

Zensar's Emerging Market Strategies Fuel Revenue Growth *Revenue grows by 36% in Q1 FY 07-08*

Pune, India – 16th July, 2007:

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

Financial Highlights

Consolidated Results for the quarter ended 30th June, 2007

- Revenue was Rs 187.90 Cr for the quarter ended 30th June, 2007; the Y-o-Y growth was 36% (Rs 137.78 Cr) and sequential quarter growth of 10% (Rs 171.36 Cr)
- Net profit after tax was Rs 13.35 Cr for the quarter ended 30th June, 2007, having dropped 9% Y-o-Y through the impact of rupee appreciation and some investments being made in new markets and new segments for future growth.
- Basic earnings per share before exceptional income is at Rs 5.58 from Rs 6.25 in the same quarter previous year

Ganesh Natarajan, Deputy Chairman and MD said; "The Company continues to make good progress in all its business units and markets. The integration of NY based Oracle Company, ThoughtDigital and the Japanese joint venture in Embedded Systems is in progress and the new initiatives in Retail, the Poland centre and the focus on the First Time Outsourcing segment have begun to show results."

Business Update

- The Company added 24 clients during the Quarter with 15 in its new service segments
- Earlier this year, Zensar had acquired the 27 Mn USD New York based Oracle firm ThoughtDigital, and has now completed the integration process successfully.
- In Japan, Zensar recently announced a JV with the promoters of Tokyo-based EZA, which has a turnover of 4.2 Mn USD, and a 30-member team. The new joint entity is now going to market by the name ZensarAdvancedTechnologies.
- This Quarter also saw the launch of Zensar's delivery centre in Gdansk, Poland, completing a three shore delivery model spanning across India, China and Poland for global clients. Zensar plans to leverage the opti-shore model, with an offshore-nearshore strategy for growth in the European markets helping penetrate the regional language markets.
- Besides expanding the global footprint, the Company is also strengthening and diversifying its service offerings. At the recent Gartner Summit in UK, Zensar rolled out the new and focused service offering for first time offshorers, with a comprehensive methodology called the FTO. The offering has been received well by the analysts and business decision makers, who were privy to the methodology presented in Global Seminars conducted last month.
- The Company also launched the MySAP Product Lifecycle Management offering for the vast manufacturing market, with enhanced product innovation and better speed-to-market, an imperative for today's fast globalizing manufacturing sector.
- Key wins for the APM SBU include a *European railway service*, and the Infrastructure Management practice showing positive traction with wins from an *independent Swiss biotech company*, a *manufacturer of competitive life insurance products* and a *large India*

retail conglomerate. The BU has also made an addition of a *Blue Chip financial services account in the UK.* The EAS SBU has been bullish with customer acquisition and has made entries into a *US based Pharma company, a manufacturer and distributor of quality professional automotive hand tools, a recognized leader in the design manufacture of precision tool* in the Manufacturing domain. And in the Retail domain, have been added a *leading luxury retailer in the Middle East and one of the largest European companies in the paper distribution and communications support.* In its SAP portfolio significant new business has been generated with additions in ZensarOBTGlobal's customers of a *leading Indian food retailer, a Fortune 100 Company leading in the field of drive engineering.* Wins also included other leading Indian companies, including the country's *largest yarn manufacturer.* New business has also been strong in the ROW territories in the ITS Platform, with additions predominantly in service areas of SAP and Infrastructure Management. The Retail story has only been getting stronger even in the domestic market with additions of large multinational household names that have found their way to the India market.

- The company has 4008 employees as on 30th June, 2007

S Balasubramaniam, Chief Financial Officer announcing the results said, "The growth story continues and we look forward to the year with sustained optimism, and further consolidating our position in the emerging markets in line with our strategy."

Particulars	Quarter ended Jun 30,		Growth (%)	Quarter ended Mar 31, 2007	Growth % in Q1 FY 2008 over Q4 FY 2007
	2007	2006			
Income	(Rs. Lakhs)	(Rs. Lakhs)		(Rs. Lakhs)	
Software services, and business process outsourcing	18,790	13,778	36%	17,136	10%
Total Income	18,790	13,778	36%	17,136	10%
Software development and business process management expenses	13,525	9,160	48%	11,823	14%
Gross Profit	5,265	4,618	14%	5,313	-1%
Opex	3,448	2,623	31%	2,879	20%
Operating Profit Before Interest, Depreciation & Amortization And Before Minority Interests	1,817	1,995	-9%	2,434	-25%
Interest	150	43	249%	92	63%
Depreciation and amortization	426	348	22%	407	5%
Operating Profit After Interest, Depreciation & Amortization And Before Minority Interests	1,241	1,604	-23%	1,935	-36%
Other Income	476	254	87%	377	26%
Non Operating Expenses	-	-	-	-	-
Net Profit Before Tax And Minority Interests	1,717	1,858	-8%	2,312	-26%
Provision for Taxation	379	389	-3%	514	-26%
Net Profit After Tax And Before Minority Interests	1,338	1,469	-9%	1,798	-26%
Exceptional Items	-	-	-	-	-
Prior Period Items	-	-	-	(20)	-
Minority Interests	(3)	(1)	-	(58)	-
Net Profit After Tax And Minority Interests	1,335	1,468	-9%	1,721	-22%
EARNING PER SHARE*					
(Equity shares, per share Rs. 10/- each)					
Basic	5.58	6.25	-11%	7.29	-23%
Diluted	5.51	6.15	-10%	7.24	-24%

REVENUE BY GEOGRAPHICAL SEGMENT			
	Quarter ended		
Particulars	30-Jun-07	31-Mar-07	30-Jun-06
	%	%	%
USA	49%	50%	51%
Europe	26%	27%	28%
Rest of the World	25%	23%	21%
Total	100%	100%	100%
REVENUE BY SERVICE OFFERING			
	Quarter ended		
Particulars	30-Jun-07	31-Mar-07	30-Jun-06
	%	%	%
APM	45%	51%	56%
BPO	4%	4%	4%
GOS	49%	55%	60%
EAS	37%	30%	28%
ITS	14%	7%	6%
Others	0%	8%	6%
Total Services	100%	100%	100%
REVENUE BY PROJECT TYPE			
	Quarter ended		
Particulars	30-Jun-07	31-Mar-07	30-Jun-06
	%	%	%
Fixed Price	25%	38%	40%
Time & Materials	75%	62%	60%
Total	100%	100%	100%
REVENUE BY INDUSTRY			
	Quarter ended		
Particulars	30-Jun-07	31-Mar-07	30-Jun-06
	%	%	%
Telecom	22%	27%	28%
Manufacturing	15%	10%	12%
Retail	14%	14%	10%
Insurance, Banking & financial services	19%	14%	10%
Utilities	6%	9%	8%
Others	24%	26%	32%
Total	100%	100%	100%

CLIENT DATA			
	Quarter ended		
	30-Jun-07	31-Mar-07	30-Jun-06
Active Clients	260	236	159
Added during the quarter	24	54	12
Number of Customers			
Upto U\$ 0.5 MN	245	222	146
U\$ 0.5 MN to U\$ 1 MN	9	8	8
U\$ 1 MN to U\$ 5 MN	5	5	4
U\$ 5 MN to U\$ 10 MN	1	1	1
Revenue- top client	20%	26%	28%
Revenue- top 5 clients	47%	55%	57%
Revenue- top 10 clients	56%	69%	70%
Account receivables (in days)	72	81	64
EFFORT AND UTILIZATION			
	Quarter ended		
	30-Jun-07	31-Mar-07	30-Jun-06
Revenue			
Onsite	67%	63%	56%
Offshore	33%	37%	44%
Utilization			
Including trainees	80%	84%	77%
PERSON DATA			
	Quarter ended		
	30-Jun-07	31-Mar-07	30-Jun-06
Technical - Onsite	969	1035	669
Technical - Offshore	2184	1894	1863
Technical - BPO	445	395	329
Marketing	70	75	59
Support	340	342	221
TOTAL	4008	3741	3141

INFRASTRUCTURE (as on June 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	1646
<i>Corporate Block</i>	41772	162	0	0
IT Tower	93085	1074	0	0
Orion	37600	498	0	0
Total Pune	343657	3197	144712	1646
Hyderabad				
OBT	0	0	0	0
Zensar Office	39906	479	0	0
Total Hyderabad	39906	479	0	0
INDIA TOTAL	383563	3676	144712	1646

About Zensar Technologies (www.zensar.com)

Zensar Technologies is among the top 25 software services provider from India. Zensar is owned by one of India's largest corporate groups RPG, with Electra Investments Trust as an institutional investor. 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 Banking, Finance, Insurance, Telecommunications, Utilities and Manufacturing. Zensar has more than 4000 employees with sales and operations presence across USA, 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.

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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.