

Poised for Leadership

ANNUAL REPORT 2012

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Key financial highlights, 2011-12

1782.48

Turnover (Rs.Cr)

158.7

Post-tax profit (Rs. Cr)

237

Operating profit (Rs. Cr)

13.3%

Operating profit (%)

30%

Return on capital employed (%)

7

Dividend per share (Rs.)

132.6

Book value per share (Rs.)

0.42

Debt equity ratio

Vision

Transformation partners to global corporations

Mission

Leveraging technology and processes to help customers attain their goals



Corporate Profile

Zensar Technologies (Zensar) is a globally renowned software and services organization 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 seen today as a valuable change partner for enterprises to drive transformation by providing innovative technology solutions.

Zensar's industry expertise spans across Manufacturing, Retail, Healthcare, Banking and Insurance. The services range from the traditional to the transformational - enterprise product implementation and hosting, infrastructure management and testing, business intelligence and data warehousing, collaboration and knowledge management services, business process outsourcing and optimization, and the entire range of applications planning, portfolio building, development, migration and support. With over 7000+ 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, UK, Europe, Africa, Middle East and Asia-Pacific regions. The Company's Delivery Centers are located across continents in Westborough (US), Slough (UK), Veenendal (Netherlands), Johannesburg (South Africa), Pune and Hyderabad (India), Shanghai (China) and Tokyo (Japan) to service global customers.

→ 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, and Healthcare. Zensar has evolved from an implementation partner of enterprise business solutions to a Platinum Partner in the Oracle® Partner Network providing customized solutions to meet industry demands better. The Company has also been recognized by SAP as a Gold Partner, Strategic Value Added Reseller (S-VAR) and Master Value Added Reseller (M-VAR) in the US. Zensar has also signed an agreement with Google to provide Google Apps Solutions in the APAC region.

→ Highlights, 2011-12

- Gross revenue increased 56.6% percent from Rs 1138.30 Cr in 2010-11 to Rs 1,782.48 Cr in 2011-12
- Net Income grew from Rs 131.73 Cr to Rs 158.70 Cr showing a 20.5% growth y-o-y
- The company has added 17 new customers in this quarter, and 112 customers in the year
- Average revenue growth over the last five years stands at 25.24% and profit growth at 23.65%

Leadership Team



Dr. Ganesh Natarajan
Vice Chairman and CEO



Nitin Parab
Chief Executive & Global Head
Enterprise Transformation Services



Vivek Gupta
Chief Executive,
Infrastructure & Business Services
& Executive Chairman, Akibia



S. Balasubramaniam
Chief Financial Officer



Sanjay Marathe
Head - Strategic Services Unit
and Chief Technology Officer



Yogesh Patgaonkar
Executive Vice President -
Human Resources



Prameela Kalive
Senior Vice President,
Strategic Services



Ajay Bhandari
Chief Corporate
Development Officer

Board of Directors

H. V. Goenka
Chairman

P. K. Mohapatra
Director

John Levack
Director

Dr. Ganesh Natarajan
Vice Chairman and CEO

P. K. Choksey
Director

Venkatesh Kasturirangan
Director

Arvind Agrawal
Director

A. T. Vaswani
Director

Niraj Bajaj
Director

Management Team

Aditi Bhargava
Sr. Manager - Strategy,
Merger and Acquisition

Deepanjan Banerjee
Senior Vice President
Global Head Manufacturing
& Media

Gurdeep Grewal
Senior Vice President
Head Europe Middle East
and Africa

Hiren Kulkarni
Senior Vice President
Global Head - Business
Processing Outsourcing

Krishna Kumar
Vice President
Global Head Retail

Krishna Ramaswami
Senior Vice President
Global Head Healthcare

Mohan Hastak
Senior Vice President
Global Head
Banking Financial Services
and Insurance

Tom Tucker
President & Chief Executive
Officer, Akibia

Vijoy Varghese
Vice President
Head Asia Pacific



Statement from
Mr. Harsh Goenka,
Chairman

Dear Shareholders,

The global economy at large has been going through a challenging phase with macro economic uncertainties, and low consumer confidence in FY 2011-12, precipitated by the downturn in developed markets. Current economic conditions are fostering investment in technology as emerging markets are increasing their demand for technology to fuel growth and advanced markets seek new ways to cut costs and drive innovation. Corporations worldwide continue to look at global sourcing not only as a cost saving option, but increasingly to enhance competitiveness, time-to-market and drive business productivity. As a result, global technology spending continued its ascent in 2011 and demand for global sourcing for IT and BPO services remained strong.

The global outsourcing market recorded a healthy growth driven by record contracting activity in small size contracts, as organisations sought to maximize returns and at the same time try out new models and service offerings. This decisive shift towards smaller contract deals is coupled with strong growth from the EMEA region. A change in the overall structure in global sourcing is expected as organisations embark on a journey with enhanced focus on the customer. With customers demanding more immediate value from IT and forward-looking strategies that support growth and innovation, IT service providers are adopting agile methods through ongoing innovation, renewed partnerships/alliances and new business models.



With a new mission firmly in place, Zensar now embarks on a growth trajectory. In this journey the company will leverage its long term focus on innovation and non-linear growth while its current operational strengths are expected to ensure that the organisation is steadfast in meeting objectives. The Company has drawn a charter to invest in identified growth drivers defined under the four verticals of Manufacturing, Retail, Banking and Insurance and Healthcare and service areas of Infrastructure Management, Cloud, Mobility and Social Media.

Zensar rolled out its new and focused verticalised innovative solution strategy during the year and integrated the onsite Data Center and Information Security services of its acquired company, Akibia with its Remote Infrastructure Management service line. These moves are in line with the Company's long-term strategy of building specific offerings across various lines of business thus embarking on an ambitious plan to be the next generation global industry player.

The Cloud Services Charter in the organization will enable Zensar's customers redefine the way they deliver value to their customers. The company's expansion in emerging geographies has also been quite rapid and Zensar intends to consolidate its position in Asia Pacific, Middle East and South African markets. The combined effect of all these factors is expected to help Zensar grow faster in enhancing its integral position in the service delivery landscape.

Sincerely

Harshvardhan Goenka





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

Dear Shareholder,

It is my privilege to announce this year's financial results through the Annual Report of our Company, which has achieved encouraging financial results, in spite of the challenging business environment. The revenue recorded a robust annual growth of 56.6% to Rs 1,782.48 Cr in 2012 from Rs 1138.30 Cr in 2011 including Akibia revenues. Zensar recorded 19.7% revenue growth and 5.4% profit growth over the previous year on an organic basis without Akibia.

The growth in dollar terms was 47.4%, reaching US\$ 372 Million driven largely by 50.2% volume increase, aided by increased realized bill rates as well as currency benefits, despite 8.4% shift in favor of onsite. Profit from Operations (Profit before Exceptional items, Exchange Rate Difference, Interest, Other Income and Provision for Taxation) was at Rs 2,03.71 Cr in 2012 as against Rs 124.77 Cr in 2011, growth of 63.3%. Profitability rose to 1.2 times, driven by significant SG&A leverage, higher realized bill rates, improved margin from higher offshoring, higher utilization as well as currency benefits. Profit after Tax stood at Rs 158.70 Cr in 2012 as compared to a profit of Rs 131.73 Cr in 2011, growth of 20.5%. The revenue of the standalone legal entity increased by 24.5% to Rs 700.17 Cr in 2012 from Rs 562.57 Cr in the previous year and net profit after tax was Rs 94.55 Cr as compared to a profit of Rs 88.48 Cr in 2011, an increase of 6.9%.

Zensar continued to retain its position as a leading global

organization in 2012, by increasing its competitiveness through focus on verticalisation, service line expansion, innovation, emerging markets and nonlinear growth strategies. During the year 2012, 112 new clients were added and the Company billed 55 clients US\$ 1 Million or more each. Of these, 46 clients were in the range of US\$ 1-5 Million, seven clients were in the range of US\$ 5-10 Million, one client was in the range of US\$ 10-20 Million and one client billed more than US\$ 20 Million. In the next Fiscal, we intend to drive our growth through securing new wins with existing clients and winning new orders through initiatives such as Cloud Social Media and Mobility services and by firmly establishing ourselves in new verticals of Healthcare, and strengthening our market presence in UK, Middle East and Australia.

Zensar has transferred Rs 80.00 Cr to General Reserve higher than Rs 75.00 Cr transferred in the previous year and with this addition, the total General Reserve as on March 31, 2012 is at Rs 305.98 Cr. Furthermore, the balance in the P&L Account is Rs 65.87 Cr. Your Company has adopted AS-30 principles of recognition and measurement for ascertaining fair value of forward exchange contracts and derivative contracts and the year-end Hedging Reserve stood at a loss of Rs 8.07 Cr, as compared to a profit of Rs 3.20 Cr in the previous year. This was due to the large depreciation in the Rupee-Dollar exchange rates in the last four months of the year. In summary, total reserves stood at Rs 374.03 Cr, including Rs 2.17 Cr of Securities Premium account.

The paid-up Share Capital of your Company as on March 31, 2012 was Rs 43.41 Cr comprising 4,34,09,774 Equity Shares of Rs 10/- each. During the year 2012, 1,05,988 shares were allotted under ESOP under different schemes. The market capitalization of your Company as on March 31, 2012 was at Rs 781.16 Cr (US\$ 154 Million). The market capitalization is calculated on the basis of closing price of Rs 179.95/- on the National Stock Exchange and the closing exchange rate of 1 US\$ = Rs 50.88 as of March 31, 2012. The market capitalization of your Company as on April 25,