

Zensar Technologies reports good growth in revenues and profits

New enterprise project wins take the company forward

Pune, India – 22nd October, 2007:

Zensar Technologies, the leading global software and BPO services provider reported good revenues for the quarter ended September 30, 2007.

Financial Highlights

Consolidated Results for the quarter ended 30th September, 2007

- Revenue was Rs 191.84 Cr for the quarter ended 30th September, 2007; the Y-o-Y growth was 29% (Rs 148.72 Cr) and sequential quarter growth of 2% (Rs 187.90 Cr)
- Net profit after tax was Rs 14.15 Cr for the quarter ended 30th September, 2007, with a Y-o-Y growth of 17% (Rs 12.09 Cr), and sequential quarter growth of 6% (Rs 13.35 Cr).
- Basic earnings per share before exceptional income are at Rs 5.91 from Rs 5.13 in the same quarter previous year, and from Rs 5.58 of last quarter.

Ganesh Natarajan, Deputy Chairman and MD said; "Our Oracle and SAP businesses are firing on all cylinders and we have set a clear path to becoming one of the Top Ten providers in Oracle applications worldwide. With our Innovative Technologies and Business Process Outsourcing units also becoming profitable, the outlook is bright for the coming quarters. "

Business Update

- The Company added 18 clients during the Quarter with 60 % in its new service segments
- The newly acquired entity ZensarThoughtDigital (ZTD) has already begun to show substantial traction in R12 implementations and in leveraging Zensar's offshore capabilities, and is creating a robust East Coast presence for the Company.
- Business in the Insurance Vertical has moved to a 10 Mn USD mark order book for the quarter

- The Company has negotiated a 3-6% rate increase with its large customers to derisk itself from the rupee appreciation.
- The Company has 4067 employees as on 30th September, 2007. The utilization level has reached a new high of 81%.
- Key wins for the Application Portfolio Management business unit in the Infrastructure management space include a world leader in convenient foods and beverages; one of the largest financing companies in India; a leading investment company in India; and the largest full-service investment bank that specializes exclusively in the financial services sector in USA. Other key wins in application development, maintenance and migration are for a high-performance network infrastructure company in USA; a leading provider of fraud and loss detection solutions for retailers in Europe; a UK based Institute which offers Quality Accreditations and a French website development company. In the BPO business Zensar has added to its list significant customers, a leading dental specialties company, part of a fortune manufacturing conglomerate; a leading interaction services provider of Canada and a leading retail marketing company of US. Altiris support has been showing significant results and Zensar has started providing services to a global services provider delivering technology-driven business solutions; a space research organization amongst others. The fastest growing business of Zensar has been in the Enterprise Applications space this Quarter with a number of significant wins for a global leader in thin computing; a leading retailer in the Middle East; a leading provider of internationally recognized qualifications.

S Balasubramaniam, Chief Financial Officer announcing the results said, "The Company has been rated by the Fortune Magazine as one of the Global Top 10 Offshore Outsourcing Companies from India, and recognized by Aberdeen Research. With our new wins in the ERP business we are well on our way to realizing our leadership vision in the enterprise space"

Figures in Rs. Lakhs					
Particulars	Quarter ended Sep 30,		Growth (%)	Quarter ended Jun 30, 2007	Growth % in Q2 FY 2008 over Q1 FY 2008
	2007	2006			
Income					
Software services, and business process outsourcing	19,184	14,872	29%	18,790	2%
Total Income	19,184	14,872	29%	18,790	2%
Software development and business process management expenses	13,730	9,789	40%	13,525	2%
Gross Profit	5,453	5,083	7%	5,265	4%
Opex	3,449	3,275	5%	3,448	0%
Operating Profit Before Interest, Depreciation & Amortization And Before Minority Interests	2,004	1,808	11%	1,817	10%
Interest	222	43	416%	150	48%
Depreciation and amortisation	455	385	18%	426	7%
Operating Profit After Interest, Depreciation & Amortization And Before Minority Interests	1,327	1,380	-4%	1,241	7%
Other Income	475	245	94%	476	0%
Non Operating Expenses	-	-	-	-	-
Net Profit Before Tax And Minority Interests	1,804	1,625	11%	1,717	5%
Provision for Taxation	404	418	-3%	379	7%
Net Profit After Tax And Before Minority Interests	1,399	1,207	16%	1,338	5%
Exceptional Items	-	-	-	-	-
Prior Period Item	-	-	-	-	-
Minority Interests	15	2	-	(3)	-
Net Profit After Tax And Minority Interests	1,415	1,209	17%	1,335	6%
EARNING PER SHARE* (Equity shares, per share Rs. 10/- each)					
Basic	5.91	5.13	15%	5.58	6%
Diluted	5.89	5.07	16%	5.51	7%

Details of Revenue

REVENUE BY GEOGRAPHICAL SEGMENT			
	Quarter ended		
Particulars	30-Sep-07	30-Jun-07	30-Sep-06
USA	48%	49%	51%
Europe	23%	26%	28%
Rest of the World	29%	25%	21%
Total	100%	100%	100%
REVENUE BY SERVICE OFFERING			
	Quarter ended		
Particulars	30-Sep-07	30-Jun-07	30-Sep-06
APM	45%	45%	54%
BPO	4%	4%	4%
GOS	49%	49%	59%
EAS	35%	37%	28%
ITS	17%	14%	7%
Others	0%	0%	7%
Total Services	100%	100%	100%
REVENUE BY PROJECT TYPE			
	Quarter ended		
Particulars	30-Sep-07	30-Jun-07	30-Sep-06
Fixed Price	28%	25%	38%
Time & Materials	72%	75%	62%
Total	100%	100%	100%
REVENUE BY INDUSTRY			
	Quarter ended		
Particulars	30-Sep-07	30-Jun-07	30-Sep-06
Telecom	24%	22%	28%
Manufacturing	16%	15%	20%
Retail	13%	14%	11%
Insurance, Banking & financial services	15%	19%	10%
Utilities	5%	6%	7%
Others	28%	24%	24%
Total	100%	100%	100%

CLIENT DATA			
	Quarter ended		
	30-Sep-07	30-Jun-07	30-Sep-06
Active Clients	278	260	174
Added during the quarter	18	24	14
Number of Customers			
Upto U\$ 0.5 MN	259	245	161
U\$ 0.5 MN to U\$ 1 MN	12	9	7
U\$ 1 MN to U\$ 5 MN	6	5	5
U\$ 5 MN to U\$ 10 MN	1	1	1
U\$ 10 MN to U\$ 30 MN	0	0	0
Revenue- top client	22%	20%	27%
Revenue- top 5 clients	47%	47%	57%
Revenue- top 10 clients	56%	56%	70%
Account receivables-(in days)	60	72	69
EFFORT AND UTILIZATION			
	Quarter ended		
	30-Sep-07	30-Jun-07	30-Sep-06
Revenue			
Onsite	67%	67%	58%
Offshore	33%	33%	42%
Utilization			
Including trainees	81%	80%	75%
PERSON DATA			
	Quarter ended		
	30-Sep-07	30-Jun-07	30-Sep-06
Technical - Onsite	946	969	686
Technical - Offshore	2228	2184	1887
Technical - BPO	479	445	377
Marketing	72	70	80
Support	342	340	207
TOTAL	4067	4008	3237

INFRASTRUCTURE (as on Sept 30, 2007)				
	Completed		Work in Progress	
	Built-Up Area (Sq Ft)	No. of Seats	Built-Up Area (Sq Ft)	No. of Seats
Pune				
Kharadi				
<i>Development Centre</i>	171200	1463	144712	1785
<i>Corporate Block</i>	41772	162	0	0
IT Tower	93085	1074	0	0
Orion	37600	518	0	0
Total Pune	343657	3217	144712	1785
Hyderabad				
OBT	0	0	0	0
Zensar Office	39906	479	0	0
Total Hyderabad	39906	479	0	0
INDIA TOTAL	383563	3696	144712	1785

About Zensar Technologies (www.zensar.com)

Zensar Technologies is among the top 25 software services providers from India. Zensar is the world's first enterprise-wide SEI CMM Level 5 Company and now a CMMI Level 5 Company with industry expertise that spans Retail, Manufacturing, Banking, Finance, Insurance, Telecommunications, Utilities and Pharma. Zensar has more than 4000 employees with sales and operations presence across US, UK, Germany, Sweden, Finland, Middle East, South Africa, Hong Kong, Singapore, Australia, Japan and China. The Company delivers comprehensive services in mission-critical applications, enterprise applications, e-business, BPO and Knowledge Services. The Company has developed tools and methodologies, including the proprietary Solution BluePrint (SBP), which enables its clients with innovative business solutions and a rapid 'go-to-market' capability. The Company supports Fortune 500 clients with software business solutions that help them compete in the digital economy.

For further information, please contact:

S Balasubramaniam
Chief Financial Officer
Zensar Technologies
+91-20-66057800
suby@zensar.com

Safe Harbor

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. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. 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.