



Sasken Communication Technologies Limited

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AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2005

(Rs. in Lakhs except share data)

| Sr. no. | | For the Quarter ended December 31 2005 | For the Quarter ended December 31 2004 | For the Nine months ended December 31 2005 | For the Nine months ended December 31 2004 | For the Year ended March 31 2005 |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------|
| 1 | Revenues from software services & products | 6,545.27 | 5,256.18 | 20,135.05 | 15,511.84 | 22,299.02 |
| 2 | Cost of revenue | 4,012.77 | 3,250.74 | 12,182.37 | 8,738.52 | 12,000.16 |
| 3 | Research & Development Expenses (including Product Engineering Expenses) | 259.96 | 589.96 | 1,095.49 | 1,460.72 | 2,141.85 |
| 4 | Gross Profit | 2,272.54 | 1,415.48 | 6,857.19 | 5,312.60 | 8,157.01 |
| 5 | Selling and Marketing Expenses | 393.46 | 463.37 | 1,516.30 | 1,484.38 | 2,121.29 |
| 6 | Administrative and General Expenses | 970.67 | 661.60 | 2,552.08 | 1,853.18 | 2,714.65 |
| 7 | Profit from operations before Interest, Depreciation and Amortisation | 908.41 | 290.51 | 2,788.81 | 1,975.04 | 3,321.07 |
| 8 | Amortisation of Non Compete Fees | 31.67 | - | 62.70 | - | - |
| 9 | Interest | - | 15.36 | 0.20 | 35.97 | 44.85 |
| 10 | Depreciation | 398.10 | 322.87 | 1,137.73 | 934.04 | 1,341.89 |
| 11 | Other Income/(Expense) | 81.48 | 168.13 | 479.11 | 95.93 | 399.67 |
| 12 | Profit Before tax and exceptional items | 560.12 | 120.41 | 2,067.29 | 1,100.96 | 2,334.00 |
| 13 | Exceptional Items | 676.08 | - | 676.08 | - | - |
| 14 | Profit before tax | (115.96) | 120.41 | 1,391.21 | 1,100.96 | 2,334.00 |
| 15 | Provision for taxation (Current) | 64.61 | 6.10 | 398.45 | 14.14 | 164.20 |
| 16 | Fringe Benefit tax | 18.74 | - | 56.38 | - | - |
| 17 | Profit after Taxes | (199.31) | 114.31 | 936.38 | 1,086.82 | 2,169.80 |
| 18 | Paid-up equity share capital (at par value of Rs.10 each) | 2,779.92 | 1,682.88 | 2,779.92 | 1,682.88 | 1,684.72 |
| 19 | Reserves excluding revaluation reserves | 35,021.95 | 11,845.16 | 35,021.95 | 11,845.16 | 12,376.77 |
| 20 | Basic and diluted EPS for the period, for the year to date and for the previous year after exceptional items. (not annualised) (par value of Rs. 10 per share) | | | | | |
| | Basic EPS | (0.72) | 0.68 | 3.85 | 6.72 | 13.28 |
| | Diluted EPS | (0.71) | 0.67 | 3.76 | 6.50 | 12.88 |
| 21 | Aggregate of Non promoters shareholding* (unaudited) | | | | | |
| | * Number of shares | 20,583,162 | 9,834,115 | 20,583,162 | 9,834,115 | 9,764,275 |
| | * Percentage of shareholding | 74.04% | 58.56% | 74.04% | 58.56% | 57.96% |

Other Information

| | For the Quarter ended December 31 2005 | For the Quarter ended December 31 2004 | For the Nine months ended December 31 2005 | For the Nine months ended December 31 2004 | For the Year ended March 31 2005 |
|----------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------|
| Staff Costs | 3,872.87 | 3,435.00 | 12,284.56 | 9,622.68 | 13,377.32 |
| Items exceeding 10% of aggregate expenditure | - | - | - | - | - |
| Details of Other Income : | | | | | |
| Miscellaneous income | 1.06 | - | 4.13 | 0.02 | 0.02 |
| Dividend received on current investments(non trade) | 194.80 | 7.20 | 384.02 | 8.18 | 14.09 |
| Net gain on sale of current investments (non trade) | 0.66 | 0.04 | 7.36 | 10.80 | 11.39 |
| Interest income on Bank Deposits (Gross) | 0.57 | 0.13 | 8.18 | 3.44 | 3.46 |
| Other interest income | 0.07 | 1.90 | 1.21 | 3.04 | 4.25 |
| Exchange gain/(Loss), Net | (115.68) | 142.89 | 74.21 | 54.48 | 339.08 |
| Interest on Loan/Optionally Convertible Debentures to subsidiary Companies | - | 15.97 | - | 15.97 | 27.38 |
| Total | 81.48 | 168.13 | 479.11 | 95.93 | 399.67 |

| Sr. no. | | For the Quarter ended December 31 2005 | For the Quarter ended December 31 2004 | For the Nine months ended December 31 2005 | For the Nine months ended December 31 2004 | For the Year ended March 31 2005 |
|---------|--------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------|
| 1 | Segment Revenue | | | | | |
| a. | Software Services | 6,330.11 | 4,460.13 | 17,826.16 | 13,160.32 | 18,905.47 |
| b. | Software Products | 215.16 | 796.05 | 2,308.89 | 2,351.52 | 3,393.55 |
| | Total | 6,545.27 | 5,256.18 | 20,135.05 | 15,511.84 | 22,299.02 |
| | Less Inter segment revenue | - | - | - | - | - |
| | Net Sales/Income from Operations | 6,545.27 | 5,256.18 | 20,135.05 | 15,511.84 | 22,299.02 |
| 2 | Segment Results (Profit(+)/Loss (-) before tax and interest from each segment) | | | | | |
| a. | Software Services | 2,350.81 | 1,208.30 | 5,792.74 | 4,581.83 | 6,916.49 |
| b. | Software Products | (430.93) | (58.68) | 67.05 | (33.94) | 411.20 |
| | Total | 1,919.88 | 1,149.62 | 5,859.79 | 4,547.89 | 7,327.69 |
| | Less: i) Interest | - | 15.36 | 0.20 | 35.97 | 44.85 |
| | ii) Other un-allocable expenditure net of un-allocable Income. | 1,359.76 | 1,013.85 | 3,792.30 | 3,410.96 | 4,948.84 |
| | Total Profit Before Tax and Exceptional items | 560.12 | 120.41 | 2,067.29 | 1,100.96 | 2,334.00 |
| | Exceptional Item | 676.08 | - | 676.08 | - | - |
| | Total Profit before tax | (115.96) | 120.41 | 1,391.21 | 1,100.96 | 2,334.00 |
| 3 | Capital Employed - (Segment Assets - Segment Liabilities) | | | | | |
| a. | Software Services | 4,943.51 | 3,350.86 | 4,943.51 | 3,350.86 | 4,253.21 |
| b. | Software Products | 2,185.17 | 945.85 | 2,185.17 | 945.85 | 611.67 |
| | Sub total | 7,128.68 | 4,296.71 | 7,128.68 | 4,296.71 | 4,864.88 |
| c. | Unallocated corporate assets | 32,428.05 | 11,338.88 | 32,428.05 | 11,338.88 | 10,945.91 |
| | Less Corporate liabilities | (1,754.86) | (2,105.90) | (1,754.86) | (2,105.90) | (1,723.81) |
| | Total Capital Employed | 37,801.87 | 13,529.69 | 37,801.87 | 13,529.69 | 14,086.98 |

Place: Bangalore
Date : 19th January 2006

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2005

(Rs. in Lakhs except share data)

| Sr. no. | | For the Quarter ended December 31 2005 | For the Quarter ended December 31 2004 | For the Nine months ended December 31 2005 | For the Nine months ended December 31 2004 | For the Year ended March 31 2005 |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------|
| 1 | Revenue from software services, products & network engineering services | 7,593.94 | 5,800.01 | 23,007.55 | 16,721.83 | 24,177.00 |
| 2 | Cost of revenue | 4,602.54 | 3,561.24 | 13,729.69 | 9,390.40 | 13,087.40 |
| 3 | Research & Development Expenses (including Product Engineering Expenses) | 259.95 | 589.96 | 1,095.49 | 1,460.72 | 2,143.85 |
| 4 | Gross Profit | 2,731.45 | 1,648.81 | 8,182.37 | 5,870.71 | 8,945.75 |
| 5 | Selling and Marketing Expenses | 395.96 | 553.27 | 1,531.95 | 1,739.44 | 2,464.75 |
| 6 | Administrative and General Expenses | 1,126.52 | 722.39 | 2,883.02 | 1,999.92 | 2,929.58 |
| 7 | Profit from operations before Interest, Depreciation and Amortisation | 1,208.97 | 373.15 | 3,767.40 | 2,131.35 | 3,551.42 |
| 8 | Amortisation of Non Compete Fees | 31.67 | - | 62.70 | - | - |
| 9 | Interest | 4.31 | 17.88 | 10.85 | 38.46 | 47.32 |
| 10 | Depreciation | 442.31 | 350.05 | 1,243.78 | 966.68 | 1,419.00 |
| 11 | Other Income/(Expense) | 69.37 | 144.51 | 468.69 | 71.42 | 367.08 |
| 12 | Profit before tax and exceptional items | 800.05 | 149.73 | 2,918.76 | 1,197.63 | 2,452.18 |
| 13 | Exceptional Items | 676.08 | - | 676.08 | - | - |
| 14 | Profit before tax | 123.97 | 149.73 | 2,242.68 | 1,197.63 | 2,452.18 |
| 15 | Provision for income tax (Current) | 72.62 | 6.10 | 496.74 | 14.14 | 174.15 |
| 16 | Fringe Benefit tax | 32.96 | - | 83.03 | - | - |
| 17 | Profit After Taxes | 18.39 | 143.63 | 1,662.91 | 1,183.49 | 2,278.03 |
| 18 | Paid-up equity share capital | 2,779.92 | 1,682.88 | 2,779.92 | 1,682.88 | 1,684.72 |
| 19 | Reserves excluding revaluation reserves | 35,855.31 | 11,940.42 | 35,855.31 | 11,940.42 | 12,483.59 |
| 20 | Basic and diluted EPS for the period, for the year to date and for the previous year after exceptional items (not annualised) (par value of Rs. 10 each) | | | | | |
| | Basic EPS | 0.07 | 0.85 | 6.83 | 7.32 | 13.94 |
| | Diluted EPS | 0.07 | 0.84 | 6.67 | 7.07 | 13.53 |
| 21 | Aggregate of Non promoters shareholding* (unaudited) | | | | | |
| | * Number of shares | 20,583,162 | 9,834,115 | 20,583,162 | 9,834,115 | 9,764,275 |
| | * Percentage of shareholding | 74.04% | 58.56% | 74.04% | 58.56% | 57.96% |

Other Information

| | For the Quarter ended December 31 2005 | For the Quarter ended December 31 2004 | For the Nine months ended December 31 2005 | For the Nine months ended December 31 2004 | For the Year ended March 31 2005 |
|-----------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------|
| Staff Cost | 4,324.52 | 3,781.16 | 13,572.95 | 10,408.08 | 14,541.54 |
| Items exceeding 10% of aggregate expenditure | - | - | - | - | - |
| Details of Other Income: | | | | | |
| Miscellaneous income | 1.06 | - | 4.13 | 0.02 | 0.02 |
| Dividend received on current investments(non trade) | 194.80 | 7.20 | 384.02 | 8.18 | 14.09 |
| Net gain on sale of current investments (non trade) | 0.66 | 0.04 | 7.36 | 10.80 | 11.39 |
| Interest income on Bank Deposits (Gross) | 0.57 | 0.13 | 8.18 | 3.45 | 3.46 |
| Other interest income | 0.07 | 1.90 | 1.21 | 3.04 | 4.25 |
| Exchange Gain/(Loss), Net | (127.79) | 135.24 | 63.79 | 45.93 | 333.87 |
| Total | 69.37 | 144.51 | 468.69 | 71.42 | 367.08 |

| Sr. no. | | For the Quarter ended December 31 2005 | For the Quarter ended December 31 2004 | For the Nine months ended December 31 2005 | For the Nine months ended December 31 2004 | For the Year ended March 31 2005 |
|---------|--------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------|
| 1 | Segment Revenue | | | | | |
| a. | Software Services | 6,808.97 | 4,876.64 | 19,151.24 | 14,252.99 | 20,349.45 |
| b. | Software Products | 215.16 | 796.05 | 2,308.89 | 2,341.52 | 3,393.55 |
| c. | Network Engineering Services | 569.81 | 127.32 | 1,547.42 | 127.32 | 434.00 |
| | Total | 7,593.94 | 5,800.01 | 23,007.55 | 16,721.83 | 24,177.00 |
| | Less Inter segment revenue | - | - | - | - | - |
| | Net Sales/Income from Operations | 7,593.94 | 5,800.01 | 23,007.55 | 16,721.83 | 24,177.00 |
| 2 | Segment Results (Profit(+)/Loss (-) before tax and interest from each segment) | | | | | |
| a. | Software Services | 2,597.05 | 1,430.30 | 6,416.32 | 5,016.59 | 7,597.50 |
| b. | Software Products | (430.93) | (58.68) | 67.04 | 72.86 | 411.20 |
| c. | Network Engineering Services | 187.59 | (1.20) | 649.87 | (1.20) | 60.21 |
| | Total | 2,353.71 | 1,370.42 | 7,133.23 | 5,088.25 | 8,068.91 |
| | Less: i) Interest | 4.31 | 17.88 | 10.85 | 38.46 | 47.32 |
| | ii) Other un-allocable expenditure net of un-allocable Income. | 1,549.35 | 1,202.81 | 4,203.62 | 3,852.16 | 5,569.41 |
| | Total Profit Before Tax and Exceptional items | 800.05 | 149.73 | 2,918.76 | 1,197.63 | 2,452.18 |
| | Exceptional Item | 676.08 | - | 676.08 | - | - |
| | Total Profit before tax | 123.97 | 149.73 | 2,242.68 | 1,197.63 | 2,452.18 |
| 3 | Capital Employed - (Segment Assets - Segment Liabilities) | | | | | |
| a. | Software Services | 5,682.77 | 4,027.20 | 5,682.77 | 4,027.20 | 4,901.17 |
| b. | Software Products | 2,174.31 | 945.85 | 2,174.31 | 945.85 | 611.67 |
| c. | Network Engineering Services | 899.73 | 234.19 | 899.73 | 234.19 | 406.52 |
| | Sub total | 8,756.81 | 5,207.24 | 8,756.81 | 5,207.24 | 5,919.36 |
| d. | Unallocable Corporate Assets | 31,163.43 | 10,523.61 | 31,163.43 | 10,523.61 | 9,998.26 |
| | Less:Corporate Liabilities | (1,285.01) | (2,105.90) | (1,285.01) | (2,105.90) | (1,723.82) |
| | Total Capital Employed | 38,635.23 | 13,624.95 | 38,635.23 | 13,624.95 | 14,193.80 |

Notes

- The above audited results were taken on record by the Board of Directors of the Company at its meeting held on 19th January 2006.
- Sasken Network Systems Limited and Sasken Network Engineering Limited are wholly owned subsidiaries and their results are consolidated in the above results.Unaudited results of Sasken Communication Technologies Mexico S.A. DE C. V., a wholly owned subsidiary incorporated on November 22, 2005 are also consolidated in the above results.
- The Audit Report on Company's Accounts for the period ended December 31, 2005 contains a qualification. It relates to the accounting treatment accorded by the Company to the item of Securities Premium in respect of the allotment of 32,28,334 Equity Shares of Rs.10 each at the issue price of Rs.141.63 per share, which accounting treatment is based on legal advice given to the Company to the effect that recognizing un-quantifiable "benefit" from executory contracts is not permissible under Note (g) to Part 1 of Schedule VI and other provisions of the Companies Act. This advice has been confirmed by the opinion of Senior Counsel independently obtained by the Audit Committee pursuant to Sec 292 A (7) of the Companies Act 1956.
- Out of the amount of Rs.13,000 Lakhs raised in the Initial Public Offer, Rs.584.31 Lakhs have been paid towards issue expenses and the balance of Rs.12,415.69 Lakhs is held as investment in Mutual Funds as at the end of the quarter. The issue expenses totalling to Rs.584.31 Lakhs have been adjusted against Securities Premium Account.
- There is a provision against a sum awarded in an Arbitration in a dispute with a customer with whom a licensing agreement had been made although efforts are afoot to contest the award and although a claim against the insurers is presently pending and the company has been legally advised that probability of success in the claim against the insurer is strong.
- Increase in Paid-up capital is on account of ESOP allotments of 2,87,710 equity shares of Rs. 10/- each fully paid-up, during the quarter.
- The 8 investor complaints outstanding as at the beginning of the quarter were resolved by the time we finalised the financial results of the previous quarter. During the quarter the Company received 154 complaints upto 31st December 2005 mostly relating to non-receipt of Refund Orders and/or non-credit of shares in Demat Account. Out of the above, 149 complaints were resolved leaving a balance of 5 complaints, which have since been resolved. The number of complaints outstanding as on date is NIL.
- Per Share data given above in respect of the periods upto 31st March, 2005 relate to pre-IPO shares prevailing as at those dates.
- Previous year/quarter figures are regrouped/reclassified as applicable.

For SASKEN COMMUNICATION TECHNOLOGIES LIMITED

Rajiv C. Mody
Chairman & Managing Director