

Zensar reports 25% y-o-y growth in Q4 profits

Retail and Insurance - key growth drivers in Emerging Markets

Pune, India – 24th April, 2008:

Zensar Technologies, the leading global IT and BPO services provider has reported excellent working results for the quarter ended March 31st, 2008.

Financial Highlights

Consolidated Results for the quarter ended 31st March, 2008

- Revenue was up 19% y-o-y to Rs 204.00 Cr
 - Net Income was up 25% y-o-y to Rs 21.54 Cr
 - EPS up from Rs 6.27 to Rs 8.99, 43% sequential increase
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Consolidated Results for the year ended 31st March, 2008

- Revenue was up by 29% y-o-y to Rs 782.93 Cr
- Net Income grew by 12% y-o-y to Rs 64.03 Cr
- EPS up from Rs 24.22 to Rs 26.73, 10% y-o-y growth

Dr Ganesh Natarajan, Deputy Chairman and MD said, "The three key elements of our strategy for the year – revenue growth through wider and deeper penetration of Fortune 500 customers, new customer access through organic and inorganic expansion and tight management of utilization across our centres in Pune, Hyderabad and overseas have been successful. With the integration of all our acquisitions approaching completion, we are confident of weathering the economic slowdown and accelerating the growth and profits of the company in all geographies."

"Our profit growth of 25% demonstrates the successful integration of our acquisitions and the continuing results of our cost optimisation efforts. At the start of financial year 2008-09 we are pleased to announce a guidance of Rs 80 crores PAT for FY09, which represents a 25% Y-o-Y growth", said S Balasubramaniam, Chief Financial Officer, Zensar Technologies Ltd.

Update on Operating Profits

Operating profits of all organic growth business units of Zensar grew from Rs. 74.3 crores to Rs. 90.2 crores with a growth of 21%. Of the two companies acquired in March last year:-

- ZATL has made an operating profit of Rs. 1.06 crores in 2007-08
- ZTD suffered losses and write-offs on account of restructuring and its focus in the financial markets in the East Coast amounting to Rs. 9.8 crores. It is on track to break even in Quarter II.

V Bala, Executive Vice President, Global Transformation Services (EMEIA), Zensar Technologies said, "The emerging markets have been significant growth drivers for Zensar. India and Middle East have proven to be tremendously successful with an annual growth of 143%. South Africa and Japan too have emerged as key markets with growth in business from the territories at 88% and 89% respectively increasing our faith in these markets."

Business Update

- The Company added 23 clients during the quarter.
- The Company has 4483 employees as on 31st March, 2008. The utilization level has reached an all time high of over 85%.
- A 500 seat multi-year BPO contract has been signed with a significant North American firm. Zensar BPO has been rated amongst the Top 20 providers by the FAO magazine.
- Zensar has also been awarded the DHL-CNBC International Trade Awards for Exporter of the Year for the second consecutive year
- Zensar has won over five million USD of new deals in Middle East and South Africa in the first three months of 2008 and is now targeting over ten percent of its total revenues from these fast growing segment of the market. The emerging markets have been maturing as outsourcing destinations in addition to the mainstay territories of US and UK.
- India and Middle East have been a noteworthy Retail story with key wins including a world-class operator within the retail sector in the UAE and the GCC in general, leading luxury retailer from the Middle East region, and one of the largest retail chains in Middle East. For these accounts Zensar has been engaged as a strategic partner for end-to-end implementation. Other key wins include the retailing arm of a large Indian conglomerate and leading French international hypermarket chain.
- Similarly the South Africa region has emerged as a successful Insurance hub with two leading insurance companies signed up as Zensar's customers.
- Zensar has recently also received its Broad-based Black Economic Empowerment (BEE) certificate. This initiative is adopted by most South African businesses, and as an Indian IT vendor Zensar has embraced the national initiative showing our commitment to the territory. Zensar's BEE initiative revolves around skill development, helping South Africa Local Universities to develop ICT skills in the country which is a keen Government focus area.

Figures in Rs. Lacs

Particulars	Quarter ended Mar 31,		Growth (%)	Quarter ended Dec 31, 2007	Growth % in Q4 FY 2008 over Q3 FY 2008
	2008	2007			
INCOME					
Software and BPO services	20,400	17,136	19%	19,920	2%
TOTAL INCOME	20,400	17,136	19%	19,920	2%
Software development and business process management expenses	14,210	11,823	20%	14,348	-1%
GROSS PROFIT	6,190	5,313	17%	5,572	11%
Opex	3,111	2,879	8%	3,224	-4%
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION & AMORTISATION AND BEFORE MINORITY INTERESTS	3,079	2,434	27%	2,348	31%
Interest	66	92	-28%	153	-57%
Depreciation and amortisation	426	407	5%	429	-1%
OPERATING PROFIT AFTER INTEREST, DEPRECIATION & AMORTISATION AND BEFORE MINORITY INTERESTS	2,587	1,935	34%	1,766	47%
Other Income	199	377	-47%	69	188%
Non Operating Expenses	-	-	-	-	-
NET PROFIT BEFORE TAX AND MINORITY INTERESTS	2,786	2,312	21%	1,835	52%
Provision for Taxation	612	514	19%	295	107%
NET PROFIT AFTER TAX AND BEFORE MINORITY INTERESTS	2,174	1,798	21%	1,540	41%
Exceptional Items	-	-	-	-	-
Prior Period Item	-	(20)	-	-	-
Minority Interests	(20)	(58)	-	(38)	-
NET PROFIT AFTER TAX AND MINORITY INTERESTS	2,154	1,721	25%	1,502	43%
EARNING PER SHARE* (Equity shares, per share Rs. 10/- each)					
Basic	8.99	7.29	23%	6.27	43%
Diluted	9.16	7.24	27%	6.25	47%

REVENUE BY GEOGRAPHICAL SEGMENT			
	Quarter ended		
Particulars	31-Mar-08	31-Dec-07	31-Mar-07
	%	%	%
USA	55%	47%	50%
Europe	20%	22%	27%
Rest of the World	25%	31%	23%
Total	100%	100%	100%
REVENUE BY SERVICE OFFERING			
	Quarter ended		
Particulars	31-Mar-08	31-Dec-07	31-Mar-07
	%	%	%
APM	46%	47%	51%
BPO	5%	4%	4%
GOS	51%	51%	55%
EAS	32%	32%	30%
ITS	17%	17%	7%
Others	0%	0%	8%
Total Services	100%	100%	100%
REVENUE BY PROJECT TYPE			
	Quarter ended		
Particulars	31-Mar-08	31-Dec-07	31-Mar-07
	%	%	%
Fixed Price	32%	30%	38%
Time & Materials	68%	70%	62%
Total	100%	100%	100%
REVENUE BY INDUSTRY			
	Quarter ended		
Particulars	31-Mar-08	31-Dec-07	31-Mar-07
	%	%	%
Manufacturing & Telecom	41%	38%	37%
Retail	13%	12%	14%
Insurance, Banking & financial services	15%	16%	14%
Pharma, Textiles & Utilities	10%	9%	10%
Others	21%	25%	25%
Total	100%	100%	100%

CLIENT DATA			
	Quarter ended		
	31-Mar-08	31-Dec-07	31-Mar-07
Active Clients	273	295	236
Added during the quarter	23	17	54*
Number of Customers			
Upto U\$ 0.5 MN	254	276	222
U\$ 0.5 MN to U\$ 1 MN	12	12	8
U\$ 1 MN to U\$ 5 MN	6	6	5
U\$ 5 MN to U\$ 10 MN	0	1	1
U\$ 10 MN to U\$ 30 MN	1	0	0
Revenue- top client	26%	23%	26%
Revenue- top 5 clients	43%	46%	55%
Revenue- top 10 clients	51%	54%	69%
Account receivables-(in days)	64	67	81
* Includes ThoughtDigital's cutomers			
EFFORT AND UTILIZATION			
	Quarter ended		
	31-Mar-08	31-Dec-07	31-Mar-07
Revenue			
Onsite	69%	67%	63%
Offshore	31%	33%	37%
Utilization			
Including trainees	85%	84%	84%
PERSON DATA			
	Quarter ended		
	31-Mar-08	31-Dec-07	31-Mar-07
Technical - Onsite	942	925	1035
Technical - Offshore	2420	2297	1944
Technical - BPO	677	521	445
Marketing	86	80	75
Support	358	349	242
TOTAL	4483	4172	3741

INFRASTRUCTURE (as on Mar 31, 2008)				
	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.

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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.

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