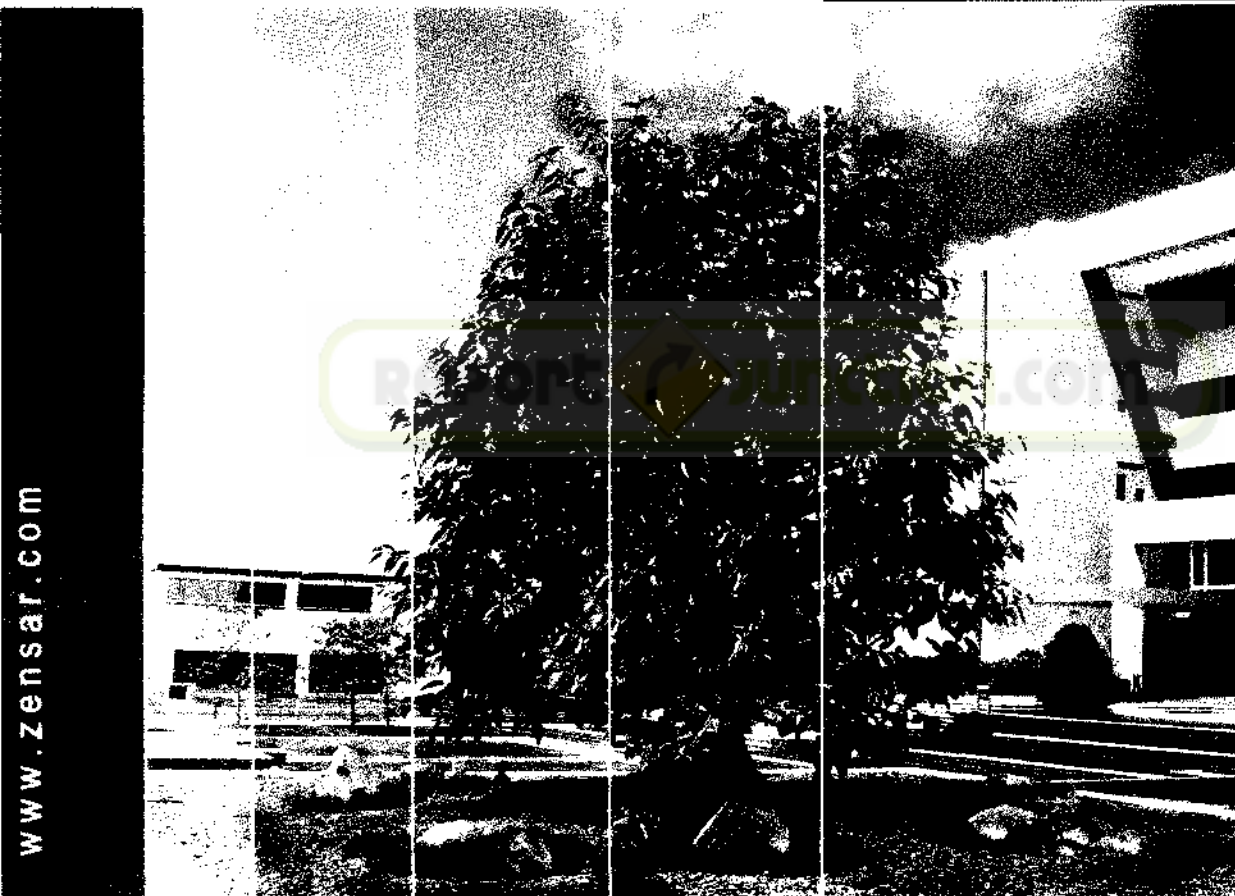


Investment for Growth



Annual Report 2005-2006

ZenSár
TECHNOLOGIES

> Vision

Transformation Partners to Global Corporations

> Mission

Leveraging technology and processes to help customers attain their goals

> Values

Customer Sovereignty

Passion for Excellence

Continuous Innovation

Transparency & Integrity

People Orientation

Social Responsibility



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Board of Directors

Mr. H.V. Goenka - Chairman

Mr. Jack Noble - Vice Chairman

Dr. Ganesh Natarajan - Dy. Chairman and
Managing Director

Mr. Arvind Agrawal - Director

Mr. P. K. Choksey - Director

Mr. John Levack - Director

Mr. Andrew MacNaughton - Director

Mr. P.K. Mohapatra - Director

Dr. Nirmalya Kumar - Director

Mr. A. T. Vaswani - Director

Mr. Petri Imberg - Alternate Director to
Mr. Jack Noble

Mr. Anthony Pipe -Alternate Director to
Mr. Andrew MacNaughton



Investment for Growth

The journey to a secure future pre-empted the need to invest in one's capabilities and strengths. Zensar in its focus to refurbish future growth identified both organic and inorganic routes in its strategy to improve its growth potential.

This year the Company continued the expansion drive to spread its India footprint and leverage locational advantages offered by Hyderabad; which was chosen on the basis of good educational infrastructure, technology skill base, infrastructure costs and scalability and the state government support among other factors. The long term objective behind setting up another development centre in India was also to build a fully equipped operational disaster recovery site for Zensar's primary operations in Pune.

As a development hub, this center will deploy Zensar's pioneering concept of an *Innovative Virtual Global Delivery Centre (VGDC)* which supports a virtual community of software professionals working from geographically distributed locations across the globe to build software solutions using Zensar's Solution BluePrint (SBP) framework. This model enables the best talent to be deployed on projects at the most competitive costs and dispenses the need for establishing and maintaining expensive brick and mortar structures to house software professionals across the globe.

Our continuous investment in future technology and services such as Business Intelligence & Data Warehousing, Infrastructure Management, Knowledge Process Outsourcing in domain consulting, Embedded Systems has started showing an upward trend and have begun to win new businesses. The organisation's core services such as Application Portfolio Management and Enterprise Resource Planning which are based on well-established, mature processes and models have continued on their growth mode adding two significant multi million dollar clients this year.

As a strategic initiative, to broaden Infrastructure Management service offerings, Zensar has partnered with India's largest IT Infrastructure Management and Technical Support Service provider.

This year saw us announce the acquisition of a SAP company called OBT with a team of 150 outstanding SAP consultants. OBT gets us firmly into the SAP services business and its excellent track record and partnerships with the SAP organization for key verticals like Pharmaceuticals and Textiles, further consolidate our SAP offering.

The strategic focus on the retail domain was enhanced by the acquisition of Seacom's Smartshop POS intellectual property rights. With this acquisition Zensar's ability to provide solutions in mission-critical areas like POS is reiterated. This will be a key enabler in offering an integrated IT and BPO value to the Retailer, which in turn will eliminate their need for multiple vendors.

The Solution BluePrint (SBP) led technology innovation continues to open doors for new business and consolidation of existing business relationships; reflected in significant increase in revenue growth from the Innovative Technology Services segment.



A consolidated growth strategy recognizes the need for infrastructure development within the organisation. Zensar today has a world class campus built in sync with the vision of progressive growth and innovation. Featured in multiple forums for architectural splendour and aesthetics, Zensar's Kharadi campus boasts of an open air amphitheatre that can accommodate as many as 1000 people. In addition to physical objects such as buildings, equipment, telecommunications and power linkages, infrastructure also includes non-physical elements such as technicians and specially qualified administrators, networks of information and supply, and information itself- data centre, lab & libraries etc, which has also been enhanced to support the high growth mode that the organisation has adopted.

At the end of the financial year, the total number of Zensarians worldwide stood at 2,859, up from 2,251 the previous year. Our employees are deployed globally in strategic customer engagements and projects.

Zensar derives its strength from its people competencies; so while our global talent pool is drawn from across cultures and geographies, as a collective body, our employees consistently embody our organisational values of innovation, passion for excellence, transparency and customer-sovereignty. To enable and sustain high performance growth, Zensar has continuously invested in talent development and management. In 2005-06, we rolled out programs to identify and groom high performers through initiatives like the Fast Track Scheme and Development Centres that provide deserving Zensarians accelerated growth and career progression opportunities. Other initiatives like 360 Degree Feedback and Mentoring have been driving the true spirit of collaboration to foster leadership development at all levels.

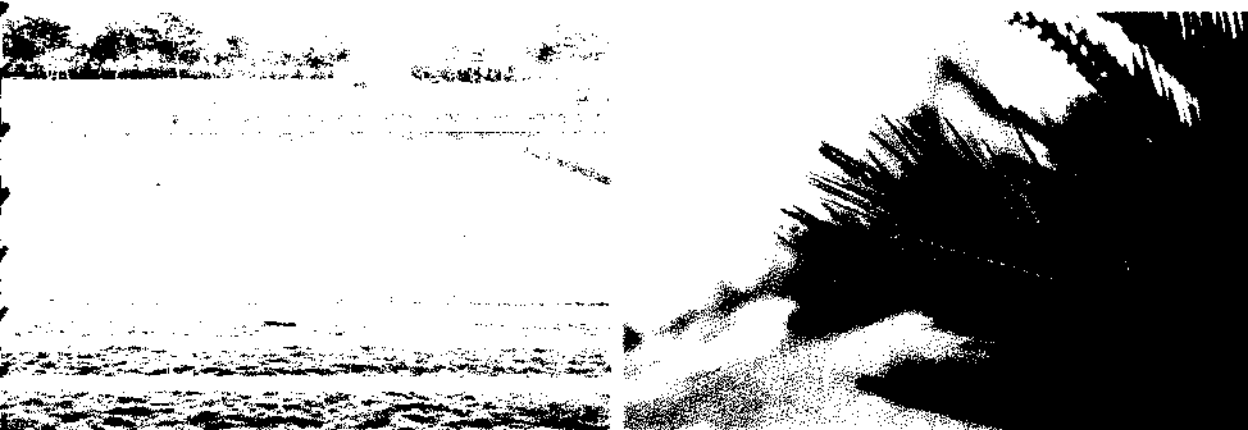
Zensar has also been continuously investing in technology to address the learning and development needs of its global employees in onsite customer locations through comprehensive e-learning programs skill upgradation and competency development.

Zensar has been partnering with NASSCOM in its strategic Industry Academia Partnership program where Zensar is engaged with reputed academic Institutions in India and globally on collaborative technology programs to develop young talent. These programs give students the opportunity to work in an industry environment, under the professional guidance of our Technology team. Zensar's technology innovation initiatives led by its SBP framework, combined with the Academic community's commitment to research and innovation has seen some strategic and fruitful partnerships established in the last year.

An essential component of our corporate responsibility is to care for the community. Zensar aims to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. The commitment to address important societal needs extends throughout our philanthropic outreach program driven by the Zensar Foundation.

The Zensar Foundation has taken up several initiatives in a short span to improve living conditions of the neglected, and to make a positive difference in their lives. The Foundation has adopted Ambedkar Nagar, a small community near the Zensar Campus for a sustained community development program. The Foundation today comprises employees from Zensar, as well as socially active individuals from the world of social philanthropy. Financially, the trust is reliant on employee contributions and funds contributed by the Company.

Zensar realizes that planned and strategic investment is essential to build a strong and secure organisation. Thus by investing in new centres, services, infrastructure, technology and people, we are following the high trajectory of growth in all aspects.





Chairman's Overview

Technology today has propelled changes in how and where people live, work and spend time. Thus for technology companies the responsibilities are staggering. It is an extremely tall order to be able to recognize the game-changing nature of IT, to have the acumen and skills to navigate the organization to the right decisions, and to then have the technical know-how and skill in execution, to deliver the promised.

As global sourcing matures and demand for multi-country delivery capability increases, newer sourcing destinations are being explored; however India continues to deliver on the promise of quality solutions. The future holds significant opportunity for India - much larger than the targets the industry has set for itself. Key stakeholders have initiated efforts to ensure that Indian IT-ITES achieves its full potential. Understanding the need of the hour, building a great team and having an impact on the technology landscape at a global level will determine the future of the industry. The key to successful offshore outsourcing now is in providing a long-term solution delivering sustained cost savings, increased quality and improved customer focus. The customer orientation, aggressive growth strategies, marquee client list and strategic partnerships that Zensar has entered into in the previous year reflects that its focus is not just great technology, but bottomline business impact through quality and innovation.

The management team at Zensar has put the Company on the path to high growth and higher levels of profitability. We stand poised to carve out some unique niches for ourselves and have begun to monetise our innovation investments. I am confident that the future is going to be even better and the best is yet to come.

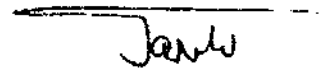
Harsh Goenka

CEO's Note

We have come a long way since January 2005 when we first embarked on the new SBU model. The consolidated profit has been the highest in the Company's history and demonstrates the success of the new innovation strategy of the Company. The Company's SBU structure has driven the intended growth in new business areas and has significantly improved profitability while continuously driving new business acquisition. It has been a good year achieving significant milestones of growth through acquisitions, expansion into new service areas and signing large deals with global corporations. Zensar's innovative Solution BluePrint framework continues to enhance productivity and win new customers. Our relentless focus on Innovation has also seen us acquire OBT with its ready-to-use solution templates for SAP in Pharmaceuticals and Textiles, and launch comprehensive Process Outsourcing services for global retailers that combines the best of capabilities in IT and BPO.

Our strategic direction is unique - we have built a three horizon planning model that exploits mature business for better profits and explores new opportunities using flexible processes and innovation, helping win many new customers in new domains and markets. This dual focus on Exploitation of core services and Exploration of emerging services has seen Zensar evolve as a truly ambidextrous organisation ready to take on the new challenges that confront the industry every day.

There is more, much more that Zensar can and will deliver - in the years to come !



Ganesh Natarajan



Leadership Team



Ganesh Natarajan
Deputy Chairman and Managing Director

Dr. Ganesh Natarajan is Deputy Chairman and Managing Director of Zensar Technologies Limited. Ganesh has been one of the most successful professionals in the Indian Information Technology Industry, having earlier been part of two major success stories in NIIT and APTECH. Ganesh was named 'CEO of the Year' by the Asia Pacific HR Conference in 1999 and received the Wisitex Foundation's 'CEO of the Decade Knowledge Award' from India's Minister for Information Technology in 2000. Ganesh was also the finalist at the Ernst & Young 2005 Award where he was recognized for exceptional entrepreneurship.

Ganesh chairs the Outsourcing Forum of the Confederation of Indian Industries in Western India and is also a member of the Executive Council of NASSCOM. He has been elected Chairman of the NASSCOM Innovation Forum for 2005-07.

Ganesh is an alumnus of the Indian Institute of Technology, Bombay and the Harvard Business School.



Parmod Bhalla
Chief Operating Officer

Parmod has had a long and illustrious career in the Indian Software industry in large organizations like HCL and Blue Star as well as in entrepreneurial start-ups. He was Vice President and a core member of the strategic initiatives group in HCL Corporation where he worked with Chairman Shiv Nadar to structure various joint ventures and new business activities for the group.

His previous assignment saw him as Managing Director of Blue Star Infotech Limited, growing revenues, manpower and profits significantly and winning endorsements from the stock market and industry analysts like the Gartner group.

S. Balasubramaniam
VP and Chief Financial Officer

S. Balasubramaniam has over 25 years experience in Finance and Commercial functions. He started his career in Dunlop India Limited and then took over as General Manager Finance of Harrisons Malayalam Limited, Cochin. Previously at RPG Life Sciences, Mumbai, as Vice President, heading the Finance, Secretarial and Materials portfolio, he made significant contributions in scripting the remarkable turnaround in operations.



Vivek Gupta
Senior VP and Head Global Outsourcing Services

Vivek started his career in India with Zensar and then moved overseas to England in 1993. Over the years, Vivek successfully grew Zensar's business virtually from its inception to a mature Europe-wide operation spread across the UK, Central & Eastern Europe and the Nordic countries. Before taking over his current role as head of the Global Outsourcing Services (GOS) business unit Vivek was managing Zensar's business across both Americas and Europe.



Nitin Parab
Senior VP & Head Enterprise Application Services

Nitin is a postgraduate in Computer Applications from VJTI, Mumbai. Nitin has had a distinguished track record in the organization, having established Zensar's Oracle application practice in USA. He was also instrumental in setting up the Enterprise Application Services in India, Australia and Europe.



Aamod Wagh
Senior VP Global Outsourcing Services

Aamod has over 20 years of experience in the IT industry which includes senior management positions with organisations like LG and Datamatics. Aamod has been with Zensar since 2001 where he has been involved in setting up and consolidating Zensar's presence in China, South Africa, Middle East and the UK. Over the past 2 years, Aamod has also been responsible for setting up and heading Zensar's BPO business unit.





V. Balasubramanian

Senior VP & Head Asia Pacific, Continental Europe & MEIA

Bala is an Industrial Engineer with significant experience in Consulting, Training, Business Development and General Management. He brings with him tremendous marketing acumen and leadership skills. His last stint has been at Aptech Limited where he rose from being a Business Transformation Consultant and Regional Manager to an Executive Director on the board of the Company.



Ramesh Kodali

President, OBT Global Inc

Ramesh is responsible for the management and growth of the OBT Indian Offshore IT Center and supports the US business operations. The New Jersey-based SAP services provider, OBT Global Inc, and its offshore affiliate in Hyderabad, OBT Global Private Limited, were recently acquired by Zensar Technologies.

Report Junction.com



Dilip Ittyera

VP & SBU Head Innovative Technology Solutions

Dilip's previous assignment was with Calkey Technologies Inc, a Silicon Valley start-up, focused on innovative software products, where he was the Head of India Operations. Prior to this, Dilip was the head of one of the two divisions of Hexaware and held a Senior Management position at Aptech. At Zensar Dilip heads the ITS SBU which provides Product Engineering, Application Modernization, Embedded Systems and services at Zensar.



Sanjay Hora

Chief Technology Officer

Sanjay began his career with HCL Limited and later moved to Hong Kong to work with Swiss Bank Corporation and then worked with UBS Warburg in London. In the recent past, Sanjay has been delivering process management solutions for various clients including Barclays Capital. Sanjay's key achievements have been architecting and implementing complex and high volume transactional platforms in the investment banking domain, distributed computing, grid computing, and business process management systems.