

Next Generation IT Enterprise Innovation

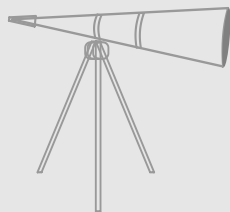
2011
ANNUAL REPORT

“It is not the strongest of the species that survive, nor the most intelligent, but the one that is most responsive to change”

- Charles Darwin

Zensar Technologies is a leading provider of information technology and business process outsourcing services, with a sharp focus on delivering solutions that generate business value for our clients. We view each client relationship as a true partnership - our unique 'transformative' value propositions, focuses on benefits well beyond cost and process improvement efforts. We strive to achieve a shared vision of performance that yields tangible returns in terms of innovation, growth and increased efficiencies for our customers. Zensar is seen today as a valuable change partner for enterprises to drive transformation by providing innovative technology solutions that improve business outcomes.

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Vision

Transformation partners
to global corporations

Mission

Leveraging technology and
processes to help customers
attain their goals

Key financial highlights, 2010-11

1138.29

Turnover (Rs.Cr)

131.73

Post-tax profit (Rs.Cr)

14%

Operating profit (%)

29.14%

Return on capital
employed (%)

3.5

Dividend per
share (Rs.)

103

Book value
per share (Rs.)

0.53%

Debt equity ratio

Corporate Profile

Zensar Technologies (Zensar) is a globally renowned software and services organisation that specializes in providing a complete range of IT Services and Solutions. Zensar is ranked amongst India's top 20 software companies by NASSCOM and is also recognised by the Department of Scientific and Industrial Research (DSIR) for its robust in-house Research and Development practices and an acknowledged leader in Innovation. The services range from the traditional to the transformational - enterprise product implementation and hosting, business intelligence and data warehousing, collaboration and knowledge management services, business process outsourcing and optimisation, remote infrastructure management and testing, and the entire range of applications planning, portfolio building, development, migration and support. With over 6000+ associates and 400+ customers, Zensar helps transform Global Corporations.

Geographic Spread

Zensar is the world's first enterprise-wide SEI CMM Level 5 Company and enjoys a strong presence in the United States, Europe, Africa, Middle East and Asia-Pacific regions. The organisation has witnessed steady growth in all geographies, and the opening of a Delivery Centre in Shanghai, China representing the expansion of Zensar's Global Delivery Platform to cater to the growing demand of innovative technology business solutions. Zensar also launched its first Intellectual Property Showcase Centre in Delhi to bring the complete range of transformation services and easily deployable solutions to Indian customers. Additionally, a third centre in Hyderabad was also launched to help support and develop solutions for both global and local customers. With over 14 nationalities operating in more than 20 global locations, Zensar truly is the transformation partner to Global Corporations.

Clientele

Zensar enjoys enduring relationships with global leaders like Cisco, Assurant, Danaher Corporation, Electronics Arts and Logitech, among several others. Zensar's customers are spread across various industry segments like Manufacturing, Retail, Banking and Insurance, High-Tech manufacturing and Connected Services. Zensar has evolved from an implementation partner of enterprise business solutions to a Platinum Partner in the Oracle® Partner Network providing customised solutions to meet industry demands better.

Highlights, 2010-11

- Gross revenue increased 19 percent from Rs 952.75 Cr in 2009-10 to Rs 1138.29 Cr
- Net Income grew from Rs 127.56 Cr to Rs 131.73 showing a 3% growth y-o-y
- EPS increased 8 percent from Rs 28.28 in 2009-10 to Rs 30.47
- The company has added 12 new customers in this quarter, four in emerging territories that have the potential of becoming multi-million dollar accounts in the coming year and 112 customers in the year
- The Company for the second consecutive year has been awarded the Platinum - Level Partnership for Extreme Networks' 2010
- Zensar Technologies was awarded the Asia Responsible Entrepreneurship Awards (AREA) Investment in People Award 2010 and received the Golden Peacock Award for Corporate Social Responsibility in 2011



With the increase in technology spending and the changing pattern of outsourcing contracts, I am confident that Zensar will be able to secure larger deals focused on emerging verticals and geographies

Statement from Mr. Harsh Goenka, Chairman

Chairman's Note

India is among the few economies that stood tall after the global financial crisis mainly due to the country's favourable population demographics, greater domestic consumption, and inherent resilience. India's GDP is expected to grow more than 8 per cent between 2011 and 2015 and the IT market is expected to outpace the same. Increasingly customers are looking at India more and more as a strategic partner in specific business areas to drive productivity gains and business outcomes. Domain expertise, process excellence, the ability to leverage technology and greater scalability are becoming key differentiators for countries as well as companies to compete and win in the outsourcing business.

Since 2009, as a result of an altered demand landscape, the IT sector had begun to transform itself by actively diversifying beyond core offerings and markets through new business and pricing models. The industry began specializing in end-to-end service offerings with deeper penetration across verticals, transforming process delivery through re-engineering and enabling technology. Innovation through research and development and inclusive growth by developing targeted solutions for the domestic Indian market has also become important for the sector. I am glad that Zensar has been quick to spot

these opportunities and build a strategy and structure that will support its new growth ambitions.

With the increase in technology spending and the changing pattern of outsourcing contracts, I am confident that Zensar will be able to secure larger deals focused on emerging verticals and geographies. In the emerging markets of Asia Pacific, India and Rest of World regions the outsourcing focus was not only on cost, but also value and on the scale of transformation that could be achieved by working with Zensar. The investment made to create intellectual property in the organisation and bringing in non-linearity is also expected to be a key driver for growth. The ultimate test for transformation through innovation for Zensar today is to create a sustained impact on client revenues through a model that can identify new growth engines and usage of technical and domain capabilities. This calls for development of products, tools, technologies and processes that can be used for multiple clients, and the organisation is well poised to capitalize on this as the next wave of growth.

Sincerely
Harsh Goenka

Zensar's success in the last decade has been the focus on Innovation and the outcomes have been rewarding for all stakeholders that Harvard Business School is now developing a new case study focused on this area



Statement from Dr. Ganesh Natarajan, Vice-Chairman and CEO

CEO's Note

This has been a good year for Zensar. We have met and exceeded our goals in all areas - revenues from existing clients, addition of new clients and addition and retention of manpower. The crowning glory in the last quarter was the acquisition of PSI Holdings Inc with their flagship company Akibia now adding tremendous capability to our Infrastructure Management business worldwide.

We have moved to a new business model with five vertical domain business units for Manufacturing, Retail, Insurance, Banking and Connected Services, supported by Strategic Services units for Consulting, Business Services, Infrastructure Management, Application Development and Maintenance, Testing and Enterprise Technologies and Applications. This move gives us a sharp focus on customer domains and enables us to provide end-to-end services to them.

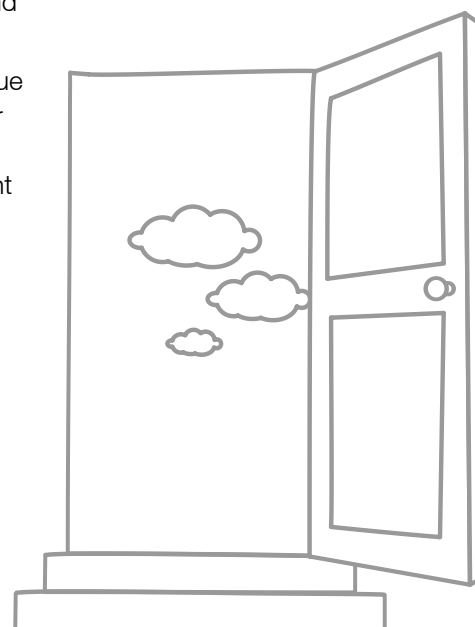
Zensar's success in the last decade has been the focus on Innovation and the outcomes have been rewarding for all stakeholders that Harvard Business School is now developing a new case study focused on this area. Our global delivery platform where centres in India, China, the USA and UK collaborate to give a seamless experience to the client has been one differentiator for Zensar to attract and enable new clients.

In an environment where margins are under some pressure, we will continue to look at incremental innovations in our business model, key customer-centric processes and talent management as well as architectural innovations to capitalise on the Cloud phenomenon.

Our R&D team members are working at the leading edge of new technologies and methodologies and each vertical domain unit is looking at opportunities to build intellectual property. The success of our template based approach in SAP has led both SAP India and US recognising our capabilities and offering higher levels of partnership. A new talent management thrust will see us developing stronger entrepreneurial and leadership skills in all geographies and verticals and build a stronger organisation.

Zensar's pillars of strength continue to be the quality and loyalty of our customers, innovation and the quality of teams. Our management team has held together over the years and continues to stay committed to growth, profitability and shareholder value

Sincerely
Ganesh Natarajan



Leadership Team



Dr. Ganesh Natarajan
Vice Chairman and CEO



Vivek Gupta
Chief Executive, GTS and
Vice Chairman, Akibia



Nitin Parab
Chief Executive, EAS



Hiren Kulkarni
Head, BPO



Thomas Willson
Chairman, Akibia



Thomas Tucker
President and CEO,
Akibia



Krishna Ramaswami
Head, Strategic Services



S. Balasubramaniam
Chief Financial Officer



Gopalji Mehrotra
Head, Human Resources

Board of Directors

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman and CEO

Arvind Agrawal
Director

P. K. Mohapatra
Director

P. K. Choksey
Director

A. T. Vaswani
Director

John Levack
Director

Venkatesh Kasturirangan
Director

Niraj Bajaj
Director

Management Council

■ **Prameela Kalive**
Head, GTS - IMEA

■ **Gurdeep Grewal**
Head, GTS - Europe

■ **Ben Pastro**
Head, Strategic Accounts,
EAS (Oracle)

■ **Nagan Raman**
Head, GTS - Americas

■ **Aditi Bhargava**
Sr. Manager -
Strategy, Merger and
Acquisition

■ **Charles Lennard**
Head, EAS - Europe
and Middle East

■ **J.Parathasarathi**
Head, GTS - APAC

■ **P. Mohan**
Head, Process and
Standards Organisation

■ **Prakash Tripathi**
Head, Sales and
Marketing, EAS (SAP)

■ **Ajay Bhandari**
Head, EAS Deliveries (Oracle)

■ **Ravi Ramanathan**
Head, GTS - Japan

■ **Sanjay Marathe**
Head, Delivery, GTS and CTO

■ **Sandeep Suryavanshi**
CIO

Winning through Innovation

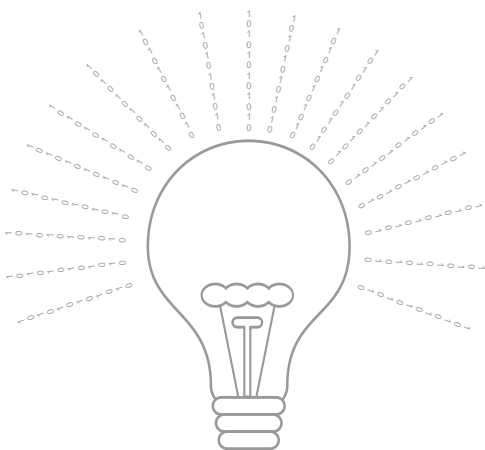
Over the years Zensar has been able to overcome the problems of a predominantly onsite model, technology focus and an undifferentiated value proposition that characterised most smaller software companies in the early part of this decade, to build a world class practice-based integrated offshore IT and BPO firm today because of that exhilarating adrenalin coursing through our veins - Innovation!

Innovation at Zensar is epitomised by our path breaking framework - Solution Blue-Print (SBP), which has won applause and business in areas like Migration, Development, Maintenance and Embedded Systems and Product Development from all markets over several years and has been an essential component of our growth strategy. Our indigenous SBP capabilities have been tested by the most discerning of partners and customers and have come through with flying colors. In other areas of business too, Innovation has added new practices like Infrastructure Management, Testing and Business Intelligence into our service portfolio and helped us grow projects in traditional markets of USA and UK to new and emerging geographies and verticals.

While Innovations such as SBP was being nurtured in the organisation, we continued to look at incremental

innovations in our business model and focused on initiatives like the Vision Community, Open houses and other ideas forums to look at key customer - centric processes and talent management as well as continued to find ways to build architectural innovations to capitalise on trends such as Cloud and Collaborative technologies.

The Technology Innovation Group (TIG) is recognized R&D unit by the Department of Scientific and Industrial Research, Govt of India. The team today has members who are working at the leading edge of new technologies and methodologies and each vertical domain unit in Zensar is building on this framework of radical innovation to build intellectual property. In addition to the SBP there have been multiple streams of Innovation in Zensar in practices and verticals such as the Tzen, AutoZenics™, Xvert, and Smart Shop™ that deliver according to customer needs, creating products aimed at growing emerging markets and creating a substantial revenue impact for the organisation.





Vivek Gupta
Chief Executive -
Global Transformation
Services and
Vice Chairman - Akibia

Zensar's strength in addition to innovative idea generation has been in developing the corresponding set of capabilities necessary to monetize these ideas in a timely manner

Zensar: building a framework for innovation

As businesses face increased competition and new challenges, innovation and successful exploitation of new ideas will become the key to success. At Zensar, we have created an environment which fosters innovation by harnessing talent of subject matter experts, capabilities of business partners and by leveraging latest technologies. Our deep understanding of the Manufacturing, Banking, Insurance, Retail, Media and Connected Services industry verticals, coupled with our wide portfolio of innovative technology solutions, have helped global enterprises reduce their IT costs while building an efficient, flexible and agile environment for the future. We are ready, more than ever before, to help our customers transform their businesses by understanding their needs and implementing tailored solutions that support business growth and increase efficiency.

Zensar's expertise, global footprint, outstanding customer relationship and focus on innovation have given us a distinct advantage with our customers over the years

Zensar: turning market trends into strategic advantages

The Internet and now Web 2.0 have transformed social and business relationships and capitalising on these changes new market entrants have started to compete aggressively with established institutions increasingly stretching resources and budgets. In this environment, business growth can be achieved through efficient customer-facing strategies, a better understanding of corporate needs and by capitalising on the use of electronic channels and smart, new social media strategies. Zensar helps customers with the highest level of customer service while controlling costs and improving return on investment through non-linear models. With reliable IT systems and advanced technology consultancy Zensar's customers have transformed business strategy to optimise client relationships and achieve greater efficiency.



Nitin Parab
Chief Executive -
Enterprise Application
Services

As challenges mount many companies want to optimise their businesses, but are unsure of how to implement it. Zensar's approach has been to successfully exploit new ideas through a domain focused approach and implement quality processes enabling optimisation and increased cost efficiencies



Hiren Kulkarni
Head - Business
Process Outsourcing

Zensar: The quest for process optimisation

In today's consumer-centric world, choice is immense. You can attract and retain customers, only through an understanding of their unique aspirations. This is where the interplay of customer information and technology plays a valuable role. With the right platform, enterprises can establish a real-time, single view of customers that can be used to deliver tailor-made services. Zensar has been able to help its customers cement life-long relationships with their customers, grow new revenue streams and reduce churn by capitalising on our unique platform BPO solutions.



Sanjay Marathe
Head - Delivery,
Global Transformation
Services and
Chief Technology Officer

Our long-term commitment of developing business relationships and uncovering radical shifts in business is the underlying philosophy behind our innovations. We are now helping some of our partners and clients develop their own range of innovations

Zensar: Today's priority is to help businesses to grow revenues through continuous innovation

With an upswing in technology expenditure in India and global markets and IT and BPO companies looking at products and templatised solutions to significantly increase marketing and service efficiencies. Zensar intends to be a leading player in this market by diversifying beyond core offerings and markets through its non-linear business models. Products and templates created at our Technology and Applications Innovation centres in Pune and Hyderabad will enable SMEs and other customer segments to avail of hosted solutions complimentary to our product and solution sales to complement the manpower intensive service offerings which will be a key component of the strategy in the years to come.