

Media Release - for Immediate Release

## **Sasken Full Year Revenues at Rs 308.13 crore** *Increases by 27% YoY; Annual EBITDA increase of 36%*

**Bangalore, April 14, 2006:** Sasken Communication Technologies Limited (Sasken), a pioneer in telecom R&D outsourcing, today announced results for the fourth quarter and full year ended March 31, 2006.

The consolidated revenues for the year ended March 31, 2006 stood at Rs 308.13 crore, in comparison to Rs 241.77 crore for the full year last year, registering a growth of 27%.

Profit After Tax for the full year ended March 31, 2006 stood at Rs 22.92 crore after an exceptional item, in comparison to Rs 22.78 crore for the full year last year, registering a growth of 1%. The PAT for FY 06 before the exceptional item was Rs. 29.68 Crore, translating to a growth of 30% over the previous year.

Consolidated revenues for the fourth quarter ended March 31, 2006 stood at Rs 78.05 crore and Profit After Tax stood at Rs 6.29 crore. This was in comparison to revenues of Rs 75.94 crore and Profit After Tax of Rs 0.18 crore after an exceptional item in Q3 FY06. For the same period last year (Q4 FY05), the revenues stood at Rs 74.55 crore and Profit After Tax at Rs 10.95 crore.

The directors have recommended a dividend of Rs 3 per share on the equity capital of the company for the financial year ended March 31, 2006, subject to the approval of the shareholders.

### **Key Financial Highlights for Q4 and Full Year FY06**

- Selling, General and Administrative Expenses were Rs. 13.95 crore (18% of business revenues in comparison to 20% during the previous quarter)
- Cash and cash equivalents stand at Rs. 15.15 crore as on March 31, 2006, compared to Rs. 10.87 crore as on March 31, 2005
- Average collection period stands at 80 days in Q4 FY06 in comparison to 71 days during the previous quarter
- Revenue contribution from the top five customers stood at 76% for Q4 FY06 and 72% for the full year FY06
- The consolidated forex-hedged position, as on March 31, 2006 was USD 47.40 Million
- Basic Earnings Per Share (EPS) for the year ended March 31, 2006 was Rs 9.08 and diluted EPS was Rs 8.87

### Key Business Highlights for Q4 and Full Year FY06

- Incorporated a development centre in China
- A gross total of 203 people were added this quarter (net adds of 71), taking the total employee strength to 2,575 as on March 31, 2006
- One Tier 1 customer in services scaled to an annualized revenue run rate of US\$ 3M+
- Utilization on the services side stands at 78% in Q4 FY06 and 76% for the full year FY06
- Royalty revenues realized as leading Japanese handset vendor begins shipping 3G handsets embedded with Sasken's multimedia solutions
- Successfully demonstrated a full phone solution using Sasken's Integrated Solution at the 3GSM World Congress in Barcelona

Note: We announced the acquisition of Integrated SoftTech Solutions in Chennai on April 5, 2006. This does not have any impact on the business performance for Q4 and Full Year FY 06.

### Awards and Accolades for Q4 FY06

- Ranked # 8 in the *Businessworld*-Grow Talent Great Places to Work for in India Survey 2005

Commenting on the performance, Rajiv Mody, Chairman & CEO, Sasken said, "Our services business has recorded an annual growth of 35%. This has been backed by a healthy increase in annual utilization rate from 64% to 76%, resulting in EBITDA from services moving up by 57% annually. A development centre has now been incorporated in China, and our Mexico centre is up and running. Apart from this, the acquisition of Integrated SoftTech in Chennai that we announced recently has added a Chennai centre for us."

"We continue to follow our strategy of entering key accounts and scaling them; this has been validated by one Tier 1 account now scaling to US\$ 3M+ in annualized revenues," he added.

"On the products side, we continue to be in investment mode. The shift from a licensing model to a royalty model is slowly starting to pay off, and we did realize royalty revenues from a leading Japanese handset manufacturer this quarter. Also, we successfully showcased a full functional phone using Sasken's Integrated Solution at the 3GSM World Congress in Barcelona," 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 can be downloaded from [www.sasken.com](http://www.sasken.com).

## Conference Call details

A conference call is planned at 1200 hrs IST on Monday, April 17, 2006, where the senior management of Sasken will comment on the company's performance for the fourth quarter and full year ended March 31, 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:

Date and Time	Monday, April 17, 2006, 12.00 Noon, 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 7512	891548#

## About Sasken

Sasken is an embedded telecom solutions company that helps businesses across the telecom value chain accelerate product development life cycles. 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 customer profile. Established in 1989, Sasken employs over 2500 people at its offices in India, China, Mexico, Germany, Japan, Sweden, UK and the U.S.

For further information, please contact:

Venkatesh S Sasken Communication Technologies Ltd Tel: +91 80 56944817 Mobile: +91 9845719332 E-Mail: <a href="mailto:pr@sasken.com">pr@sasken.com</a>	Mehul Mehta Adfactors PR Pvt Ltd. Tel: +91 22 22813565 Mobile: +91 9820280325 Email: <a href="mailto:mehul@adfactorspr.com">mehul@adfactorspr.com</a>
--	---

**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.*

<b>Sasken Communication Technologies Limited</b>		Rs in Lakhs	
<b>Consolidated Balance Sheet</b>		As at March 31 2006	As at March 31 2005
<b>SOURCES OF FUNDS</b>			
<u>Shareholders' Funds</u>			
Share Capital	2,793.64	1,684.72	
Share Application Money	-	25.49	
Employee Stock Options Outstanding (Net of deferred compensation cost)	77.32	78.93	
Reserves and Surplus	35,631.05	12,404.66	
<u>Loan Funds</u>			
Secured Loans	115.04	45.03	
Unsecured Loans	-	100.56	
<b>Total Sources</b>	<b>38,617.05</b>	<b>14,339.39</b>	
<b>APPLICATION OF FUNDS</b>			
<u>Fixed Assets</u>			
Gross Block	18,946.94	16,025.31	
Less : Accumulated Depreciation	9,178.08	7,328.77	
Net Block	9,768.86	8,696.54	
Capital Work in Progress including capital advances	342.93	77.41	
<b>Total</b>	<b>10,111.79</b>	<b>8,773.95</b>	
<u>Capitalised software product costs (net of amortization)</u>	1,413.45	-	
<u>Investments</u>	18,651.01	55.95	
<u>Deferred Tax Asset</u>	19.50	-	
<u>Current Assets, Loans and Advances</u>			
Inventories	334.97	19.75	
Sundry Debtors	6,528.59	5,412.18	
Cash and Bank Balances	1,514.49	1,086.64	
Loans and Advances	3,852.76	2,371.14	
<b>Gross Current Assets</b>	<b>12,230.81</b>	<b>8,889.71</b>	
<u>Less: Current Liabilities and Provisions</u>			
Current Liabilities	2,663.57	2,536.05	
Provisions	1,145.94	844.17	
<b>Total</b>	<b>3,809.51</b>	<b>3,380.22</b>	
<b>Net Current Assets</b>	<b>8,421.30</b>	<b>5,509.49</b>	
<b>Total Applications</b>	<b>38,617.05</b>	<b>14,339.39</b>	

Sasken Communication Technologies Limited				Rs. in Lakhs
Consolidated Profit and Loss Account				
	For the Quarter ended March 31 2006	For the Quarter ended March 31 2005	For the Year Ended March 31 2006	For the Year ended March 31 2005
Revenues	7,805.24	7,455.17	30,812.79	24,177.00
Cost of Revenues	5,465.99	4,012.70	20,115.06	14,044.41
Gross Profit	2,339.25	3,442.47	10,697.73	10,132.59
Research and Development Expenses	276.63	733.60	1,518.76	2,335.46
Gross Profit after Research and Development Expenses	2,062.62	2,708.87	9,178.97	7,797.13
Selling and Marketing Expenses	559.87	733.11	2,114.50	2,490.26
Administrative and General Expenses	895.39	991.63	3,889.59	3,100.75
Employee stock option compensation cost (net)	9.70	16.38	53.59	73.70
Profit from operations	597.66	967.75	3,121.29	2,132.42
Amortisation of Non Compete Fees	31.33	-	94.03	-
Other Income	211.62	7.73	616.52	33.21
Exchange gain /(loss), (net)	(39.59)	287.93	24.20	333.87
Profit before Interest, Exceptional item & Income Taxes	738.36	1,263.41	3,667.98	2,499.50
Interest Expense	3.44	8.86	14.30	47.32
Exceptional Item	-	-	676.08	-
Profit before Taxes	734.92	1,254.55	2,977.60	2,452.18
Income Tax expense/(credit), net				
-Current	98.59	160.01	595.07	174.15
-Deferred	(19.50)	-	(19.50)	-
Fringe Benefit tax	27.12	-	110.41	-
Profit After Taxes	628.71	1,094.54	2,291.62	2,278.03
Add: Balance brought forward	6,902.36	4,938.19	5,239.45	3,754.70
Profit available for appropriations	7,531.07	6,032.73	7,531.07	6,032.73
Proposed dividend	838.09	505.42	838.09	505.42
Tax on dividend	117.54	70.88	117.54	70.88
Transfer to General Reserve	129.05	216.98	129.05	216.98
Balance carried to Consolidated Balance Sheet	6,446.39	5,239.45	6,446.39	5,239.45
Earnings Per Share ( Equity Share par value Rs 10 each)				
Basic	2.25	6.44	9.08	13.94
Diluted	2.22	6.36	8.87	13.53
Weighted average number of Equity Shares used in computation of				
Basic EPS	27,879,896	16,824,945	25,233,227	16,335,283
Diluted EPS	28,339,270	17,022,662	25,833,113	16,835,322

Sasken Communication Technologies Limited		Rs in Lakhs	
Balance Sheet		As at	As at
		March 31 2006	March 31 2005
<b>SOURCES OF FUNDS</b>			
<u>Shareholders' Funds</u>			
Share Capital		2,793.64	1,684.72
Share Application Money		-	25.49
Employee Stock Options Outstanding (Net of deferred compensation cost)		77.32	78.93
Reserves and Surplus		34,523.08	12,297.84
<u>Loan Funds</u>			
Secured Loans		-	45.03
Total Sources		37,394.04	14,132.01
<b>APPLICATION OF FUNDS</b>			
<u>Fixed Assets</u>			
Gross Block		18,401.74	15,629.92
Less : Accumulated Depreciation		8,959.45	7,251.65
Net Block		9,442.29	8,378.27
Capital Work in Progress including capital advances		55.08	77.41
Total		9,497.37	8,455.68
<u>Capitalised software product costs (net of amortization)</u>		1,413.45	-
<u>Investments</u>		18,725.48	329.55
<u>Current Assets, Loans and Advances</u>			
Inventories		174.11	19.75
Sundry Debtors		5,235.30	4,536.72
Cash and Bank Balances		1,136.34	914.28
Loans and Advances		4,443.61	2,895.68
Gross Current Assets		10,989.36	8,366.43
<u>Less: Current Liabilities and Provisions</u>			
Current Liabilities		2,124.27	2,188.11
Provisions		1,107.35	831.54
Total		3,231.62	3,019.65
Net Current Assets		7,757.74	5,346.78
Total Applications		37,394.04	14,132.01

Sasken Communication Technologies Limited				Rs in Lakhs
Profit and Loss Account				
	For the Quarter ended March 31 2006	For the Quarter ended March 31 2005	For the Year Ended March 31 2006	For the Year ended March 31 2005
Revenues	6,619.38	6,787.18	26,754.43	22,299.02
Cost of Revenues	4,797.42	3,547.54	17,830.54	12,909.65
Gross Profit	1,821.96	3,239.64	8,923.89	9,389.37
Research and Development Expenses	276.64	731.64	1,518.76	2,333.46
Gross Profit after Research and Development Expenses	1,545.32	2,508.00	7,405.13	7,055.91
Selling and Marketing Expenses	556.26	644.68	2,094.97	2,146.69
Administrative and General Expenses	687.49	908.78	3,313.59	2,856.34
Employee stock option compensation cost (net)	9.69	16.36	53.59	73.70
Profit from operations	291.88	938.18	1,942.98	1,979.18
Amortisation of Non Compete Fees	31.33	-	94.03	-
Other Income	211.63	19.14	616.52	60.59
Exchange gain / (loss), (net)	(40.36)	284.60	33.84	339.08
Profit before Interest, Exceptional item & Income Taxes	431.82	1,241.92	2,499.31	2,378.85
Interest Expense	-	8.88	0.20	44.85
Exceptional Item	-	-	676.08	-
Profit before Taxes	431.82	1,233.04	1,823.03	2,334.00
Income Tax expense/(credit), net	63.49	150.06	461.96	164.20
Fringe Benefit tax	14.24	-	70.60	-
Profit after tax	354.09	1,082.98	1,290.47	2,169.80
Add: Balance brought forward	6,069.01	4,842.93	5,132.63	3,756.11
Profit available for appropriations	6,423.10	5,925.91	6,423.10	5,925.91
Proposed Equity Dividend	838.09	505.42	838.09	505.42
Tax on dividend	117.54	70.88	117.54	70.88
Transfer to General Reserve	129.05	216.98	129.05	216.98
Balance carried to Balance Sheet	5,338.42	5,132.63	5,338.42	5,132.63
Earnings Per Share (EPS) ( Equity Share par value Rs 10 each)				
Basic	1.27	6.44	5.11	13.28
Diluted	1.25	6.36	5.00	12.88
Weighted average number of Equity Shares used in computation of				
Basic EPS	27,879,896	16,824,945	25,233,227	16,335,283
Diluted EPS	28,339,270	17,022,662	25,833,113	16,835,322