



Sasken Group Results for Q3 FY06

January 2006

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.

Financial Highlights

- Consolidated revenues for the nine months ended December 31, 2005 grew Y-o-Y by 37.6% to Rs 2,300.76 M and PAT grew by 40.5% to Rs 166.28 M.
- Consolidated revenues grew Y-o-Y by 30.9% in Q3 06 to Rs 759.40 M but decreased Q-o-Q by 12.1%.
- Software services revenues grew Y-o-Y by 47.5% to Rs 737.88 M in Q3 06 and Q-o-Q by 4.1%. EBITDA from services was 27.9% in Q3 06 as compared to 22.0% in Q2 06 and 11.1% in Q3 05.
- Software products revenues decreased Y-o-Y by 73.0% in Q3 06 to Rs 21.52 M and decreased Q-o-Q by 86.1%.
- Software products continues to be in the investment mode. Consequently capitalized investments in key programs increased by Rs 51.76 M during Q3 FY06 as compared to Q2 FY06.
 - The division successfully concluded the licensing of IXI Connect OS™ including the securing of a dedicated development/support team based in Israel.
- Profit After Tax but before exceptional item grew Y-o-Y by 383.6% to Rs 69.45 M in Q3 FY06 but decreased Q-o-Q by 40.5%
- Profit After Tax and exceptional item decreased Y-o-Y by 87.2% to Rs 1.84 M in Q3 FY06, and decreased Q-o-Q by 98.4%.

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Consolidated Results

January 2006

Income Statement Summary (Consolidated)

	Q3FY06	%	Q2FY06	%	Q3FY05	%	% Growth over	
							Q2FY06	Q3FY05
Revenues	759.40	100.0	863.94	100.0	580.00	100.0	(12.1)	30.9
Cost of Revenue	460.25	60.6	488.28	56.5	356.12	61.4	(5.7)	29.2
R&D ¹	26.00	3.4	42.49	4.9	59.00	10.2	(38.8)	(55.9)
Gross Profit	273.15	36.0	333.17	38.6	164.88	28.4	(18.0)	65.7
SG&A	152.25	20.0	154.76	17.9	127.57	22.0	(1.6)	19.3
EBITDA	120.90	15.9	178.41	20.7	37.31	6.4	(32.2)	224.0
Depreciation	44.23	5.8	44.81	5.2	35.01	6.0	(1.3)	26.3
Amortization	3.17	0.4	3.10	0.4	-	-	2.3	-
EBIT	73.50	9.7	130.50	15.1	2.31	0.4	(43.7)	-
Other Income	19.72	2.6	12.75	1.5	0.93	0.2	54.7	-
Exchange gain/(loss)	(12.78)	(1.7)	7.44	0.9	13.52	2.3	(271.8)	(194.5)
Interest	0.43	0.1	0.27	-	1.79	0.3	59.3	(76.0)
Exceptional item	67.61	8.9	-	-	-	-	-	-
Taxes	10.56	1.4	33.69	3.9	0.61	0.1	(68.7)	-
Profit after tax	1.84	0.2	116.73	13.5	14.36	2.5	(98.4)	(87.2)

Rs. Million

Segmental Results (Consolidated)



Rs. Million

	Q3FY06	Q2FY06	Q3FY05	% Growth over	
				Q2FY06	Q3FY05
Revenues	759.40	863.94	580.00	(12.1)	30.9
Software services	737.88	708.77	500.40	4.1	47.5
Products	21.52	155.17	79.61	(86.1)	(73.0)
EBITDA	120.90	178.41	37.31	(32.2)	224.0
Software services	205.60	155.71	55.79	32.0	268.5
Products	(84.70)	22.70	(18.48)	(473.1)	358.3
EBITDA %	15.9%	20.7%	6.4%		
Software services	27.9%	22.0%	11.1%		
Products	(393.6)%	14.6%	(23.2)%		
Depreciation %	5.8%	5.2%	6.0%		
Software services	4.9%	5.2%	5.8%		
Products	38.2%	5.2%	7.6%		
EBITA %	10.1%	15.5%	0.4%		
Software services	23.0%	16.8%	5.4%		
Products	(431.7)%	9.4%	(30.8)%		

Balance Sheet Summary (Consolidated)



Rs. Million

	Dec 31, 2005	%	Mar 31, 2005	%
Liabilities				
Share capital	277.99	7.1	168.47	11.7
Share application	-	-	2.55	0.2
ESOP Outstanding	7.95	0.2	7.89	0.6
Reserves & Surplus	3,577.58	92.1	1,240.47	86.5
Borrowing	24.89	0.6	14.56	1.0
Total Liabilities	3,888.41	100.0	1,433.94	100.0
Assets				
Net Fixed Assets	1,011.58	26.0	877.40	61.2
Capitalized software product costs (net of amortization)	76.08	2.0	-	-
Investments	1,982.89	51.0	5.60	0.4
Current Assets				
Cash and equivalents	177.88	4.6	108.66	7.6
Receivables	595.64	15.3	541.22	37.7
Other current assets	370.18	9.5	239.09	16.7
Total Current Assets	1,143.70	29.4	888.97	62.0
Current Liabilities	325.84	8.4	338.02	23.6
Net Current Assets	817.86	21.0	550.94	38.4
Total Assets	3,888.41	100.0	1,433.94	100.0

Corporate Highlights



- Global Expansion
 - Announced a development and support centre in Nuevo Leon, Mexico through a wholly owned subsidiary - Sasken Communication Technologies Mexico S.A De C.V
- People First
 - Ranked #2 in the Business Today-Mercer-TNS "Best Companies to work for in India" survey 2005
- Consistent Growth
 - Ranked #29 in Deloitte's Technology Fast 50 Indian ranking and ranked #409 in Technology Fast 500 Asia Pacific Ranking



A large blue rectangular area containing a repeating geometric pattern of white lines forming a series of interlocking triangles and diamonds. The pattern is centered horizontally and vertically within the blue area.

Operating Metrics

Geography Wise Revenue



%

	Q3 FY06	Q2 FY06	Q3 FY05	Nine months ending December 31, 2005	Nine months ending December 31, 2004
North America	36.5	35.3	35.4	36.4	35.2
Europe	38.4	30.5	49.2	36.2	49.9
India	22.1	17.9	8.0	20.0	6.9
APAC	3.0	16.3	7.4	7.4	8.0
Total	100.0	100.0	100.0	100.0	100.0

Customer Concentration



%

	Q3FY06	Q2FY06	Q3FY05	Nine months ending December 31, 2005	Nine months ending December 31, 2004
Top 5 customers	75.7	74.2	71.5	72.3	71.1
Top 10 Customers	86.0	83.8	87.6	83.7	83.9

Human Resources



	Q3 FY06	Q2 FY06	Q3 FY05
Total Employees	2,504	2,466	2,086
Gross Adds	188	474	338
Net Adds	38	307	204
Attrition (%)**	20.9%	23.4%	24.9%

** Based on voluntary attrition

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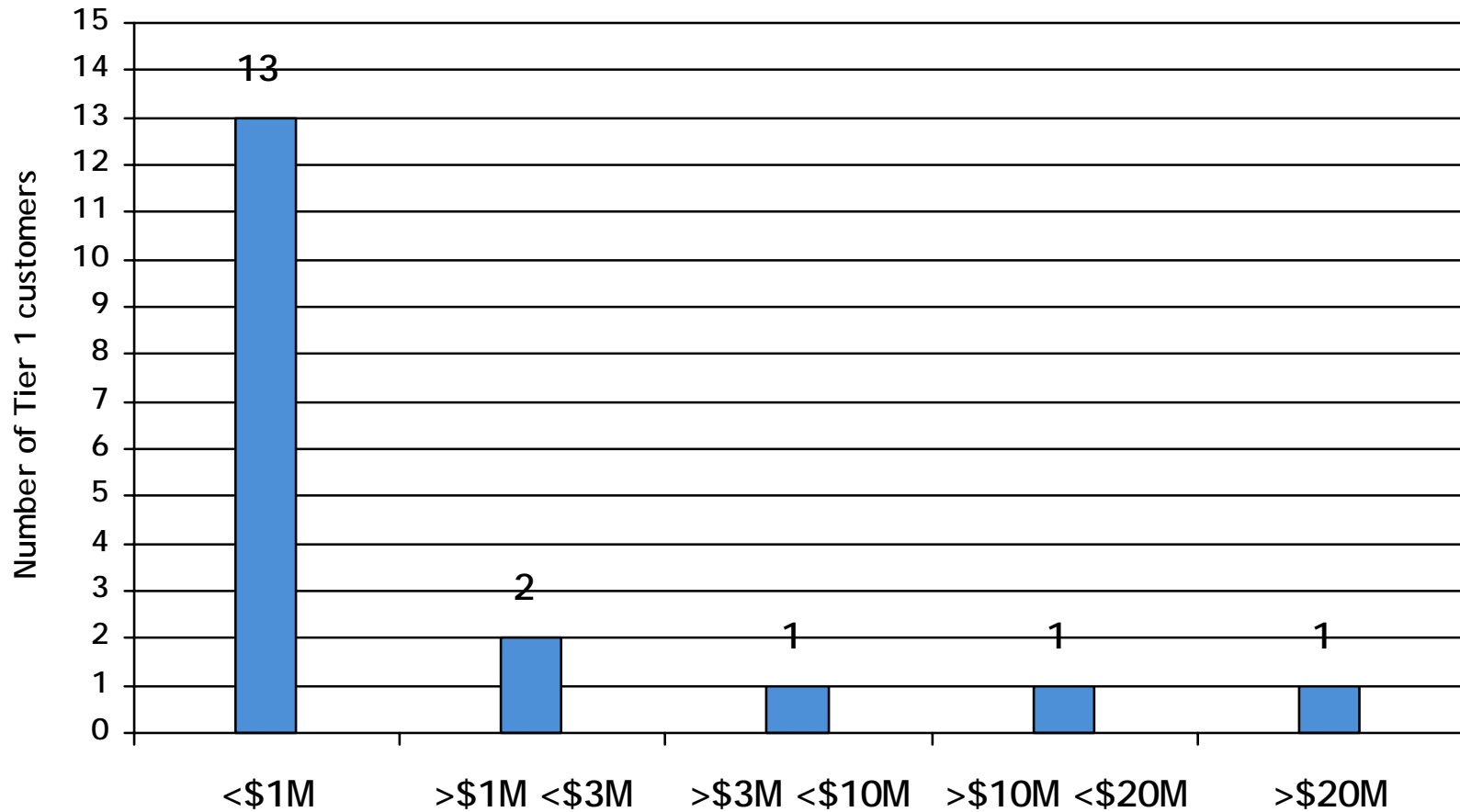
Services Revenue Mix



	Q3 FY06		Q2 FY06		Q3 FY05		Nine months ending December 31, 2005		Nine months ending December 31, 2004	
	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%
T&M onsite	127.02	17.2	143.71	20.3	100.53	20.1	389.50	18.8	343.47	23.9
T&M off-shore	566.28	76.7	484.21	68.3	292.83	58.5	1,471.42	71.1	818.38	56.9
Fixed Price	44.58	6.1	80.85	11.4	107.04	21.4	208.94	10.1	276.17	19.2
Total services	737.88	100.0	708.77	100.0	500.40	100.0	2,069.86	100.0	1,438.01	100.0

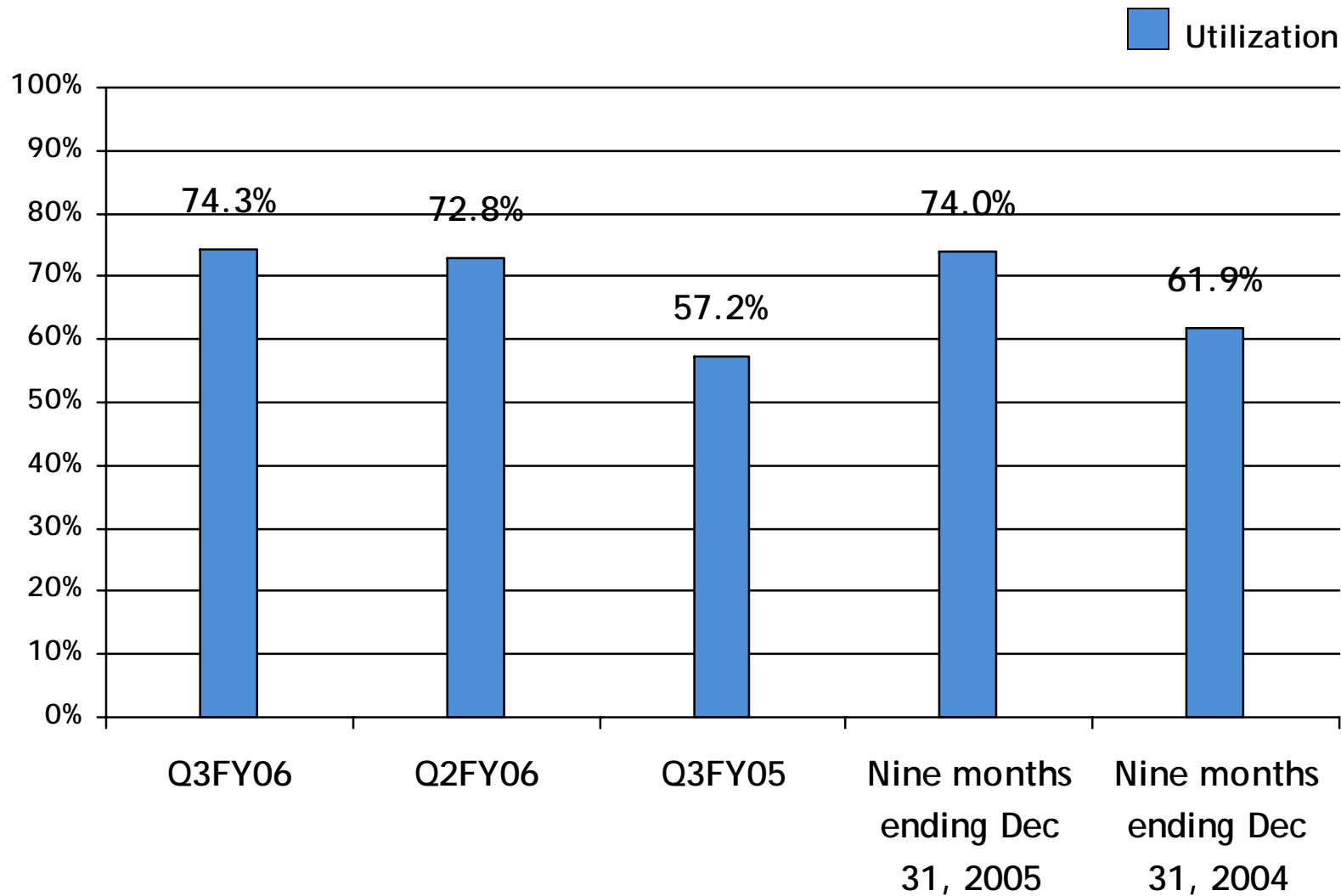
includes Software Services and Network Management Services

Relationships with Tier 1 Customers



Based on trailing 12 months Services revenues in USD

Services Utilization



Services Highlights

- Robust Growth
 - 43.9% YTD growth in services
 - Offshore revenues continue to grow at a healthy pace
- Enhancing Relationships with Key Accounts
 - Several Key “Tier 1” accounts in various stages of scaling/contributing to “Share of Wallet” growth
- EBITDA margin
 - 22.0% to 27.9% Q-o-Q
- New Business vertical - Service Providers gains momentum
 - One more Tier 1 Global Operator signed up
- Two more offerings created and being “market tested” for acceptance and scale
- Improved utilization (72.8% to 74.3% Q-o-Q)
 - Continual focus on operational efficiencies

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Products Business

Products Revenue Mix



	Q3FY06		Q2FY06		Q3FY05		Nine months ending December 31, 2005		Nine months ending December 31, 2004	
	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%
Licensing	14.07	65.4	123.86	79.8	28.14	35.3	161.05	69.7	83.83	35.8
Royalty	0.71	3.3	6.84	4.4	9.73	12.2	18.21	7.9	24.46	10.4
Customization	6.74	31.3	24.47	15.8	41.74	52.4	51.64	22.4	125.87	53.8
Total Products	21.52	100.0	155.17	100.0	79.61	100.0	230.90	100.0	234.17	100.0

Products Highlights

- Signed a license agreement with IXI Mobile to use IXI-Connect OS™, making Sasken a one-stop shop for mobile software solutions.
- Strengthened Integrated Solutions product line by investing in IXI-Connect OS™
 - This will increase the addressable market for Sasken products as well as enhance our “Offering Portfolio”
- Significant progress made with global Tier 1 handset vendor in developing a UMTS solution
 - Sub-licensing fees received from the same
- Leading Japanese handset vendor begins shipping 3G handsets embedded with Sasken’s multimedia solutions

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Additional Financial Information

Income Statement Summary (Consolidated)



	Nine months ending December 31, 2005	%	Nine months ending December 31, 2004	%	Growth in %
Revenues	2,300.76	100.0	1,672.18	100.0	37.6
Cost of Revenue	1,372.97	59.7	939.04	56.2	46.2
R&D ¹	109.55	4.8	146.07	8.7	(25.0)
Gross Profit	818.24	35.6	587.07	35.1	39.4
SG&A	441.50	19.2	373.94	22.4	18.1
EBITDA	376.74	16.4	213.13	12.7	76.8
Depreciation	124.38	5.4	96.67	5.8	28.7
Amortization	6.27	0.3	-	-	-
EBIT	246.09	10.7	116.46	7.0	111.3
Other Income	40.49	1.8	2.54	0.2	-
Exchange gain/(loss)	6.38	0.3	4.60	0.3	38.7
Interest	1.09	-	3.85	0.2	(71.7)
Exceptional item	67.61	2.9	-	-	-
Taxes	57.98	2.5	1.41	0.1	-
Profit after tax	166.28	7.2	118.34	7.1	40.5

Rs. Million

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Thank You