have added to that is our Ingenient acquisition to address and build up the thing both on multimedia for primarily the automotive enterprise as well as consumer market and taking that into the wireless handset space. So, if you look at it from a multimedia perspective, we probably are one of the leaders in the world as far as technology is concerned and we aim to kind of position ourselves and systematically build the business out both in our royalties as well as licensing thing. It is too early for me to give you guidance and predictions because it is very difficult for us ourselves to predict, but we are reaching certain set stabilization and steadiness in the overall thing. Having said that, you have also heard from us that we have monetized four patents by getting approximately half a million dollars. We have a patent portfolio of about 35 already granted and 22 in the pipeline and we continue to build our IPR portfolio. So, that is the other strategy on our products offering. So, I think combine these two, we do expect it to deliver good growth and margins overall contributing to the bottomline of overall Sasken.

Mr. Sunil Jain: These 35 patents what you said, you will be selling somewhere in near future means.....

Mr. Rajiv C. Mody: No, we have no specific plans, to be very honest, with you of going and monetizing it. If we see a good value coming to us we will look at it independently. Now, the patents that we have in our portfolio are very valuable. They are like essential patents in the overall standards that are out there in this space.

Mr. Sunil Jain: Yeah, but these patents you also use for your product side of business?

Mr. Rajiv C. Mody: We may or may not use. Some of them may be an outcome while we are building certain technology and all. So, while we have the rights to use, we may not necessarily be using in any of our current things. Those are all two disjointed thing.

Dr. G. Venkatesh: So, the four patents that we monetized, they are patents that we found to be non-core and not related to any of the ongoing business operations of technology.

Mr. Rajiv C. Mody: And we have the right to use it in any of our product if we so choose so. We have a license, I mean royalty-free license to use those patents if required.

Mr. Sunil Jain: Sold?

Mr. Rajiv C. Mody: Yeah, the ones that we sold, that is correct.

Mr. Sunil Jain: Okay, okay, and sir about this Nortel business....

Mr. Rajiv C. Mody: Yeah.

Mr. Sunil Jain: ...how much percentage of revenue, it has come from Nortel in this particular quarter?

Mr. Rajiv C. Mody: About 6% of our revenues has come in this quarter from Nortel.

Mr. Sunil Jain: And similar is expected in the next quarter and thereafter?

Mr. Rajiv C. Mody: That is correct.

Mr. Sunil Jain: Means, now the fear of Nortel revenue going away is not there?

Mr. Rajiv C. Mody: That is correct with Ericsson, Kapsch as well as Avaya taking over the product side.

Mr. Sunil Jain: Okay and any possibility of since new customer has come so, there is possibility of growing that business?

Mr. Rajiv C. Mody: That is definitely the next step we are taking....particularly some of these companies are full system integrated and we are entering and in conversations on how do we grow with them on the product lines plus expanding into other areas for both the local markets as well as the global markets.

Mr. Sunil Jain: Okay sir. Thank you very much.

Mr. Rajiv C. Mody: Thank you.

Moderator: Thank you very much sir. I repeat again, participants who wish to ask questions may kindly press * followed by 1 on your telephone keypad. Next in line, we have Mr. Nihar Shah from Enam Holdings. Please go ahead.

Mr. Nihar Shah: Hi sir, just a quick question on the product that you are developing for Inmarsat. Just wanted to understand a little bit in terms of what is the revenue model there. Would it be just a, you know, one time license fee or is there some kind of royalty attached to how many handsets they are able to sell. Thank you sir.

Mr. Rajiv C. Mody: Yes, it is a combination of both. It is an NRE, one time license fee plus royalty for both the E-series....if you remember the erstwhile E-series has been put on the handsets....

Mr. Nihar Shah: Right.

Mr. Rajiv C. Mody: ...so we do get royalties for that as well as we have enhanced the protocol and we get royalties for that protocol, that is the communication protocol. So, it is both. We will get royalties for the number of volume handset that gets sold, but remember the

number of handsets in satellite space is not as large as the one that you would necessarily see on the cellular side.

Mr. Nihar Shah: Sure sir, but would the realizations be better than the ones.....

Mr. Rajiv C. Mody: Yes, yes, realizations definitely are much better.

Mr. Nihar Shah: Okay sir. Anything in terms of, you know, revenue expectations that you have over there or you would not like to share that?

Mr. Rajiv C. Mody: Yeah, we do have expectation but it is too early for us to make any comment because we would like to wait and watch on the timeline when they launch that product which is expected to be like I said in July-August time period because we know clearly Inmarsat has already announced that to their customers that they are launching this handset.

Mr. Nihar Shah: Okay, sure sir. Thank you so much. That is all from my side.

Mr. Rajiv C. Mody: Thank you.

Moderator: Thank you very much sir. At this moment, there are no further questions from participants. I would like to hand over the floor back to Mr. Rajiv Mody for final remarks.

Mr. Rajiv C. Mody: We once again thank you for joining us on the quarter three call and look forward to seeing you all again at the end of quarter four as well as for the full year fiscal 2010. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, thank you for choosing WebEx's Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you.
