

## Zensar reports steady growth in revenues and profits

### New wins include significant multi-year offshore contracts

#### **Pune, India – 28<sup>th</sup> January, 2008:**

Zensar Technologies, the leading global software and BPO services provider has reported good working results for the quarter ended December 31<sup>st</sup>, 2007.

#### **Financial Highlights**

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Consolidated Results for the quarter ended 31<sup>st</sup> December, 2007

- Revenue was Rs 199.20 Cr for the quarter ended 31<sup>st</sup> December, 2007 with Y-o-Y growth of 35% (Rs 148.00 Cr)
  - Net profit after tax was Rs 15.02 Cr for the quarter ended 31<sup>st</sup> December, 2007, with a Y-o-Y growth of 14% (Rs 13.22 Cr)
  - Basic earnings per share before exceptional income are at Rs 6.27, up from Rs 5.58 in the same quarter previous year, and from Rs 5.91 of last quarter.
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Ganesh Natarajan, Deputy Chairman and MD said "The return to growth and good operating profits, the assimilation of the Thought Digital and EZA acquisitions into the mainstream of the offshore business of the company and the signing of a number of significant deals in the core Outsourcing and Enterprise Applications all point to an excellent future for Zensar."

Vivek Gupta, Executive Vice President, Global Outsourcing Services, Zensar Technologies said, "Both IT and Business Process Outsourcing units have recorded robust order booking, revenues and profits for the quarter and we have signed some large deals in the chosen Retail space which can add millions of dollars to our revenue in the coming year."

#### **Business Update**

- The Company added 17 clients during the Quarter with eight of them in its new service segments
- The Company has 4172 employees as on 31<sup>st</sup> December, 2007. The utilization level has reached an all time high of over 80%.
- Zensar forged a strategic alliance with SOA Software, a leading provider of comprehensive Integrated SOA governance solutions. SOA Software is the largest specialist vendor of SOA lifecycle management, registry/repository, security, mediation and management solutions and the only company that offers a comprehensive SOA infrastructure solution that can govern Web services on all major platforms. SOA Software is a venture backed (Redpoint, Draper, Goldman Sachs) firm with an impressive array of Fortune 1000 clients such as Pfizer and Merrill Lynch headquartered in Los Angeles.
- A key win this Quarter includes the single largest consumer packaged goods sales and marketing agency in North America for manufacturers of groceries, health and beauty care items, household care products, and general merchandise. The company has recently signed up a multi year contact with Zensar for integrated IT-BPO services, including High Volume Transaction Processing, Enterprise Content Management and

- Remote Database Management among others. The total value of this deal is expected to be USD 5 Million over a period of two years.
- The Company has also won a deal with a leading technology provider of IT, network and visual display solutions, to establish and manage an offshore service delivery unit in India for a period of 3 years. The delivery centre will cover a wide spectrum of services ranging from Helpdesk Services, Infrastructure Management to Application Management and Maintenance Services. The total value of this deal is expected to be USD 7 Million over a period of 3 years.
  - Another win this Quarter includes a California based USD 2.3 Billion company, a leader in high-performance networking, where Zensar would help them create a responsive and trusted environment to accelerate deployment of services and applications over a single network, involving Development, Hosting, Application Support and Enhancements. The total value of the deal is expected to be over USD 600,000.
  - A USD 4.5 Mn multi-year contract was won, from a leading customer interaction services provider based out of Canada including up-selling, cross selling and new customer acquisition.

### Growth in Operating Profits

The Operating Profit for the Quarter (Profit before tax and other income) has shown a 33% growth. The details are as follows:-

			(Fig. in Rs cr)
Particulars	Q3(07-08)	Q2(07-08)	Change
Revenue	199.20	191.84	7.36
<b>PBT (w/o other income)</b>	<b>17.66</b>	<b>13.29</b>	<b>4.37</b>
Other Income	0.69	4.75	-4.06
PBT as per result	18.35	18.04	0.31

Nitin Parab, Executive Vice President and Head, Enterprise Application Services said, "Significant new customer additions in the Oracle space from the US East Coast pronounce the successful integration of ZensarThoughtDigital, that Zensar had acquired earlier last year. The outlook for the entity next year is to move more work offshore."

Consolidated Financial Data - Fact Sheet					
Figures in Rs. Lacs					
Particulars	Quarter ended Dec 31,		Growth (%)	Quarter ended Sep 30, 2007	Growth % in Q3 FY 2008 over Q2 FY 2007
	2007	2006			
<b>Income</b>					
Software services, and business process outsourcing	19,920	14,800	35%	19,184	4%
<b>Total Income</b>	<b>19,920</b>	<b>14,800</b>	<b>35%</b>	<b>19,184</b>	<b>4%</b>
Software development and business process management expenses	14,348	10,056	43%	13,730	4%
<b>Gross Profit</b>	<b>5,572</b>	<b>4,744</b>	<b>17%</b>	<b>5,453</b>	<b>2%</b>
Opex	3,224	2,893	11%	3,449	-7%
<b>Operating Profit Before Interest, Depreciation &amp; Amortization And Before Minority Interests</b>	<b>2,348</b>	<b>1,851</b>	<b>27%</b>	<b>2,004</b>	<b>17%</b>
Interest	153	32	378%	222	-31%
Depreciation and amortisation	429	386	11%	455	-6%
<b>Operating Profit After Interest, Depreciation &amp; Amortization And Before Minority Interests</b>	<b>1,766</b>	<b>1,433</b>	<b>23%</b>	<b>1,327</b>	<b>33%</b>
Other Income	69	172	-60%	475	-85%
Non Operating Expenses		-		-	
<b>Net Profit Before Tax And Minority Interests</b>	<b>1,835</b>	<b>1,605</b>	<b>14%</b>	<b>1,804</b>	<b>2%</b>
Provision for Taxation	295	295	0%	404	-27%
<b>Net Profit After Tax And Before Minority Interests</b>	<b>1,540</b>	<b>1,310</b>	<b>18%</b>	<b>1,400</b>	<b>10%</b>
Exceptional Items		-		-	
Prior Period Item		-		-	
Minority Interests	(38)	12	-413%	15	(4)
<b>Net Profit After Tax And Minority Interests</b>	<b>1,502</b>	<b>1,322</b>	<b>14%</b>	<b>1,415</b>	<b>6%</b>
<b>EARNING PER SHARE*</b> (Equity shares, per share Rs. 10/- each )					
Basic	6.27	5.58	12%	5.90	6%
Diluted	6.25	5.53	13%	5.89	6%

REVENUE BY GEOGRAPHICAL SEGMENT			
	Quarter ended		
Particulars	31-Dec-07	30-Sep-07	31-Dec-06
	%	%	%
USA	47%	48%	50%
Europe	22%	23%	28%
Rest of the World	31%	29%	22%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
REVENUE BY SERVICE OFFERING			
	Quarter ended		
Particulars	31-Dec-07	30-Sep-07	31-Dec-06
	%	%	%
APM	47%	45%	54%
BPO	4%	4%	4%
<b>GOS</b>	<b>51%</b>	<b>49%</b>	<b>58%</b>
<b>EAS</b>	<b>32%</b>	<b>35%</b>	<b>26%</b>
<b>ITS</b>	<b>17%</b>	<b>17%</b>	<b>7%</b>
<b>Others</b>	<b>0%</b>	<b>0%</b>	<b>9%</b>
<b>Total Services</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
REVENUE BY PROJECT TYPE			
	Quarter ended		
Particulars	31-Dec-07	30-Sep-07	31-Dec-06
	%	%	%
Fixed Price	30%	28%	46%
Time & Materials	70%	72%	54%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
REVENUE BY INDUSTRY			
	Quarter ended		
Particulars	31-Dec-07	30-Sep-07	31-Dec-06
	%	%	%
Telecom	25%	24%	27%
Manufacturing	13%	16%	17%
Retail	12%	13%	8%
Insurance, Banking & financial services	16%	15%	20%
Utilities	5%	5%	6%
Others	29%	28%	22%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

CLIENT DATA			
	Quarter ended		
	31-Dec-07	30-Sep-07	31-Dec-06
Active Clients	295	278	182
Added during the quarter	17	18	18
Number of Customers			
Upto U\$ 0.5 MN	276	259	173
U\$ 0.5 MN to U\$ 1 MN	12	12	4
U\$ 1 MN to U\$ 5 MN	6	6	4
U\$ 5 MN to U\$ 10 MN	1	1	1
U\$ 10 MN to U\$ 30 MN	0	0	0
Revenue- top client	23%	22%	25%
Revenue- top 5 clients	46%	47%	57%
Revenue- top 10 clients	54%	56%	68%
Account receivables-(in days)	67	60	66
EFFORT AND UTILIZATION			
	Quarter ended		
	31-Dec-07	30-Sep-07	31-Dec-06
<b>Revenue</b>			
Onsite	67%	67%	58%
Offshore	33%	33%	42%
<b>Utilization</b>			
Including trainees	84%	81%	72%
PERSON DATA			
	Quarter ended		
	31-Dec-07	30-Sep-07	31-Dec-06
Technical - Onsite	925	946	871
Technical - Offshore	2297	2228	1710
Technical - BPO	521	479	424
Marketing	80	72	80
Support	349	342	204
<b>TOTAL</b>	<b>4172</b>	<b>4067</b>	<b>3289</b>

<b>INFRASTRUCTURE (as on Dec 31, 2007)</b>				
	<b>Completed</b>		<b>Work in Progress</b>	
	<b>Built-Up Area (Sq Ft)</b>	<b>No. of Seats</b>	<b>Built-Up Area (Sq Ft)</b>	<b>No. of Seats</b>
<b>Pune</b>				
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
<b>Total Pune</b>	<b>343657</b>	<b>3217</b>	<b>144712</b>	<b>1785</b>
<b>Hyderabad</b>				
OBT	0	0	0	0
Zensar Office	39906	479	0	0
<b>Total Hyderabad</b>	<b>39906</b>	<b>479</b>	<b>0</b>	<b>0</b>
<b>INDIA TOTAL</b>	<b>383563</b>	<b>3696</b>	<b>144712</b>	<b>1785</b>

#### **About Zensar Technologies ([www.zensar.com](http://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:

Snigdha Aggarwal  
Manager Investor Relations  
Zensar Technologies  
+91-20-66057849/ 98905 05496  
[snigdha.a@zensar.com](mailto:snigdha.a@zensar.com)

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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.