

Media Release - For Immediate Release

Sasken Q2 FY07 Revenues at Rs 118 crore - up 29% QoQ
Increases by 36% YoY; Net Profit up by 37% QoQ and 2% YoY

Bangalore, October 30, 2006: Sasken Communication Technologies Limited (BSE:532663, NSE:SASKEN), a pioneer in telecom R&D outsourcing, today announced its consolidated results according to Indian GAAP for the second quarter and half-year ended September 30, 2006.

Consolidated revenues for Q2: Rs 117.55 crore - up 29% vs Q1 FY07
Consolidated Profit After Tax for Q2: Rs 11.88 crore - up 37% vs Q1 FY07
Consolidated EPS for Q2: Rs 4.24/-

Consolidated revenues for H1: Rs 208.67 crore - increases 35% vs H1 FY06
Consolidated Profit After Tax for H1: Rs 20.54 crore - increases 25% vs H1 FY06
Consolidated EPS for H1: Rs 7.34/-

Key Financial Highlights for Q2 FY07

- Acquisition of Botnia Hightech Oy in Finland completed on August 31, 2006; accounts consolidated from September 1, 2006
- Botnia Hightech Oy had revenues of Rs 10.2 crore for the month of September 2006
- Average collection period stands at 79 days
- Revenue contribution from the Top five customers stood at 77.3% and from Top 10 customers at 86.6%
- Cash and cash equivalents stand at Rs. 41.2 crore as on September 30, 2006, compared to Rs. 20.7 crore as on June 30, 2006
- The consolidated Forex-hedged position, as on September 30, 2006 was USD 43.9 Million

Key Business Highlights for Q2 FY07

- A net total of 476 people were added this quarter (Gross Adds of 675), taking the total employee strength to 3,373 as on September 30, 2006
- Utilization on the services side stands at 74%
- EBITDA Margins on the services side were at 24%
- Two new Design-Ins on the products side
- 11 new customers added during the quarter; a total of 53 active customers
- Mr Srikanth Kannankote joined the company as President and Chief Operating Officer on September 1, 2006

Indian GAAP Financial Release - Q2 FY07

Commenting on the performance, Rajiv Mody, Chairman & CEO, Sasken said, "Fuelled by good demand traction, we have sustained our growth momentum in the second quarter. Our services business delivered 27% sequential growth, including Botnia, and 16% QoQ growth on an organic basis. Services revenues crossed Rs 100 crore in a quarter for the first time. The acquisition of Botnia is a key milestone for us, and the integration efforts are proceeding satisfactorily. Further, our Mexico center is ramping up steadily and turned profitable in Q2. Our new Test Lab offering has also started generating revenues for us,"

"We have been taking various measures to move into the next orbit of growth; one such key development was Srikanth Kannankote coming on board as President and COO," said Rajiv.

"The products business continues to work towards achieving the key milestones set out for the second half of the financial year. Two design-ins have been achieved in Q2," he added.

In continued recognition of its status as a Best Employer, Sasken was ranked among the Top 20 in the *Dataquest Top 20 Best Employers' Survey*.

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.

Conference Call details

A conference call is planned at 1100 hrs IST on Tuesday, October 31, 2006, where the senior management of Sasken led by Chairman and CEO, Rajiv Mody, will comment on the company's performance for the second quarter and first half ended September 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 call 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 and Time	Tuesday, October 31, 2006, 11.00 AM IST
Location	Access Number
India	Primary Access TOLL NUMBER: +91 22 2781 3127 Secondary Access TOLL NUMBER: +91 22 6776 3827
Singapore	TOLL-FREE: + 65 66687509 Conference Password: 457382#

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 3,000 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.

For further information, please contact:

Investor Relations Venkatesh S, Sasken (+91 80 6694 4817) Mobile: +91 98457 19332 E-Mail: svenkat@sasken.com	Media CSV Ratna, Sasken (+91-80-6694 4996) Manish T, Adfactors PR (+91 99455 13552) Email: pr@sasken.com
--	---

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

	Schedule No.	Rs in Lakhs	
		As at September 30 2006 Rs	As at March 31 2006 Rs.
SOURCES OF FUNDS			
<u>Shareholders' Funds</u>			
Share Capital	1	2,804.59	2,793.64
Share Application Money		35.25	-
Employee Stock Options Outstanding (Net of deferred compensation cost)		58.56	77.32
Reserves and Surplus	2	36,791.13	35,631.05
Government Subsidy (PROSOFT)		197.80	-
<u>Loan Funds</u>			
Secured Loans	3	9,025.85	115.04
Unsecured Loans	4	1,322.08	-
Deferred Tax Liability		39.72	-
Total Sources		50,274.98	38,617.05
APPLICATION OF FUNDS			
<u>Fixed Assets</u>			
Gross Block	5	41,365.60	18,946.94
Less : Accumulated Depreciation		11,342.63	9,178.08
Net Block		30,022.97	9,768.86
Capital Work in Progress including capital advances		248.74	342.93
Total		30,271.71	10,111.79
<u>Capitalised software product costs (net of amortization)</u>		2,715.37	1,413.45
<u>Investments</u>	6	3,178.70	18,651.01
<u>Deferred Tax Asset</u>		76.21	19.50
<u>Current Assets, Loans and Advances</u>			
Inventories	7	265.00	334.97
Sundry Debtors	8	11,762.39	6,528.59
Cash and Bank Balances	9	4,122.93	1,514.49
Loans and Advances	10	4,797.82	3,852.76
Gross Current Assets	(A)	20,948.14	12,230.81
<u>Less: Current Liabilities and Provisions</u>			
Current Liabilities	11	5,041.81	2,663.57
Provisions		1,873.34	1,145.94
Total	(B)	6,915.15	3,809.51
Net Current Assets	(A-B)	14,032.99	8,421.30
Total Applications		50,274.98	38,617.05

Consolidated Profit and Loss Account

	Schedule No.	For the Quarter ended September 30, 2006	For the Quarter ended September 30, 2005	For the Half Year Ended September 30, 2006	For the Half Year Ended September 30, 2005
Revenues		11,754.46	8,639.41	20,866.79	15,413.61
Cost of Revenues	12	7,466.87	5,214.38	13,756.93	9,705.19
Gross Profit		4,287.59	3,425.03	7,109.86	5,708.42
Research and Development Expenses	13	467.38	476.41	811.06	928.90
Gross Profit after Research and Development Expenses		3,820.21	2,948.62	6,298.80	4,779.52
Selling and Marketing Expenses	14	612.78	590.51	1,099.79	1,161.31
Administrative and General Expenses	15	1,503.10	1,008.32	2,606.69	1,828.18
Employee stock option compensation cost (net)		(3.15)	13.76	3.29	33.07
Profit from operations		1,707.48	1,336.03	2,589.03	1,756.96
Amortisation of Non Compete Fees		65.29	31.03	108.06	31.03
Other Income	16	269.89	127.54	500.22	207.74
Exchange Gain/(loss) (net)		(154.21)	74.40	(306.26)	191.58
Profit Before Interest and Income Taxes		1,757.87	1,506.94	2,674.93	2,125.25
Interest Expense	17	235.60	2.71	238.23	6.54
Profit Before Taxes		1,522.27	1,504.23	2,436.70	2,118.71
Income Tax expense/(credit), net					
-Current		303.49	306.15	325.98	424.12
-Deferred		(11.57)		(24.08)	
Fringe Benefit Tax		41.57	30.79	81.22	50.07
Profit After Tax		1,188.78	1,167.29	2,053.58	1,644.52
Add: Balance brought forward		6,647.03	5,716.68	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)		(167.80)	
Less: Adjustment for transitional provision under Accounting Standard 15 (revised)				(664.16)	
Profit available for appropriations		7,668.01	6,883.97	7,668.01	6,883.97
Balance carried to Consolidated Balance Sheet		7,668.01	6,883.97	7,668.01	6,883.97
Earnings Per Share (Equity Share par value Rs 10 each)					
Basic		4.24	4.83	7.34	7.24
Diluted		4.18	4.74	7.23	7.10
Weighted average number of Equity Shares used in computation of					
Basic EPS		28,011,336	24,178,163	27,977,225	22,722,807
Diluted EPS		28,428,225	24,617,457	28,392,322	23,165,955