Zensar reports excellent performance in Third Quarter

Profits jump 57% and Revenue up by 35%

Pune, India – January 19, 2007:

Zensar Technologies Ltd, the leading global software and BPO services provider announces significant year-on-year growth in its working results for the third Quarter of 2006-07, showing great success in multiple services across all markets.

Financial Highlights

Consolidated Results for the quarter ended 31st December, 2006

- Revenue was Rs 148.00 Cr for the quarter ended 31st December, 2006; the Y-0-Y growth was 35% (Rs 109.28 Cr)
- Net profit after tax was Rs 13.22 Cr for the quarter ended 31st December, 2006; vis-à-vis profit of Rs 8.40 Cr in the corresponding quarter last year, showing a 57% growth

Consolidated Results for the year on date 31st December, 2006

- Revenue was Rs 434.50 Cr for the year on date 31st December, 2006; the Y-0-Y growth was 43% (Rs 303.56 Cr)
- Net profit after tax was Rs 39.99 Cr for the year on date 31st December, 2006; vis-à-vis profit of Rs 16.73 Cr in the corresponding period last year, with a 139% growth

Zensar this Quarter has made an addition of 18 significant customers to its portfolio. The key wins have been in the enterprise application services businesses; especially SAP implementation, Oracle Apps and Business Intelligence and Datawarehousing [BIDW]. A significant win for Oracle Apps reimplementation has been with one of the largest game developing companies of the world, enhancing new verticals for Zensar.

Key business highlights of the Quarter for Zensar have been:

- Zensar has formally set shop in Gdansk, Poland further enhancing its purpose in the European market. The Company has received tremendous support from the Polish government with all necessary approvals in place. The Center has immediately evoked the curiosity of our European customers, and the scope of business in the territory looks positive.
- Zensar has been named for the second consecutive time in the Leaders' Category of the Top 100 Global Outsourcing Companies for 2007 announced by International Association of Outsourcing Professionals [IAOP 2007]
- The Company is targeting to grow to 1000 Cr revenue and 100 Cr PAT in 2008-09 through a combination of organic and inorganic growth.
- Through this model, to be operational in the new Financial Year, the Company would deliver value through key business units clustered under strong global leadership. There would be three independent business platforms Global Outsourcing Services [GOS], Enterprise Application Services [EAS] and Innovative Technology Solutions [ITS] including all horizontals and verticals. It would also strengthen Program Management and Consulting solutions in near term and build capabilities for total outsourcing. We will continue to build and enable structures for collaboration between the three platforms. This model would also enhance profit accountability of all territories that Zensar operates in. The Platforms are set to enable Innovation to flourish in the Organization.

Particulars	Quarter ended Dec 31, 06		Growth (%)
	2006	2005	
INCOME			
Software services, products and business process management	14800	10,928	35%
TOTAL INCOME	**14800**	**10928**	**35%**
Software development and business process management expenses	10056	7,529	34%
GROSS PROFIT	**4744**	**3399**	**40%**
Opex	2893	1,924	50%
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION & AMORTISATION AND BEFORE MINORITY INTERESTS	**1851**	**1475**	**25%**
Interest	32	47	-32%
Depreciation and amortisation	386	395	-2%
OPERATING PROFIT AFTER INTEREST, DEPRECIATION & AMORTISATION AND BEFORE MINORITY INTERESTS	**1433**	**1033**	**39%**
Other Income	172	125	38%
Non Operating Expenses	-	-	
NET PROFIT BEFORE TAX AND MINORITY INTERESTS	**1605**	**1158**	**39%**
Provision for Taxation	295	219	35%
NET PROFIT AFTER TAX AND BEFORE MINORITY INTERESTS	**1310**	**939**	**40%**
Exceptional Items	-	89	-100%
Prior Period Item	-	-	
Minority Interests	12	10	20%
NET PROFIT AFTER TAX AND MINORITY INTERESTS	**1322**	**840**	**57%**
EARNING PER SHARE*			
(Equity shares, per share Rs. 10/- each)			
Basic	5.58	3.59	55%
Diluted	5.53	3.54	56%

REVENUE BY GEOGRAPHICAL SEGMENT		
	Quarter ended	
Particulars	**31-Dec-06**	**31-Dec-05**
	%	**%**
USA	50%	49%
Europe	28%	27%
Rest of the World	22%	24%
Total	**100%**	**100%**

REVENUE BY SERVICE OFFERING		
	Quarter ended	
Particulars	**31-Dec-06**	**31-Dec-05**
	%	**%**
APM	54%	58%
BPO	4%	3%
GOS	**58%**	**61%**
EAS	**26%**	**22%**
ITS	**7%**	**14%**
Others	**9%**	**3%**
Total Services	**100%**	**100%**

REVENUE BY PROJECT TYPE		
	Quarter ended	
Particulars	**31-Dec-06**	**31-Dec-05**
	%	**%**
Fixed Price	40%	46%
Time & Materials	60%	54%
Total	**100%**	**100%**

REVENUE BY INDUSTRY		
	Quarter ended	
Particulars	**31-Dec-06**	**31-Dec-05**
	%	**%**
Telecom	27%	27%
Manufacturing	17%	17%
Retail	14%	8%
Insurance, Banking & financial services	14%	20%
Utilities	7%	6%
Others	23%	22%
Total	**100%**	**100%**

CLIENT DATA		
	Quarter ended	
	31-Dec-06	**31-Dec-05**
Active Clients	182	134
Added during the quarter	18	12
Number of Customers		
Upto U$ 0.5 MN	173	120
U$ 0.5 MN to U$ 1 MN	4	9
U$ 1 MN to U$ 5 MN	4	4
U$ 5 MN to U$ 10 MN	1	1
U$ 10 MN to U$ 30 MN	0	0
Revenue- top client	25%	27%
Revenue- top 5 clients	57%	53%
Revenue- top 10 clients	68%	72%
Account receivables-(in days)	66	71
EFFORT AND UTILIZATION		
	Quarter ended	
	31-Dec-06	**31-Dec-05**
Revenue		
Onsite	58%	52%
Offshore	42%	48%
Utilization		
Including trainees	72%	70%
PERSON DATA		
	Quarter ended	
	31-Dec-06	**31-Dec-05**
Technical - Onsite	871	493
Technical - Offshore	1710	1562
Technical - BPO	424	250
Marketing	80	46
Support	204	183
TOTAL	**3289**	**2534**

INFRASTRUCTURE (as on Dec 31, 2006)					
	Completed		Work in Progress		Land acquired during the Qtr (acres)
	Built-Up Area (Sq Ft)	No. of Seats	Built-Up Area (Sq Ft)	No. of Seats	
Pune					
Kharadi					
Development Centre	171200	1311	0	0	0
Corporate Block	41772	153	0	0	0
IT Tower	93085	1041	0	0	0
Orion	37600	490	0	0	0
Total Pune	**343657**	**2995**	**0**	**0**	**0**
Hyderabad					
OBT	0	0	0	0	0
Zensar Office	19800	200	19800	250	0
Total Hyderabad	**19800**	**200**	**19800**	**250**	**0**
INDIA TOTAL	**363457**	**3195**	**19800**	**250**	**0**

About Zensar Technologies (www.zensar.com)

Zensar Technologies is among the top 25 software services provider from India. It is a joint venture of RPG Group, one of the leading industrial houses and Fujitsu Services of UK, a US $4 billion IT services company. 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 3200 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
Vice President and Chief Financial Officer
Zensar Technologies Ltd
+91-20-66057500
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.