

Media Release - FOR IMMEDIATE RELEASE

## **Sasken Q1 Revenues at Rs 91 crore**

*Increases by 35% YoY, 17% QoQ; Net Profit up by 81% YoY and 38% QoQ*

**Bangalore, July 20, 2006:** Sasken Communication Technologies Limited (Sasken), a pioneer in telecom R&D outsourcing, today announced results for the first quarter ended June 30, 2006.

The consolidated revenues for the quarter ended June 30, 2006 stood at Rs 91.12 crore, in comparison to Rs 67.74 crore for the same period last year (Q1 FY06), registering a growth of 35%. Profit After Tax for the same period stood at Rs 8.65 crore, in comparison to Rs 4.77 crore for the first quarter last year, registering a growth of 81%.

Comparing with the sequential quarter (Q4 FY06), the revenues grew by 17% (Rs 78.05 crore in Q4 FY06) and Profit After Tax grew by 38% (Rs 6.29 crore in Q4 FY06).

### **Key Financial Highlights for Q1 FY07**

- Cash and cash equivalents stand at Rs. 20.67 crore as on June 30, 2006, compared to Rs. 15.15 crore as on March 31, 2006
- Average collection period stands at 82 days in Q1 FY07 in comparison to 80 days during the previous quarter
- The consolidated Forex-hedged position, as on June 30, 2006 was USD 49 Million

### **Key Business Highlights and Metrics for Q1 FY07**

- Acquired Integrated SoftTech Solutions (iSoftTech), a 110-people company in Chennai, in April 2006; accounts consolidated from June 1, 2006
- Mexico Development centre ramping up and started contributing to revenues from Q1 FY07
- A net total of 322 people were added this quarter (Gross Adds of 469), taking the total employee strength to 2,897 as on June 30, 2006
- Utilization on the services side stands at 79% in Q1 FY07
- 11 new customers added during the quarter; a total of 48 active customers
- Increase in blended and offshore billing rates
- Revenue contribution from the top five customers stood at 76.7% for Q1 FY07 in comparison to 76.3% for Q4 FY06

Commenting on the performance, Rajiv Mody, Chairman & CEO, Sasken said, "We have had a good start to the new financial year. Both in sequential and corresponding quarter terms, our topline and bottomline performance has been as expected. Specifically on the services side, we have recorded an annual growth rate of 40% and a sequential quarter growth of 19%. Products continue to be on track, and we expect handsets containing Sasken IP to start shipping from November 2006."

"The acquisition that we made in April (iSoftTech, Chennai) has added a new centre, and a new set of capabilities for us; the integration activities on this front continue smoothly as per plan. We also launched a new Test Lab offering, which is the first of its kind in India, last quarter," he added.

"Another development was that Sasken has been recommended for the ISO 14001 certification, which is a validation of our commitment as a corporate citizen towards the environment," added Rajiv.

The detailed financial results are given in Annexure A to this Media Release. A fact sheet providing the operating metrics for the company is also appended to this release and can be downloaded from [www.sasken.com](http://www.sasken.com).

#### Conference Call details

A conference call is planned at 1100 hrs IST on Friday, July 21, 2006, where the senior management of Sasken led by Chairman and CEO, Rajiv Mody, will comment on the company's performance for the first quarter ended June 30, 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 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 as follows:

<b>Date and Time</b>	<b>Friday, July 21, 2006, 11.00 AM IST</b>
<b>Location</b>	<b>Access Number</b>
<b>India</b>	Primary Access TOLL NUMBER: (+91 22) 2781 2277 Secondary Access TOLL NUMBER: (+91 22) 6791 7977

<b>Location</b>	<b>ACCESS NUMBER</b>	<b>CONFERENCE CODE</b>
Singapore	TOLL-FREE: + (65) 666 8 7512	143572#

## About Sasken

Sasken is a global provider of software and support services for the communications industry. Sasken 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 Sasken's customers. Established in 1989, Sasken employs over 2,800 people at its offices in India, China, Germany, Japan, Mexico, Sweden, UK and the U.S. Sasken is listed in the Bombay Stock Exchange and National Stock Exchange in India. Sasken has consistently been rated as a Best Employer in all leading industry surveys in India.

For further information, please contact:

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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 Ltd.

Summary of Consolidated Income Statement

Rs in million

	Q1 FY07	%	Q4 FY06	%	Q1 FY06	%	% Growth over	
							Q4 FY06 (QoQ)	Q1 FY06 (YoY)
<b>Revenues</b>	<b>911.23</b>	<b>100.0</b>	<b>780.52</b>	<b>100.0</b>	<b>677.42</b>	<b>100.0</b>	<b>16.7</b>	<b>34.5</b>
Cost of Revenue	598.50	65.7	513.69	65.8	424.44	62.7	16.5	41.0
R&D	29.11	3.2	22.28	2.9	41.06	6.1	30.7	(29.1)
<b>Gross Profit</b>	<b>283.62</b>	<b>31.1</b>	<b>244.56</b>	<b>31.3</b>	<b>211.92</b>	<b>31.3</b>	<b>16.0</b>	<b>33.8</b>
SG&A	152.86	16.8	139.48	17.9	134.49	19.9	9.6	13.7
<b>EBITDA</b>	<b>130.76</b>	<b>14.4</b>	<b>105.08</b>	<b>13.5</b>	<b>77.43</b>	<b>11.4</b>	<b>24.4</b>	<b>68.9</b>
Depreciation	42.61	4.7	45.30	5.8	35.34	5.2	(5.9)	20.6
Amortization	4.28	0.5	3.13	0.4	-	-	36.6	-
<b>EBIT</b>	<b>83.88</b>	<b>9.2</b>	<b>56.65</b>	<b>7.3</b>	<b>42.09</b>	<b>6.2</b>	<b>48.1</b>	<b>99.3</b>
Other Income	23.03	2.5	21.16	2.7	8.02	1.2	8.9	187.2
Exchange gain/(loss)	(15.21)	(1.7)	(3.97)	(0.5)	11.72	1.7	283.0	(229.7)
Interest	0.26	-	0.34	-	0.38	0.1	(22.6)	(30.8)
Taxes	4.96	0.5	10.63	1.4	13.73	2.0	53.3	(63.8)
<b>Profit After Tax</b>	<b>86.48</b>	<b>9.5</b>	<b>62.87</b>	<b>8.1</b>	<b>47.72</b>	<b>7.0</b>	<b>37.6</b>	<b>81.2</b>

Sasken Communication Technologies Ltd.

Summary of Consolidated Balance Sheet

Rs in million

	30-Jun-06	%	31-Mar-06	%
<b>Liabilities</b>				
Share Capital	279.77	7.2	279.36	7.2
ESOP Outstanding	7.10	0.2	7.73	0.2
Reserves & Surplus	3,590.78	92.4	3,563.12	92.3
Borrowing	6.89	0.2	11.50	0.3
<b>Total Liabilities</b>	<b>3,884.54</b>	<b>100.0</b>	<b>3,861.71</b>	<b>100.0</b>
<b>Assets</b>				
Net Fixed Assets	1,080.07	27.8	1,011.18	26.2
Capitalized software product costs (net of amortization)	203.31	5.2	141.35	3.7
Investments	1,637.89	42.2	1,865.10	48.3
<b>Current Assets</b>				
Cash and equivalents	206.72	5.3	151.45	0.9
Receivables	808.95	20.8	652.86	16.9
Other current assets	446.29	11.5	420.72	10.9
<b>Total Current Assets</b>	<b>1,461.96</b>	<b>37.6</b>	<b>1,225.03</b>	<b>31.7</b>
<b>Current Liabilities</b>	<b>498.69</b>	<b>12.8</b>	<b>380.95</b>	<b>9.9</b>
<b>Net Current Assets</b>	<b>963.27</b>	<b>24.8</b>	<b>844.08</b>	<b>21.9</b>
<b>Total Assets</b>	<b>3,884.54</b>	<b>100.0</b>	<b>3,861.71</b>	<b>100.0</b>