

AZTECSOFT MAINTAINS GROWTH MOMENTUM

Posts sequential revenue growth of 8.5% in INR terms

Bangalore, April 16, 2008: Aztecsoft Limited (Aztecsoft) the leading provider of Global Software Engineering Services announced its audited financial results taken on record by the Board of Directors for the fourth quarter and financial year ended March 31, 2008. For the fourth quarter ended March 31, 2008, Aztecsoft has posted revenues of Rs. 68.71 crores and a net profit of Rs. 3.15crores on consolidated basis. Despite economic slowdown hitting the industry, Aztecsoft has been able to sustain growth momentum due to the strong fundamentals and processes in place.

The Board also recommended a dividend of 10% subject to shareholders approval.

Key Highlights:

Strong Revenue Growth - Revenues grew sequentially (Q-o-Q sequential growth) by 8.5% in Rupee terms and 7.6% in US Dollar terms.

Improved Profitability - Improved sales mix, tight control on operations and expenses, better utilization has helped the Company to improve Gross Profits from 25% in Q III-08 to 30% in QIV-08 and EBITDA from 9% in Qtr III-08 to 14% in QIV-08.

Client base growth - During this quarter, Aztecsoft added 7 new clients with a good mix of mature players and emerging clients. The total active client count stands at 84 at the end of QIV-08. The client additions include business leaders in the data management, wireless domains, etc. The quarter saw a strong revenue growth coming from new clients added in the last quarters and existing clients.

Updated "Industry Focus" Marketing Strategy - Aztecsoft has revised its go-to-market strategy, and seeks to actively target technology companies that serve the following verticals: Application Software Companies, Infrastructure Software Companies, New Media & Internet, Online Commerce, Financial Services and Life Sciences.

Human capital growth - During the current quarter, the Aztecsoft's most important asset, namely its human capital stands at 2,132 as at March 31, 2008. Blended utilization is at 77% (excluding campus/trainees recruits) and at 72% after considering campus/trainees recruits for the quarter under review. Aztecsoft also announced the appointment of Mr. Satish Venkatachaliah as Senior Vice President, Global HR, and Recruiting.

Offshore focus continues - Aztecsoft's offshore focus continues and in this quarter, the offshore revenue was at 70%, with the onsite revenues at 30%.

Strong & Liquid balance Sheet - Cash and cash equivalents stand at Rs. 75.14 crores as on March 31, 2008 and account for 42% of asset base as on March 31, 2008.

Accolades:

- **Aztecsoft ranked among the Top 10 Global IT Companies in the \$30M-\$100M range**
The Software 500 is a revenue-based ranking of the world's largest software and services suppliers. <http://online.qmags.com/SWM0907/>
- **Aztecsoft Awarded for Creative Excellence in Recruitment Advertising**
Winning the award for 'Best IT/Telecom Recruitment Advertisement' and 'Best use of Visuals in an Advertisement' at the Pink Slip Awards 2008 - [Aztecsoft's 'Techiela' ad](#) was chosen from over 400 short listed nominations.
- **Aztecsoft in Global Services Top 100 - 2008 List**
Aztecsoft has been ranked among world's most innovative service providers - has been recognized in the Global Services 100-2008 Listing. The Global Services 100 is an annual compilation of the world's most innovative service providers selected based on a research study conducted by Global Services and neoIT, an outsourcing advisory firm. Hundreds of service providers from 17 countries, with delivery centers across 31 countries, comprised the list of participants across the IT and BPO industry, including IT application services, infrastructure, FAO, HRO and contact centers.
- **ISO 27001 certificates have been obtained for all Aztecsoft's Locations in India**
Aztecsoft has implemented ISMS at all its five locations and these are certified on this global standard. Aztecsoft is one of very few companies that have all its locations ISO 27001 certified in India.

Financial Performance of Aztecsoft and its Subsidiaries

Sequential quarter review (QIV-08 Vs QIII-08)

- Consolidated Revenues for QIV-08 were at Rs. 68.71 crores and grew by 8.5% over the previous quarter that was at Rs. 63.31 crores.
- Consolidated EBITDA grew to 14% of revenues from 9% of revenues in Qtr III 08.
- Consolidated Profit after Tax for QIV-08 was at Rs. 3.15 Crores and grew by 44% over the previous quarter that was at Rs. 2.19 crores.
- On a stand-alone and amalgamated basis for QIV-08, Aztecsoft's Revenues and Profit after Tax were at 60.09 crores and Rs 3.36 Crores respectively.

Annual Performance for FY 2007-08

- Consolidated Revenues for FY 2007-08 were at USD \$ 63.05 million (Rs. 253.10 crores), registering an annual growth of 9% in US\$ terms (21% without Dendrite).
- Consolidated Profit after Tax was at Rs 17.38 Crores.
- On a stand-alone and amalgamated basis for FY 2007-8, Aztecsoft's Revenues and Profit after Tax were at Rs. 225.52 crores and Rs 17.04 Crores respectively.

Management Comments

Announcing the financial results, **Mr. K. B. Chandrasekhar, Chairman of Aztecsoft** said, “The industry has faced a tough time during FY 07-08. However, we have been able to add strategic clients with good revenue potential and strengthened our existing client relationships. We have maintained our growth all through the year and have been able to meet guidance. We would be partnering many more clients across new sectors thus expanding our portfolio and delivering superior value to our clients.”

Mr. Samir Bodas, CEO of Aztecsoft said, “We are delighted to report that QIV-08 was the best quarter this fiscal year, and we have delivered on every aspect of the operations. The year witnessed a complete strategic repositioning of the Company - we re-aligned our processes, updated our services, enhanced our technology offering, restructured the organization, upgraded our brand image, and delivered superior value to our customers. We are confident of taking the momentum forward, and deliver increased shareholder and customer value in the quarters ahead. ”

Consolidated Performance Summary for the Quarter and Year ended March 31, 2008.

Rs. Crores except % data

Parameters	Q IV-08	Q III-08	QIV-07	FY 08	FY 07
Revenues	68.71	63.31	62.25	253.10	260.99
Cost of Revenues	47.74	47.31	42.33	181.13	168.30
Gross Profit	20.97	16.00	19.92	71.97	92.69
Gross Profit %	30.52%	25.27%	32.00%	28.43%	35.51%
Administrative expenses	5.45	4.44	5.19	19.14	19.92
Selling expenses	5.96	5.67	6.28	22.63	21.57
EBITDA	9.56	5.89	8.45	30.20	51.20
EBITDA %	14%	9%	14%	12%	20%
Depreciation	4.01	3.35	3.01	13.60	11.62
Operating profit / (Loss)	5.55	2.54	5.44	16.60	39.84
Operating profit / (Loss) %	8%	4%	8%	7%	15%
Foreign exchange gain / (loss)	(4.22)	(0.28)	1.20	(1.17)	0.86
Other Income	1.08	0.74	1.15	4.09	2.76
Profit Before tax	2.41	3.00	7.79	19.5	43.40
Provision for taxation	(0.74)	0.81	1.04	2.14	4.85
Net Profit after tax	3.15	2.19	6.75	17.38	38.61
Net Profit after tax%	5%	3%	11%	7%	15%

Un-audited Consolidated Balance Sheet as on Mar 31 2008

Rs in crores

Description	As at Mar 31, 2008	As at Dec 31, 2007	As at Sept 30, 2007	As at June 30, 2007	As at Mar 31, 2007	As at Dec 31, 2006	As at Sept 30, 2006	As at June 30, 2006
Sources of funds								
Shareholders' funds								
Share Capital	13.54	13.50	13.50	13.50	13.50	13.22	13.22	13.21
Reserves and surplus	163.70	162.16	160.03	152.81	147.74	179.17	167.98	156.53
Net worth	177.25	175.66	173.53	166.31	161.24	192.39	181.20	169.74
Loan funds								
Secured loans	0.00	0.00	0.03	0.03	0.03	0.04	0.05	0.05
Deferred tax liability						-	-	-
	177.25	175.66	173.56	166.34	161.27	192.43	181.25	169.79
Application of funds								
Fixed assets								
Gross block	107.10	102.64	98.27	71.74	71.27	73.64	71.24	63.91
Less: accumulated depreciation	-52.71	-50.26	-48.22	-45.12	-42.07	-42.27	-39.45	-36.49
Net block	54.39	52.38	50.05	26.62	29.20	31.36	31.79	27.42
Add: Capital work in progress	1.17	3.17	3.15	18.97	15.60	3.51	3.13	4.29

Net fixed assets	55.56	55.55	53.20	45.59	44.80	34.87	34.92	31.71
Goodwill		-	-	-	-	36.95	36.95	36.97
Investments	52.44	48.07	50.38	51.53	45.81	36.08	32.21	38.17
Deferred tax asset	3.47	2.27	2.24	2.10	2.00	1.71	1.84	1.62
Current assets, loans and advances								
Unbilled revenue	1.98	0.54	0.73	6.16	2.72	1.27	2.27	2.32
Sundry debtors	59.56	61.04	57.67	49.81	54.51	61.40	59.92	42.65
Cash and bank balances	22.70	20.25	11.22	13.84	15.29	14.56	7.62	14.96
Loans and advances	19.79	22.99	28.02	28.24	21.85	35.73	33.88	26.73
	104.03	104.82	97.64	98.05	94.37	112.96	103.69	86.66
Current liabilities and provisions								
Current liabilities	21.41	19.01	14.72	13.40	15.79	19.64	19.14	15.29
Provisions	16.84	16.04	15.18	17.53	9.92	10.50	9.22	10.04
	38.25	35.05	29.90	30.93	25.71	30.14	28.36	25.34
Net current assets	65.78	69.77	67.74	67.12	68.66	82.82	75.33	61.32
	177.25	175.66	173.56	166.34	161.27	192.43	181.25	169.79

Important Performance Indicators (Un-audited)

Description	As at Mar 31, 2008	As at Dec 31, 2007	As at Sep 30, 2007	As at June 30, 2007	As at Mar 31, 2007	As at Dec 31, 2006	Sept 30, 06
Revenue split							
Offshore %	70%	72%	75%	75%	81%	83%	85%
Onsite %	30%	28%	25%	25%	19%	17%	15%
Client Concentration							
% of revenues from top 5	56%	52%	46%	46%	45%	49%	53%
% of revenues from top 10	70%	68%	61%	59%	58%	62%	63%
Profitability percentages							
Gross Profit%	30%	25%	30%	28%	32%	35%	38%
EBITDA %	14%	9%	12%	12%	14%	20%	23%
Operating Profit %	8%	4%	7%	7%	9%	16%	19%
PAT %	5%	3%	11%	9%	11%	16%	17%
General Expenses % to revenue	8%	7%	8%	7%	8%	8%	7%

Selling Expenses % to revenue	9%	9%	9%	9%	10%	7%	8%
Key Asset Data (Rs. Crores)							
Receivables	59.56	61.04	57.67	53.98	59.01	61.4	59.92
Net Current Assets	65.78	69.77	58.75	55.38	61.95	82.82	75.33
Cash & Cash equivalents	75.14	67.65	60.93	65.37	61.1	50.64	39.83
Fixed Asset additions	2.46	4.37	7.61	4.71	-2.37	2.4	7.33
Manpower							
Technical	1,998	2,043	1,962	1,925	2,021	2,498	2,478
Support	134	154	173	164	173	184	165
Total	2,132	2,197	2,135	2,089	2,194	2,682	2,643
Utilization							
Offshore (excluding Trainees)	75%	73%	76%	76%	74%	75%	76%
Onsite	99%	99%	98%	94%	98%	96%	98%
Blended	77%	75%	77%	77%	75%	75%	76%
Offshore utilization (including Trainees)	72%	70%	70%	70%	67%	67%	68%
Infrastructure - Space in Sq ft							
Bangalore	113,565	113,565	113,565	143,865	211,860	211,860	211,860
Pune	105,158	105,158	106,358	64,200	64,200	64,200	64,200
Hyderabad	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Total	245,723	245,723	246,923	235,065	303,060	303,060	303,060

About Aztecsoft Limited

Since 1995, Aztecsoft has built and tested over 1500 enterprise-class products. The software engineering specialist provides best-in-class development and testing services to software product companies, portals & software services providers and companies in Mobility & Wireless and financial domains - full life-cycle development, enhancement, platform re-engineering, sustenance engineering, professional services, mobile enablement, SaaS enablement, full life-cycle testing, test automation and performance testing.

It offers it's customers a unique, distributed model of software engineering that delivers speed, quality, efficiency and scalability to maximize customer's ROI.

With a client list that includes many of the largest global product companies and portals, and a wide range of emerging technology start-ups, Aztecsoft has the best combination of expertise, experience, and depth of services to make it the technology partner of choice.

Aztecsoft has won a number of industry awards for innovative HR practices from independent agencies, which is an external validation of Aztecsoft's consistent growth momentum.

To learn more about Aztecsoft, please visit www.aztecsoft.com or email marketing@aztecsoft.com.

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