



Media Release

Sasken H1 FY06 Revenues at Rs 154.14 crore, up 41.1% PAT at Rs 16.44 crore up 58.1%

Bangalore, October 28, 2005: Sasken Communication Technologies Limited (Sasken), a pioneer in telecom R&D outsourcing, today announced business results for the half year ended September 30, 2005.

Revenues for the half-year ended September 30, 2005 stood at Rs 154.14 crore, a growth of 41.1% over the corresponding period last year. Profit after Tax (PAT) was Rs 16.44 crore, up 58.1% over the same period last year.

Key Business Highlights for Q2 and H1 FY06

- Successfully launched a new business vertical - Service Providers; signed up and commenced billing for a large global Tier 1 customer
- One key Tier 1 client moves into US\$20 M plus annualized billing
- Utilization on the services side improves to 73.5% in H1 FY06 from 64.3% in H1 FY05
- On the products side, one non-royalty based licensing deal yielded revenues this quarter
- A gross total of 474 people were added this quarter, taking the total employee strength to 2466 as on September 30, 2005
- Rated as one of the Top 20 Best Employers by the *Dataquest*-IDC India Best Employers Survey 2005

Commenting on the performance, Mr. Rajiv C. Mody, Chairman & CEO, Sasken Communication Technologies Ltd, said "Our focus on R&D outsourcing in the telecom vertical is paying off. With the aim of connecting all the dots in the telecom value chain, we have been making strategic investments in developing new offerings. This has resulted in us entering the Service Provider vertical and signing up a marquee Tier 1 global customer."

Another key highlight this quarter was the growing of one key Tier 1 account into a US\$ 20M plus range in billings. "Our proven ability to work with Tier 1 customers has resulted in strong, long-standing customer relationships which we have been able to scale. On a larger plane, this further demonstrates the appetite of global companies to outsource critical R&D work, including product realization and ownership, to India", added Mr Mody.

Q2 FY 06 was also an important quarter for Sasken as they entered the capital markets through a successful Initial Public Offering (IPO), which was oversubscribed 78 times, with 5,000,000 shares being finally allotted at the upper end of the price band at Rs 260/-. Sasken plans to use these funds primarily towards building captive infrastructure.

"Sasken's successful IPO is a significant milestone in our corporate history. We are committed to continually adding value to all our stakeholders, and maintaining our track record of consistent revenue growth and profitability", said Mr Mody.

Sasken's continual focus on people policies was acknowledged once again this quarter, with the *Dataquest*-IDC India Best Employers Survey 2005 featuring Sasken in its Top 20 list.

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 2400 people at its offices in India, Canada, China, France, Germany, Japan, Sweden, UK and the U.S.

Conference Call details

A conference call is planned at 1215 hrs IST on Friday, October 28, 2005, where the senior management of Sasken will comment on the company's performance for the second quarter ended September 30, 2005, 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

Details of the conference call are as follows:

Date & Time	Oct, 28, 2005, 12.15 PM, IST
Location	Access Number
India	Primary Access TOLL NUMBER: (+91 22) 2781 2277 Secondary Access TOLL NUMBER: (+91 22) 5591 7977

Location	ACCESS NUMBER	CONFERENCE CODE
Singapore	TOLL-FREE: + (65) 666 8 7509	697951#
UK	TOLL-FREE: 0800 89 8246	
Hong Kong	TOLL-FREE: 800 933 188	

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.

Sasken Communication Technologies Limited		
Consolidated Balance Sheet		Rs in Lakhs
	As at	As at
	September 30 2005	March 31 2005
SOURCES OF FUNDS		
<u>Shareholders' Funds</u>		
Share Capital	2,751.15	1,684.72
Share Application Money	91.11	25.49
Employee Stock Options Outstanding (Net of deferred compensation cost)	107.90	78.93
Reserves and Surplus	35,355.52	12,404.66
<u>Loan Funds</u>		
Secured Loans	183.25	45.03
Unsecured Loans	-	100.56
Total Sources	38,488.93	14,339.39
APPLICATION OF FUNDS		
<u>Fixed Assets</u>		
Gross Block	17,143.52	16,025.31
Less : Accumulated Depreciation	8,082.81	7,328.77
Net Block	9,060.71	8,696.54
Capital Work in Progress including capital advances	30.99	77.41
Total	9,091.70	8,773.95
<u>Capitalised software product costs (net of amortization)</u>	243.26	-
<u>Investments</u>	20,151.09	55.95
<u>Current Assets, Loans and Advances</u>		
Inventories	178.54	19.75
Sundry Debtors	8,487.63	5,412.18
Cash and Bank Balances	840.65	1,086.64
Loans and Advances	2,975.41	2,371.14
Gross Current Assets	12,482.23	8,889.71
<u>Less: Current Liabilities and Provisions</u>		
Current Liabilities	3,249.05	2,536.05
Provisions	230.30	844.17
Total	3,479.35	3,380.22
Net Current Assets	9,002.88	5,509.49
Total Applications	38,488.93	14,339.39

Sasken Communication Technologies Limited				Rs. in Lakhs	
Consolidated Financial Statements of Sasken Communication Technologies Ltd and its subsidiaries					
	For the Quarter ended September 30 2005	For the Quarter ended September 30 2004	For the Half Year Ended September 30 2005	For the Half Year Ended September 30 2004	
Revenues	8,639.41	5,896.28	15,413.61	10,921.83	
Cost of Revenues	5,214.38	3,244.01	9,705.19	6,234.24	
Gross Profit	3,425.03	2,652.27	5,708.42	4,687.59	
Research and Development Expenses	476.41	536.40	928.90	969.70	
Gross Profit after Research and Development Expenses	2,948.62	2,115.87	4,779.52	3,717.89	
Selling and Marketing Expenses	583.07	605.76	1,151.14	1,197.69	
Administrative and General Expenses	1,015.76	635.67	1,838.35	1,336.66	
Employee stock option compensation cost (net) (Refer note 8(b) in the Notes to Consolidated Accounts)	13.76	24.84	33.07	42.81	
Profit from operations	1,336.03	849.60	1,756.96	1,140.73	
Amortisation of Non Compete Fees (Refer note 3(h) in Notes to Consolidated Accounts)	31.03	-	31.03	-	
Other Income	127.54	11.37	207.74	16.20	
Exchange gain /(loss) ,(net)	74.40	(113.94)	191.58	(88.41)	
Profit before Interest and Income Taxes	1,506.94	747.03	2,125.25	1,068.52	
Interest Expense	2.71	15.36	6.54	20.62	
Profit before Taxes	1,504.23	731.67	2,118.71	1,047.90	
Income Tax expense/(credit), net	306.15	76.04	424.12	8.04	
Fringe Benefit tax	30.79	-	50.07	-	
Profit after Tax	1,167.29	655.63	1,644.52	1,039.86	
Earnings Per Share (Equity Share par value Rs 10 each)					
Basic	4.83	3.97	7.24	6.56	
Diluted	4.74	3.90	7.10	6.27	
Weighted average number of Equity Shares used in computation of					
Basic EPS	24,178,163	16,521,980	22,722,807	15,841,399	
Diluted EPS	24,617,457	16,827,614	23,165,955	16,572,380	
(Refer Note 10 in Notes to Consolidated Accounts)					

Sasken Communication Technologies Limited		
Balance Sheet		Rs in Lakhs
	As at	As at
	September 30 2005	March 31 2005
SOURCES OF FUNDS		
<u>Shareholders' Funds</u>		
Share Capital	2,751.15	1,684.72
Share Application Money	91.11	25.49
Employee Stock Options Outstanding (Net of deferred compensation cost)	107.90	78.93
Reserves and Surplus	34,739.87	12,297.84
<u>Loan Funds</u>		
Secured Loans	-	45.03
Total Sources	37,690.03	14,132.01
APPLICATION OF FUNDS		
<u>Fixed Assets</u>		
Gross Block	16,707.95	15,629.92
Less : Accumulated Depreciation	7,943.85	7,251.65
Net Block	8,764.10	8,378.27
Capital Work in Progress including capital advances	18.98	77.41
Total	8,783.08	8,455.68
<u>Capitalised software product costs (net of amortization)</u>	243.26	-
<u>Investments</u>	20,424.71	329.55
<u>Current Assets, Loans and Advances</u>		
Inventories	97.57	19.75
Sundry Debtors	7,585.57	4,536.72
Cash and Bank Balances	663.31	914.28
Loans and Advances	3,068.13	2,895.68
Gross Current Assets	11,414.58	8,366.43
<u>Less: Current Liabilities and Provisions</u>		
Current Liabilities	2,969.92	2,188.11
Provisions	205.68	831.54
Total	3,175.60	3,019.65
Net Current Assets	8,238.98	5,346.78
Total Applications	37,690.03	14,132.01

Sasken Communication Technologies Limited				
Profit and Loss Account				Rs. in Lakhs
	For the Quarter ended	For the Quarter ended	For the Half Year Ended	For the Half Year Ended
	September 30 2005	September 30 2004	September 30 2005	September 30 2004
Revenues	7,700.73	5,493.75	13,589.78	10,255.67
Cost of Revenues	4,690.19	3,052.79	8,720.98	5,887.68
Gross Profit	3,010.54	2,440.96	4,868.80	4,367.99
Research and Development Expenses	476.39	536.40	928.89	969.70
Gross Profit after Research and Development Expenses	2,534.15	1,904.56	3,939.91	3,398.29
Selling and Marketing Expenses	579.53	515.14	1,137.83	1,032.52
Administrative and General Expenses	907.19	589.67	1,628.27	1,249.57
Employee stock option compensation cost (net) (Refer Note 8 (b) in Notes to Accounts)	13.76	24.84	33.07	42.81
Profit from operations	1,033.67	774.91	1,140.74	1,073.39
Amortisation of Non Compete Fees (Refer Note 3(I) in Notes to Accounts)	31.03	-	31.03	-
Other Income	127.54	11.36	207.74	16.20
Exchange gain/(loss) (net)	73.42	(113.93)	189.89	(88.41)
Profit before Interest and Income Taxes	1,203.60	672.34	1,507.34	1,001.18
Interest Expense	0.18	15.36	0.20	20.62
Profit before Taxes	1,203.42	656.98	1,507.14	980.56
Income Tax expense/(credit), net	274.13	76.04	333.84	8.05
Fringe Benefit tax	22.34	-	37.59	-
Profit after Tax	906.95	580.94	1,135.71	972.51
Earnings Per Share (Equity Share par value Rs 10 each)				
Basic	3.75	3.52	5.00	6.14
Diluted	3.68	3.45	4.90	5.87
Weighted average number of Equity Shares used in computation of				
Basic EPS	24,178,163	16,521,980	22,722,807	15,841,399
Diluted EPS	24,617,457	16,827,614	23,165,955	16,572,380
(Refer note 11 in Notes to Accounts)				