

Poised for Leadership

ANNUAL REPORT 2012

Management Review

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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,

2012 was at Rs 844.10 Cr (US\$ 160 Million). The market capitalization is calculated on the basis of closing price of Rs194.45/- on the National Stock Exchange and the closing exchange rate of 1 US\$ = Rs 52.70 as of April 25, 2012.

During the year, to drive our growth momentum, we increased our global headcount to 7121 with 976 net additions world-wide - mainly across our multiple development centers operating offshore (ODCs). Going forward, in 2012, your Company also plans to induct about 1500 employees across various onsite and offshore locations. Investments in best-in-class infrastructure is yet another employee engagement initiative your Company takes pride in, and indicative of its passion to motivate a dynamic team to provide quality support for its global sales and delivery operations. In 2012, your Company initiated the work for its Bengaluru delivery centre with a seating capacity to accommodate 124 employees. All the up-gradation of existing infrastructure is done with the singular purpose of providing quality ambience and work environment to yet another section of our stakeholders -the employees.

The cash generated from operations in 2012 was Rs 173.84 Cr. Receipts from Treasury operations (interest and MF dividend) were Rs 2.90 Cr. The Company has invested Rs 26.62 Cr in fixed assets. During the year, your Company repaid the loan taken from Royal Bank of Scotland amounting to Rs 24.59 Cr plus interest on loans, amounting to Rs 3.97 Cr. As of March 31, the cash position of the Company was Rs 174.48 Cr, equivalent in US\$ 34.3 Million; including the Mutual Fund investments (cash equivalent), the total cash and cash equivalents was at Rs 221.30 Cr equivalent to US\$ 43.5 Million.

As I conclude, I am pleased to announce that this stellar performance has helped us reward our shareholders with a final dividend of Rs 4.00 per share (40%) subject to the approval of the shareholders. This brings the total dividend for the year 2012 to Rs 7.00 per share (70%) on the expanded equity share capital post 1:1 bonus issue of equity shares in 2011, up from Rs 3.50 per

share for the year ended 2010-11. I thank you for your continued support and co-operation and will look forward to the same in the future.

Sincerely,

Ganesh Natarajan

Global Presence



 **Delivery Centre**
 **Sales Office**

*** Corporate Headquarters**

Strengthening the Organization

Infrastructure Management Practice:

Infrastructure Management (IM) has consistently been the fastest growing segment within IT services - an average of nearly 19 per cent over the last five years. As a result, its share in the overall IT services segment has increased from about 15 per cent in FY2008 to about 17 per cent in FY2012. The latest impetus for Infrastructure outsourcing has come from Cloud Computing/Virtualisation technologies that are enabling everything-as-a-service. This trend has resulted in the increase in demand for data centres - another key candidate for IS outsourcing services.

IM is an area of growing emphasis for Zensar, presenting a tremendous opportunity for rapid growth. The acquisition of Akibia last year has enabled joint capabilities leveraging both onshore and offshore services in addressing discrete engagement opportunities. The enhanced capability for infrastructure-oriented services has matured from remote management to encompassing support for end to end consulting services delivered on-site. In the past 12 months, the company has augmented its global footprint with customers in diverse fields as navigation systems, software manufacturing, hospitality, video game publishing and prescription generic drugs in addition to the core company verticals of Banking, Insurance, and Retail. Zensar has also been selected as a preferred infrastructure management partner for one of the

leading manufacturing companies in the USA. The practice continues to maintain a healthy pipeline across territories and verticals for their independent services while exploring synergies with the new services. The Company will continue to make investments in strengthening its Infrastructure Management capability especially in the key area of Security and Compliance which is expected to grow significantly as Organizations increasingly move their Infrastructure to the Cloud.

Application Management Services:

Application Management System remained the largest segment, with a revenue share of over 47 per cent, followed by systems infrastructure with 28.8 per cent and application development and deployment software forming the remaining part of the pie. With buyers looking to get 'more' from 'less', there is extreme pressure on IT services provider to mould offerings utilising social networks as a communication channel and incorporating mobile functionalities to drive business growth.

Zensar has had a stronghold over AMS and has emerged as a full service player offering traditional services like application development and maintenance to testing, infrastructure, consulting and system integration, as also a provider with niche capabilities in AMS offering end-to-end services in particular verticals or customer segments. The organisation is now focusing on moving further up the value chain by positively impacting business outcomes and customer revenues through technologies such as Cloud, Mobility and Social Media. Cloud assessment and design of IT transformation projects will stimulate demand for new services spanning each step of cloud assessment and migration planning; design and implement roadmaps around mobility and social technologies, thereby creating new growth drivers for the organisation.

Oracle:

Zensar continues to be a globally recognized leader in Oracle deployments, having executed a number of implementation projects worldwide. The Company provides a broad set of Oracle specializations with a large number of certified Oracle specialists and intellectual property built around Oracle products. Currently a Platinum Partner, Zensar is already moving towards enhancing their position as a leading expert in Oracle technologies by becoming a Diamond Partner. In the last fiscal, Zensar bagged multiple projects in developed and emerging markets. Zensar was also awarded multiple projects in one of largest networking and manufacturing organisation and a leading provider for contract electrical engineering, power, and communications services in the US for a R 12 Upgrade. Zensar has also bagged contracts with one of the leading promoter of nuclear energy in the US for an end to end R 12 implementation and global leader in conflict management for a Fusion Middleware development for the building case management systems in the US. One of the key implementation projects in the emerging market of South Africa was with the leading manufacturer and marketer of branded men's formal footwear and uniform/industrial footwear.

SAP:

A Gold Certified and Strategic Value Added Reseller (SVAR) Partner for SAP in the US and MENA, Zensar helps customers adopt and extend technology to drive business transformation and achieve their business goals. As a part of this status, Zensar delivers "one-stop" domain expertise in support of SAP solutions for the small business and midsize enterprise (SME) segment in the U.S., including SAP Business One, SAP Business All-in-One and SAP BusinessObjects™ business intelligence (BI) solutions. Zensar has implemented multiple projects in the US, a CRM implementation in BDI Pharma Inc delivered with the use 'Zenlife' a proprietary accelerator tool, and the use of various solution frameworks, regulatory expertise, and consulting capabilities in Life Sciences which has resulted in significant cost saving and increased capabilities and efficiency for sales and distribution for the organisation. In the ME Zensar is working with a leading Pharmaceuticals company and in India Zensar has bagged a SAP ERP implementation contract worth INR 500 mn from Maharashtra State Electricity Distribution Company (MSEDCL).

Manufacturing:

Based on its work with multiple manufacturing customers, Zensar's focus in the manufacturing space is in working with in the high-tech, discrete, medical equipment and industrial manufacturing sector. Zensar's Manufacturing team has extensive manufacturing domain experience in the areas of Discrete Manufacturing, Order Management, Procurement and Advanced Supply, Chain Management. Our expertise spans across various technologies in manufacturing combined with IT systems to give the best of breed solutions and services and help implement efficient and effective processes that are automated. Zensar's Manufacturing team has a combined experience of over 15,000 person years and works with five of the top 100 Manufacturing companies globally.

Retail:

Zensar's range of innovative and robust solutions addresses inflection points for global retailers. A focused team of retail industry experts helps in setting up operations in several locations worldwide to assist retailers in expanding across multiple geographies leveraging best practices locally. While Apparel and Apparel Adjacencies, Hobby and Lifestyle are key sub-verticals, the focus remains around packaged implementations, and in building solutions specifically for multichannel retailing enabled by emerging technologies including Social Media, E-Commerce and Mobility through Zensar IPs and partnerships with niche providers. Zensar works with five of the top 100 Retailers globally and is working with top four of the top 10 Retailers in ME.

Banking and Insurance:

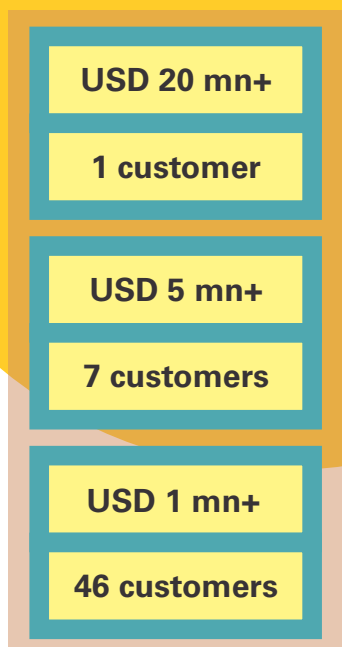
Zensar works with two of the top 10 financial institutions in Risk Management and compliance solutions to service Retail and Investment Banks, Asset Management and Financial Services companies worldwide. The key focus of Banking and Financial Institutions for outsourcing

would continue to be around Run the Bank solutions and Zensar drives maximum value through quantifiable productivity improvements, innovation driven service delivery and optimized business models to suit individual needs. The Insurance practice improvements, innovation driven service delivery and optimized business models to suit individual needs. The Insurance practice has extensive experience with global insurers, and a credible track record for providing solutions that helps build efficiencies in workflow, reduce Total Cost of Ownership thus making for a robust client acquisition engine, a better rating and improved policy administration for its customers across life, health, property and casualty insurers.

Healthcare :

Zensar provides a comprehensive range of consulting, implementation, outsourcing and testing services that equip healthcare organisations to excel in rapidly changing markets. We employ best-in-class experts to closely monitor industry trends and leverage our delivery framework to address issues like regulatory deadlines, systems integration, data warehousing, BI and client satisfaction. Our solutions span multiple areas like ICD 9-10 Remediation Services, Electronic Health Records (EMR/EHR) Management for demonstrating meaningful use, Healthcare SCM, Patient Accounting and Revenue Cycle management, HR and Financial applications.

Growing profitable businesses

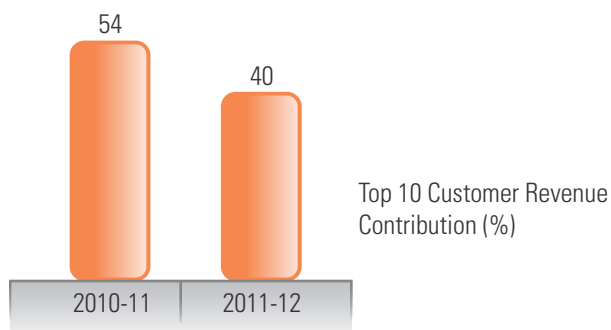


- Focus on profitable service lines, verticals and geographies to drive growth
- Building IP in key sub-verticals and niche industry solutions
- Innovative business models to address specific customer needs, thus becoming transformation 'partners' in strategic engagements
- Drive new revenue streams using initiatives like Cloud, Mobility, SOA, Social Media

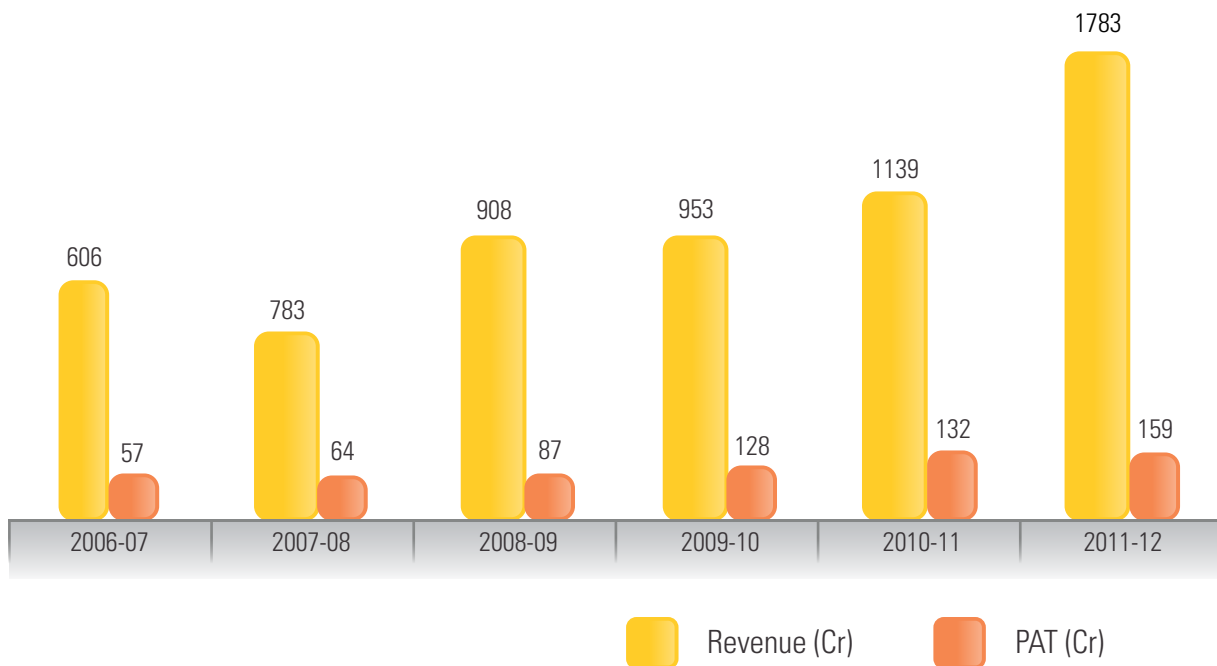
Revenues Generated

Our Top 10 clients account for over 40% of our business and grew at a rate of 24% with an increasing Y-o-Y revenue in dollar terms

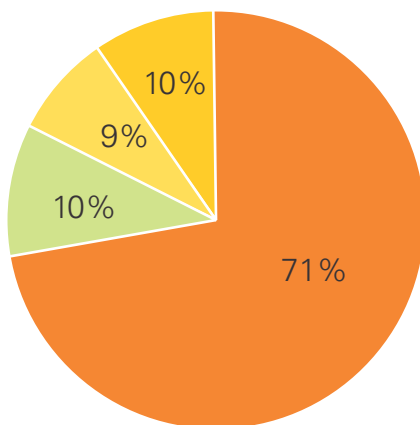
Top 10 Customer Revenue Contribution (%)



- Zensar recorded 19.7% revenue growth and 5.4% profit growth over the previous year on an organic basis without Akibia
- Zensar clocked 56.6% revenue growth and 20.5% profit growth over the previous year on consolidated basis

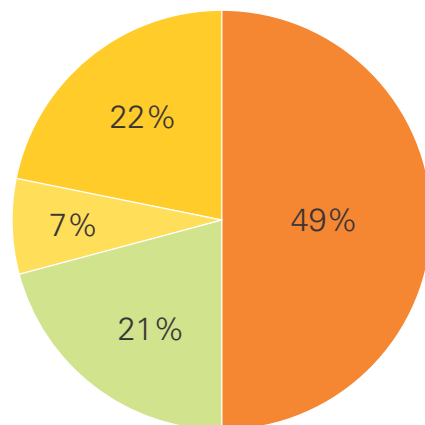


North America continues to be our major source of revenues - generates over 71% of our total revenues.



- USA
- Europe
- Africa
- Rest of the World

The vertical of, Manufacturing, Retail and Distribution generated 49 % of the global revenues while Banking and Insurance contributed to 21% of our total revenues.



- Manufacturing, Retail and Distribution
- Insurance and Banking
- Govt, Healthcare and Utilities
- Alliances and Others



Building the Next Generation Enterprise with Cloud, Social Media and Mobility

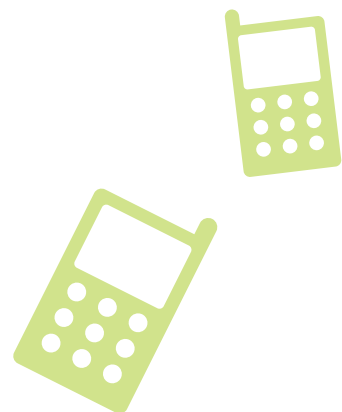
Over the last few years, the growth of the **Internet, Mobility Devices** along exciting new gadgets with innovative interfaces, has made CEOs wake up to the way that technology can enable competitive advantage. That is made evident in the way IT or CIOs are beginning to play a role in business. While traditionally the CIOs were expected to oversee IT operations today they are expected to lead efforts in building the next generation organisation. This is especially true in organisations where IT is recognised as delivering value beyond costs incurred in supporting business operation.

Zensar's Cloud, Mobility and Social Media solution (CLOSOMO) provides a plethora of opportunities for customers to create a new charter for internal efficiency and external opportunity maximization possibilities and realize faster time-to-value from hybrid environments. To help ensure customers are successful in their initiatives, Zensar provides a breadth of solutions that are specially designed to support customers in verticals to move to successful deployments. This capability lends additional focus on creating next-generation solutions that enable new thresholds of business performance by leveraging cloud delivery models and

technologies. Zensar is helping customers create optimized levels of business performance, through assessment, advisory services as well as application integration and migration services through platforms such as force.com, Google Apps Engine (GAE) and Microsoft Azure. The Cloud Services Charter in the organization will enable our customers redefine the way they deliver value to their customers.

Zensar's Mobility Consulting Services helps organizations improve business visibility and employee productivity and assists in porting critical applications onto mobile devices. From receiving information on current status of customer deliveries to allowing boundary-free access to corporate information, Zensar's enterprise mobility applications create new competitive advantages for businesses.

Zensar has also added Social Media Consulting as a practice to enable firms in reaching their end user segments faster and to tailor products/services to address end user demands.



Products, Platforms and Solutions

Products, platforms and solutions continue to gain momentum and accelerate our non-linear growth that includes usage of technical and domain capabilities to develop products, tools, technologies and processes that can be used for multiple clients.

- ➔ **ZenPOSlite**, a complete mobile retail POS solution integrated with back-end stores system applicable across all formats
- ➔ **AutoZenics**, a SaaS based ERP solution specially developed for SMB customers in manufacturing sector for the auto ancillary cluster
- ➔ **nXchange**, a hosted 'any-to-any format conversion' and document forwarding platform for B2B scenario with implementation opportunities across verticals
- ➔ **ZenTraceability**, created for the manufacturing vertical that has the ability to categorize products or parts - their origin and usage to help identify and isolate instances at any point in the manufacturing value chain if suspected to be faulty in nature
- ➔ **ZenQuality**, is specially designed to cater to the quality challenges of the manufacturing industry. The solution comprises three separate modules across suppliers, plant and customers and can be integrated or configured separately. The Solution helps manufacturers in improving productivity and profit margins while meeting a desired level of quality
- ➔ **IntelliZen**, a Business Intelligence for Supply Chain Management - SCM-BI provides "End-to-End" supply chain visibility with SCOR (Supply Chain Operations Reference) Model. It has been designed to attain objectives such as SCM refinement, effective collaboration, productivity enhancement, customer excellence and organizational growth.
- ➔ **ZenProductivity**, a tool for the manufacturers to monitor real time performance and utilization in the plant and allowing them to define the output, line layout and capacity, products, production plan and cycle time.
- ➔ **ICD Services**, a set of proprietary tools and frameworks for the healthcare Industry that provides end-to-end ICD Transition services from impact assessment, through remediation to support.
- ➔ **iCAn**, a solution for the healthcare vertical that allows ICD Converter and Analyzer to provide solution to all major challenges of ICD transition including mapping, crosswalk, document upgrade and analysis.
- ➔ **ZenMobIn**, a mobile management framework allowing Insurers to connect to any mobile device to its backend application seamlessly thus providing the agility to offer new products and services at a much lower cost base.



Human Capital

For the year 2011, we added 976 net hires to the organisation. These additions re-affirming our growth charter and in view of the strong deal pipeline in the days to come. The Company intends to add at least 1,500 engineers during 2012. The global headcount at the end of 2011 increased to 7,121 and attrition reduced to sub 13% lower than the industry standards.

With a focus on tapping into larger talent pools, providing scalable work models without incurring high infrastructure cost and at the same time taking care of work life balance needs of an associate, the organization has recently launched a Work from Home initiative with 45 associates as part of the pilot project based out of Pune. Successful implementation of the pilot project will lead to a global rollout of the program by Q2 of FY 2012-13.

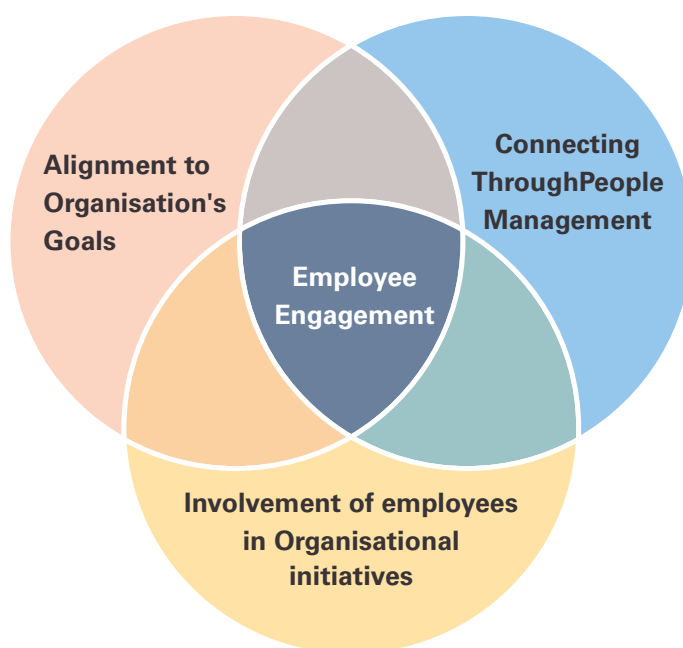
In order to enhance the participation of associates in Strategic Decision making process of the organization following boards have been set up: Shadow Executive Board, Women Executive Board and D&I Councils. The composition of these Boards is cross functional and each Board is led by a member of the Strategy Council.

With a focus on driving business goals through better employee engagement, Zensar in the previous Fiscal devised the **iZen** Engagement Model. The word **iZen** stands for "I make change happen". The model is based on the three critical pillars viz Alignment to the Organizational Goals, Creating a connected organization through People Management practices and involvement of employees in organizational initiatives.

The workshop is built on the concept of "Learning through

interactions" and draws on the experiences of participants to build better implementation charter for the organisation. The workshop gives the participants simple tools to implement the change initiatives on a continuous basis. The program involves review of implementation of action plans committed by participants during the workshop and this review is conducted by members of top management in a specific format to ensure sustained action to build a better organisation by managers.

The **iZen** Engagement Model



Social Responsibility

Zensar's CSR programmes focus on creating sustainable development and livelihood for local communities. Hence all the programmes driven by the Zensar Foundation focus on community development and inclusive growth through education and skill building initiatives rather than providing continued financial support. In recent times, the focus on sustainable development has only increased and today there are consolidated efforts made by the foundation to impact each person through their life cycle as a student in a way to render them capable of making and following their life choices.

Since the idea is to enable each person to secure employment, Zensar Foundation worked backwards from the end goal to orient its education initiatives accordingly. Being an IT services company,

it was felt that Zensar Foundation is best positioned to focus on Employability in the IT sector. The available expertise in the area was used to structure industry relevant course content aligned to organisational needs, and use its connection with the larger industry to facilitate employment. Accordingly, within Education, the focus was re-aligned on teaching of English and the usage of Computers.

Strengthening English education was the main focus behind the launch of - 'Udaan' - a Center within Zensar campus to impart English education through digital applications to impart meaningful and useful education to the community children. 'Udaan' was launched on 1st Feb, 2012 to facilitate a computer enabled learning center housed right within the Zensar campus in Pune. For Zensar this programme is specially designed to ensure quality of education imparted via Digital learning. Udaan is located within the Zensar campus and thus it is easy for Associates to take up their own projects whether related to Education or other CSR initiatives.

In recent times, the Foundation has realized the need for trained manpower to capitalize on the opportunities in the IT industry. The Foundation sees great benefit in empowering students with employability skills that will help them in achieving a better standard of life. As measures to explore and utilise the new horizon of growth.

The Foundation took on the mandate to offer opportunity to this segment through a comprehensive curriculum in Infrastructure management to enhance employability - now a core focus for the Foundation. The Program addresses the growing business and talent needs specifically in India in the Infrastructure Management space. The aim of the Employability Program at Zensar is to source, train and help place eligible candidates from underprivileged communities in the IT sector, specifically Infrastructure Management.





Awards and Recognition

- Zensar's Retail Portal Solution for B2B collaboration, won the prestigious 'Best Industry Solution Award' at the national competition held by Computer Society of India (CSI)
- AutoZenics, a hosted on-premise solution deployed by leveraging a Hosted ERP solution on the cloud for the Manufacturing industry was also recognized by CSI in the product manufacturing category
- Zensar has also received the prestigious Service Excellence Award at the Cisco Supplier Day amongst other significant technology services providers. Zensar was chosen for this award for demonstrated excellence in professionalism and innovation and foundational areas of productivity, delivery and support. The award recognizes Zensar's exemplary performance in teamwork, communication, and responsiveness to Cisco's business directives
- The Company was also the winner of the CNBC International Trade Awards for the fifth consecutive year. The award aims at recognizing innovation and excellence demonstrated by the market leaders and institutions in the import and export industry with significant contribution to international trade facilitation in India
- Zensar won the National Award in IT Excellence and Excellence in Global HR Strategy at the World HRD Congress 2012, which recognizes exemplary HR practices in talent management. Zensar also won the Green Organisation Award at Green IT Initiative at the Manufacturers' Association for Information Technology
- Zensar was conferred with the Good Corporate Citizen award by the Bombay Chamber of Commerce 'Good Corporate Citizen Award' for the year 2011 by the Bombay Chamber of Commerce and Industry (BCCI), at Mumbai in September. The award was presented to Zensar for its outstanding service in operational performance and its contribution towards corporate citizenship, leading to the betterment of the society



Director's
Report
2011-12

Management
Discussion
and Analysis

Corporate
Governance

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 49th Annual Report together with the Audited Accounts for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS:

The Financial Results for the year are as under:

Zensar Technologies Limited

(Rs. Crore)

	Year ended 31st March 2012	Year ended 31st March 2011
Income form operations	700.17	562.57
Miscellaneous Income	40.49	29.25
Total	740.66	591.82
Profit Before Taxation	137.22	86.23
Profit After Taxation	94.55	88.48
Proposed Divided	17.36	15.16
Transfer to General Reserves	80.00	75.00

Zensar Technologies and Subsidiaries (Consolidated)

(Rs. Crore)

	Year ended 31st March 2012	Year ended 31st March 2011
Income form operations	1,782.48	1,138.29
Miscellaneous Income	41.80	29.21
Total	1,824.28	1,167.50
Profit Before Taxation	236.36	150.12
Profit After Taxation	158.71	131.73
Proposed Divided	17.36	15.16
Transfer to General Reserves	80.00	75.00

FINANCIAL RESULTS

During the financial year 2011-12, your Company recorded total income of Rs. 740.66 Crore comprising Income from Software Development and Allied Services of Rs. 700.17 Crore, and other

income of Rs. 40.49 Crore. The Company recorded a net profit of Rs. 94.55 Crore reflecting a growth of 7%.

On a consolidated basis, your Company has maintained steady growth with Total income of Rs. 1824.28 Crore comprising Income from Software Development and Allied Services of Rs. 1782.48 Crore and other income of Rs. 41.80 Crore. The Consolidated Profit before Taxation was Rs. 236.36 Crore reflecting a growth of 57%. The Consolidated Profit after Taxation was Rs. 158.71 Crore reflecting an increase of 20%.

BUSINESS UPDATE

Despite all the global uncertainties, there was no break in the intensity in global technology spending. Clients continue to look at global sourcing not only as cost saving options, but increasingly to enhance competitiveness, increase time-to-market, drive business productivity, impact outcomes and as centres for rapid innovation. As a result, global technology spending in 2011 recorded steady growth for the technology and related services sector, with worldwide spending exceeding USD 1.7 trillion, a growth of 5.4 per cent over 2010.

In this environment, your company continued to retain its position as a leading global organization in 2011, by increasing its competitiveness through focus on verticalisation, serviceline expansion, innovation, emerging markets and nonlinear growth strategies. Zensar was ranked amongst India's top 20 software companies by NASSCOM and continued to be cost-competitive provider of IT-BPO services. Cost efficiencies were further maintained through various internal process and productivity improvement initiatives including stable entry level salaries, flattening the pyramid, tightening non-employee cost structures, fast career growth, and a non-linear focus through platform and cloud products.

The Company with its decade-long experience, mature service capabilities, presence in key verticals, global footprint and high caliber talent pool also ventured head-on into new and emerging services and verticals like Cloud, Social Media and Mobility and entered the emerging vertical of Healthcare while at the same time maintaining our strong-hold over core services. The untapped opportunities in the new services are expected to drive the next phase of growth for the organisation. Further developments were also made in the core services ranging from Applications Development & Maintenance, Enterprise Services including Package Implementations and Business Intelligence, Transaction Processing, Testing and Infrastructure Management. These

Services have not only brought about end-to-end process improvements and business benefits for clients ranging from the Fortune 100 and FTSE 100 in US, UK and Asia to small start-ups in South Africa and the Middle East but have also helped in creating deep intellectual capital. Your Company continues to do well in Emerging Markets with South Africa itself recording over 20% y-o-y growth.

Zensar today is a key global service integrator and has dedicated centers of excellence built to design and implement solutions that employ a broad portfolio of technologies. This capability lends additional focus on creating next-generation solutions that enable new thresholds of business performance by leveraging cloud delivery models and technologies. Zensar is helping customers create optimized levels of business performance, through assessment, advisory services as well as application integration and migration services through platforms such as force.com, Google Apps Engine (GAE) and Microsoft Azure. The Cloud Services Charter in the organization will enable customers redefine the way they deliver value to their customers. Zensar entered into a strategic alliance with Google earlier to address the emerging market demand for next generation collaboration solution for the benefit of all its Indian and global customers. This partnership is expected to not only enhance collaboration but will also empower Zensar's associates in providing more choice and flexibility in where, when and how they choose to do their work.

Zensar is also a recognized leader in Oracle deployments, having executed a number of joint implementation projects with Oracle worldwide. The Company provides a broad set of Oracle specializations with a large number of certified Oracle specialists. Currently a Platinum Partner, your Company is already moving towards enhancing their position as a leading expert in Oracle technologies by becoming a Diamond Partner.

A Gold Certified and Strategic Value Added Reseller (SVAR) Partner for SAP in the US, Zensar helps customers adopt and extend technology to drive business transformation and achieve their business goals. As a part of this status, Zensar delivers "one-stop" domain expertise in support of SAP solutions for the small business and midsize enterprise (SME) segment in the U.S., including SAP Business One, SAP Business All-in-One and SAP BusinessObjects™ business intelligence (BI) solutions. Your Company will continue to strengthen SAP capabilities to meet its growth charter.

After the successful integration of Akibia last year, Zensar has emerged as a niche infrastructure management player supporting the entire spectrum of services. The company has augmented its global footprint with customers in diverse fields as navigation systems, software manufacturing, hospitality, video game publishing and prescription generic drugs in addition to the core company verticals of Banking, Insurance, Utilities, and Retail. Your Company has also been selected as a preferred infrastructure management partner for one of the leading manufacturing companies in the USA. The practice continues to maintain a healthy pipeline across territories and verticals for their independent services while exploring synergies with the new services. In the near future, the Company will continue to make investments in key areas of Security and Compliance to further strengthen capabilities in Infrastructure Management.

While US continued to drive growth in the organisation driven by higher demand for IT services and support the growth in Europe was slower due to the economic recession. However the emerging geographies of Asia Pacific, Middle East and South Africa have seen the fastest growth rate for the organisation. Zensar also launched a Learnership Development Program (LDP), to create industry-ready IT talent for South Africa. Under the Broad Based Black Economic Empowerment (BEE) initiative, the Company identifies local students and offer training programmes and skill development opportunities to assist those in need, to enable wider economic development. The Company will continue to make further inroads in this geography with another office in Africa (Kenya).

In this year Zensar has received accolades from all segments of the industry. Retail Portal Solution for B2B collaboration, won the prestigious 'Best Industry Solution Award' at the Computer Society of India (CSI) earlier in the year. AutoZenics, a hosted on-premise solution deployed by leveraging a Hosted ERP solution on the cloud for the Manufacturing industry was also recognized by CSI in the product manufacturing category.

Zensar has also received the prestigious Service Excellence Award at the Cisco Supplier Day held in San Jose, CA, amongst other significant technology services providers. Zensar was chosen for this award for demonstrated excellence in professionalism and innovation and foundational areas of productivity, delivery and support. The award recognizes Zensar's exemplary performance in teamwork, communication, and responsiveness to Cisco's business directives.

The Company was also the winner of the CNBC International Trade Awards for the fifth consecutive year. The award aims at recognizing innovation and excellence demonstrated by the market leaders and institutions in the import and export industry with significant contribution to international trade facilitation in India.

Your company won the National Award in IT Excellence and Excellence in Global HR Strategy at the World HRD Congress 2012, which recognizes exemplary HR practices in talent management. Zensar also won the Green Organisation Award at Green IT Initiative at the Manufacturers' Association for Information Technology.

Zensar was conferred with the 'Good Corporate Citizen Award' for the year 2011 by the Bombay Chamber of Commerce and Industry (BCCI). The award was presented to Zensar for its outstanding service in operational performance and its contribution towards corporate citizenship, leading to the betterment of the society.

DIVIDEND

Company had reported satisfactory profit levels in the first three quarters of the current financial year, therefore, in keeping with the Company's tradition of rewarding the shareholders, an interim dividend of Rs. 3/- per share was paid in the month of February, 2012.

Further, in view of your Company's profitable performance throughout the year, your Directors are pleased to recommend, for your approval, dividend at the rate of Rs. 4 per share on the Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2012. The Dividend, if approved by the shareholders in the ensuing Annual General Meeting would result in an outflow of Rs. 17.36 Crore plus Dividend Distribution Tax, Surcharge and Cess thereon. The Dividend would be paid to those shareholders whose names appear in the Register of Members on 16th July, 2012.

TRANSFERTO RESERVE

Your Directors propose to transfer a sum of Rs. 80 Crore to General Reserve.

FIXED DEPOSITS

Your Company does not have any Fixed Deposit Scheme.

DIRECTORS

Mr. John Levack, Mr. P. K. Mohapatra and Mr. Venkatesh Kasturirangan retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. Brief particulars of the Directors, their expertise in various

functional areas are given in the notice convening the Annual General Meeting.

The Board of Directors recommends the re-appointment of Directors as above.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions relating to disclosure of details regarding energy consumption, both total and per unit of production are not applicable as the company is engaged in service sector and provides IT and IT related services.

Particulars prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, in respect of technology absorption are set out in 'Annexure A' to this report.

Particulars regarding Foreign Exchange earnings and expenditure during the year are given in Note 31 and Note 32 of Notes to Accounts respectively. Particulars regarding R & D expenditure during the year are given in Note 36 of Notes to Accounts.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that –

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) appropriate accounting policies have been selected and applied consistently and the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2012 and the profit of the Company for the year ended 31st March 2012;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 are set out in 'Annexure B' to this report.

SUBSIDIARY COMPANIES

As per Section 212 of the Companies Act, 1956 (Act), the company will make available annual accounts of the subsidiary companies and the related detailed information to shareholders on demand. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholders at the registered office of the company and of the subsidiary companies concerned. Also, the company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand. Company has also given information relating to each of the subsidiary Company in the Annual Report in pursuance to Section 212 of the Act.

Consolidated Financial Statements of your Company along with its subsidiaries, prepared in accordance with the relevant Accounting Standards issued by The Institute of Chartered Accountants of India, forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company continues to benchmark itself with the best-of-the-breed practices as far as the corporate governance standards are concerned. Your Company has complied with regulations provided in clause 49 of the listing agreement it has entered into with the stock exchanges. The compliance report on the various requirements under the said clause along with the practicing Company Secretary's certification thereof is provided in the corporate governance section of this report. In terms of the Listing Agreement, the Management Discussion and Analysis Report is annexed and forms part of the Annual Report.

EMPLOYEES STOCK OPTION PLAN

Currently, the Company has two Employees Stock Option Schemes in force namely, "2002 Employees Stock Option Scheme" (2002

ESOP) and "2006 Employees Stock Option Scheme" (2006 ESOP) for granting Term based and performance based Stock Options to Employees.

In the financial year 2011-12, 25428 numbers of equity shares were allotted under 2002 Employees Stock Option Scheme" and 80560 numbers of equity shares were allotted under "2006 Employees Stock Option Scheme". The Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 in this respect are stated in Annexure C to this report.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a Certificate from the Auditors that they are qualified under Section 224(1B) of the Companies Act, 1956, to act as the Auditors of the Company, if re-appointed along with confirmation that they have valid certificate issued by "Peer Review Board" of the Institute of Chartered Accountant of India (ICAI).

ACKNOWLEDGEMENTS

The Board places on record their appreciation of the contribution of Associates at all levels, customers, business and technology partners, vendors, investors, Government Authorities and all other stakeholders towards the performance of the Company during the year under review.

For and on behalf of the Board

H.V. Goenka
Chairman

Place: Mumbai

Dated: 25th April 2012

Annexure A

PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. RESEARCH & DEVELOPMENT (R&D)

Your Company is pleased to report that Research and Development Program activities (program recognized by Department of Science and Industrial Research (DSIR), Department of Science and Technology, Government of India in September 2008) are on schedule in the following areas:

Global Delivery Platform/Solution Blueprint Development

Your Company conceptualized and built Solution Blueprint™ (SBP)—a Framework for automated software development, which continues to be a framework of choice for our associates in leveraging automation and model-driven approaches for delivering solutions to customers. The innovative features such as Real-time Collaboration and Model-to-model Transformation and Accelerators such as Test Scenario Identification have been instrumental in taking R&D efforts to the next level of maturity through the opportunity of building knowledge base/Solution Services. The unique advantage of in-house capability building, including mutually beneficial partnerships, has been instrumental in exploring newer solution space for our delivery units.

We are pleased to report that the R&D efforts during the year, have led to the registration of two Innovation patents:

1. A System and Method for Delta-change Synchronization, a means to enable real-time collaboration and
2. A computer implemented system and method for indexing and optionally annotating use cases and generating test scenarios therefrom, a means for improving the efficiency and coverage of test scenario identification.

Your company is happy to report that SBP community Edition version launched in 2009 continues to attract open source community enthusiasts in increasing numbers all through the year.

Use of Open Source Technologies

Your company continues to develop capabilities and build solutions using Open Source Technologies to address changing business needs and continues to be a preferred choice for cost effective solutions. With growing confidence in adopting such technologies your company has executed internal projects and also leveraged creating solutions using such technologies for the customer. Your

Company continues to be a Solutions Member of the very popular Open Source Eclipse Platform.

Cloud, Social Media, Mobility (CloSoMo) Technologies

Cloud Technologies, Social Media phenomenon like FaceBook, LinkedIn and Tweeter and proliferation of mobile devices like smart phones and tablets are drastically changing the way people interact with people and with IT systems. We collectively call these as “CloSoMo” and these technologies are redefining the whole IT landscape.

Cloud Technologies are rapidly emerging as a key area for improving and optimizing the utilization of IT (technology and resources) to deliver business agility. Your company continues to explore Cloud Technologies to address customers’ needs and expectation in the solution space for Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS) Models. Our Cloud hosted solution for in-house developed Testing tool TZen, a vertical-focused SaaS-based solution (AutoZenics), and a secure and specialized B2B-hosted platform solution (nXchange) are some examples.

Another key area in the cloud technologies space is the Platform-as-a-Service (PaaS), and your company continues to explore the technologies and solutions in this space, to make available new and innovative solutions and approaches to address business and technology needs of our customers in these areas. Your company continues to explore popular cloud platforms such as Amazon Web Services (AWS), Google Apps/Google App Engine (GAE) and others, and further our quest for in-depth knowledge to create new approaches and frameworks like the SaaS-enablement framework.

Your company is effectively using FaceBook, LinkedIn YouTube and Tweeter to maintain presence on web and interact with customers, employees and public at large. We also offer it as a service for our customers to set up their presence in web and have instant interactions with various stakeholders for gaining significant business benefits.

Mobility is continuing to see an exponential growth and as a disruptive technology, is opening up new markets for all players to address the varied customer segments. Apart from the rapid adoption of mobile enabled devices by the consumer segment, business enterprises are also looking to leverage these technologies for enabling their business. Your company has invested in Mobile platform technologies and focuses on leading

Open/Open Source and proprietary platforms including Android and Apple's iOS, to build solutions such as the Mobile-enablement framework, to meet demands of changing business scenarios, both internally as well as for our customers.

SOA (Service-Oriented Architecture) Technologies

Service-Oriented Architecture (SOA) is a key enabler for many enterprises, as well as for the emerging technologies including Cloud and mobility. As such, Service Oriented Architecture (SOA) framework for architecture solutions continues to be the focus area in addressing current customers' needs from multiple territories we operate in. Your company is leveraging the experience gained from implementing SOA solutions in Service-oriented Analysis and Design-centric work, with a methodology driven solution and opportunity to create a toolkit to support the same. Our experience in Object-Oriented Design, Model-driven Approaches and Modelling Technologies through years of exploration is behind such innovative approaches.

B. TECHNOLOGY ADOPTION AND ASSIMILATION

Development of IT Systems for internal use

Your Company continues to enhance IT systems for its own use in line with changing business needs. The integrated IT system is based on mature and stable applications to manage project and project related activities, key HR processes and collaborative work through portal services and knowledge management, Blogs /discussion threads for associates.

Your company has progressed development and deployment of next generation IT systems for internal use that will facilitate higher automation and productivity to gear systems for half billion dollar revenue mark.

Innovation Council

Your company continues to identify and explore opportunities for Process and Technology Innovation through an institutionalized system of Innovation Council. This Council is empowered to manage Innovation from Concept to Delivery and create an ecosystem around Intellectual Property lead initiatives, through chosen Domain and Technology Practices setup.

Annexure B

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING A PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

Sr No.	Name Of employee	Age	Gross salary	Designation	Qualification	Total Experience - Years	Date of Joining	Details Of Previous Employer	
								Designation	Organisation name
1	Mr. Vijay Gaikwad*	57.7	3042834	Sr. Enterprise Architect - TIG	BE Computer	33	20-Aug-78	-	ICIL (Zensar)
2	Mr. Visvanathan Shankar*	58.7	2627296	Associate Vice President	MSC	23.3	04-May-00	Wing Commander	Indian Air Force
3	Mr. Mohan Parmeshwaran Ayyar*	58.7	2598857	Associate Vice President	MSC. LLB	24.1	01-Apr-00	Wing Commander (OIC EDP Wing)	India Air Force
4	Dr. Ganesh Natarajan	54.9	19106301	Vice Chairman & CEO	BE(Mech.), P.G. (Ind Engg), Phd.	32	1-Mar-01	Managing Director	Aptech Limited
5	Mr. Gurdeep Grewal	53.4	9583581	Sr. Vice President	HND Computer Science	34	10-Feb-05	Head UK Sales Region	Igate Global Solutions
6	Mr. Jarugula Nageshwara Rao*	49.11	4342192	Vice President	BCOM/CA	24	05-Nov-98	Faculty	Pentafor Communications

*Employed for part of the year

Notes:

- 1 All appointments are contractual and subject to the Rules and Regulations of the Company in force from time to time.
- 2 Remuneration as shown above includes salary, allowances, bonus, Company's contribution to the provident, gratuity and superannuation funds and perquisites value calculated as per Income Tax Rules wherever applicable.
- 3 The above details are only for employees located in India.

Place: Mumbai

Dated: 25th April 2012

H.V. Goenka
Chairman

Annexure C

Disclosures in compliance with clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended are set out below:

Sr. No	Description		
1	Name of the Scheme	2002 Employees Stock Option Scheme	2006 Employees Stock Option Scheme
2	Total number of options to be granted under the plan	2568631	1590804
3	Options Granted during the year	Nil	6,11,000
4	Pricing formula	The Compensation Committee decides exercise price for the Stock Options based on the market price ie. the closing price on the Stock Exchange where trading volume is more on the previous day of the Compensation Committee Meeting held for granting of Stock Options. Compensation Committee may determine the Exercise Price at a premium or discount of a maximum of 20% on the market price.	The Compensation Committee shall determine the exercise price in respect of each grant of option. However, the exercise price shall be with premium or discount of a maximum of 20% on the market price as defined under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
5	Options vested as of 31st March 2012	330,356	634,368
6	Options exercised during the year	25,428	80,560
7	Total number of shares arising as a result of exercise of options till 31st March 2012	8,35,080	1,20,812
8	Options lapsed / cancelled during the year ¹	10,170	1,75,740
9	Variation of terms of options	Nil	Nil
10	Money realized by exercise of options during the year.	Rs. 17,50,492	Rs. 77,73,200
11	Total number of options in force at the end of the year	3,39,196	14,33,768



Sr. No	Description		
12	Employee-wise details of Stock Options granted to Senior Managerial Personnel as on 31st March 2012.	<p>Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan - 500000*; Mr. Parmod Bhalla – 100000*; Mr. Vivek Gupta – 21039*; Mr. Nitin Parab – 18476*; Mr. V. Balasubramanian – 19125*; Mr. S. Balasubramanian – 10,407*; Ms. Prameela Kalive - 1575; Mr. J Pardhasaradhi - 2100; Mr. Krishna Ramaswami - 1575</p> <p>*Of these, certain stock options have been exercised</p>	<p>Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan - 200000*; Mr. Vivek Gupta 80,000; Mr. Nitin Parab 80,000; Mr. V. Balasubramanian 30,000*; Mr. S. Balasubramanian 45000*; Ms. Prameela Kalive 28000*, Mr. Krishna Ramaswami 38000, Mr. Yogesh Patgaonkar 40,000 Mr. Ajay Bhandari 45000*</p> <p>*Of these, certain stock options have been exercised</p>
13	Employees who were granted options amounting to 5% or more of the options granted during the year.	Nil	<ol style="list-style-type: none"> 1. Nitin Parab – 50,000 2. Vivek Gupta – 50,000 3. S. Balasubramanian - 40,000 4. Sanjay Marathe – 40,000 5. Yogesh Patgaonkar – 40,000 6. Krishna Ramaswami – 35,000 7. Hiren Kulkarni – 35,000 8. Gurdeep Grewal – 35,000 9. J. Partha – 35,000 10. Deepanjan Banerjee – 35,000 11. Ajay Bhandari – 35,000
14	Employees who were granted options in any one year equal to or exceeding 1% of the issued capital of the Company at the time of grant.	<p>Dr. Ganesh Natarajan : 500000</p> <p>All these options have been exercised.</p>	Nil
15	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS 20)	Rs. 21.55	Rs. 21.55

Sr. No	Description		
16	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and EPS of the company shall also be disclosed.	The Company calculates the Employee Compensation Cost using the intrinsic value of the Stock Options. The difference between the Employee Compensation Cost computed as per Intrinsic Value method and Fair Value Method is Rs 0.06 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is 0.06 Crore and Re. 0.01 respectively.	The Company calculates the Employee Compensation Cost using the intrinsic value of the Stock Options. The difference between the Employee Compensation Cost computed as per Intrinsic Value method and Fair Value Method is Rs 1.13 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is Rs 1.13 Crore and Re.0.26 respectively.
17	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date	Weighted average exercise price of the options is Rs. 33.83 Weighted average fair value of the options is Rs. 36.41	Weighted average exercise price of the options is Rs. 43.01 Weighted average fair value of the options is Rs. 60.97
18	Description of the method and significant assumptions used during the year to estimate the fair values of options:	The Company has used the Black Scholes Model for estimating the Fair Value of the options. The Company has applied the following assumptions while computing the fair value: 1. Risk-free interest rate : 8.29 % 2. Expected life : 72 months 3. Weighted average of expected volatility : 45.41 % 4. Expected dividends : 2.24 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 152.70	The Company has used the Black Scholes Model for estimating the Fair Value of the options. The Company has applied the following assumptions while computing the fair value: 1. Risk-free interest rate : 8.29 % 2. Expected life : 72 months 3. Weighted average of expected volatility : 45.41 % 4. Expected dividends : 2.24 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs.152.70

¹ As per the 2002 ESOP and 2006 ESOP, options lapse after completion of the exercise period, which is 10 years from the dates of respective vesting. If an option is cancelled on account of separation of the employee, without having been exercised, such cancelled option shall become available for future grant under the plan.

CORPORATE GOVERNANCE REPORT

The Company's Corporate Governance Philosophy

Corporate Governance

Corporate governance is about commitment to values and ethical business conduct. The guidelines and best practices of Corporate Governance have evolved over a period of time. It specifies how an organisation is managed and controlled. This generally includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the company is an important part of corporate governance. This improves understanding of the structure, activities and policies of the organization by investors and public. Consequently, the organization is able to attract and retain investors and enhance the trust and confidence of the stakeholders.

Corporate Governance at ZENSAR:

Zensar's core values consist of the following:

- Customer Sovereignty
- Passion For Excellence
- Continuous Innovation
- Transparency and Integrity
- People Orientation
- Social Responsibility

These are the keystones on which the framework of Corporate Governance is based to make Zensar a socially responsible citizen of business Community. At Zensar our endeavor is to follow good governance in spirit than mere compliance with the code on Corporate Governance. Further, the Company also complies with the laws in all the countries in which it operates. At Zensar, we recognize that having a simple and transparent corporate structure driven solely by business needs will certainly bring in more transparency and will in turn satisfy the mandates of Corporate Governance.

A report, in line with the requirements of the Listing Agreement executed with Stock Exchanges for the year ended March 31, 2012 is given below:

1. Board of Directors

A. Size and Composition of Board

At Zensar, we believe that sound Corporate Governance is critical to enhance and retain investor trust. Our Board exercises its fiduciary responsibilities in its true spirit. The primary role of the Board is that of trusteeship to protect and enhance stakeholders' value through strategic supervision of the Company and its subsidiaries. Our Company is headed by an effective Board that exercises leadership, integrity and judgment in directing so as to achieve continuing prosperity and to act in the best interest of the Company. The Board plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This is reflected in our governance practices, under which we strive to maintain an active, informed and independent Board. It comprises combination of Executive and Non-Executive Directors which surpasses the regulatory yardstick requiring 50% of independent Directors on the Board. Each of whom adds value and brings independent view in the decision-making process.

The Board comprises of Nine Directors, one of which is an Executive Director and eight are Non-Executive Directors. The Company has a Non-Executive Chairman from Promoter Group.

B. Board Meetings

The Board of Directors of the Company met Four times during the Financial Year 2011-12 on 21st April, 2011, 21st July, 2011, 21st October, 2011 and 24th January, 2012.

Composition of the Board and other Directorship / Membership of Committees held as on 31st March, 2012 along with Attendance of Board Meetings / Annual General Meeting during the year are given below:

Sr. No.	Name of Director	Category	Date of Appointment	Attendance in Board Meetings during 2011-12	Attendance in last AGM	Other Boards / Committees		
						Directorships*	Committee*	
							Member	Chairman
1	Mr. H. V. Goenka	Chairman Non Executive Director	04.09.01	4	No	8	Nil	Nil
2	Dr. Ganesh Natarajan	Vice Chairman and Managing Director	04.09.01	4	Yes	1	Nil	Nil
3	Mr. A.N. Agrawal	Independent Non Executive Director	29.01.02	3	No	1	Nil	Nil
4	Mr. P.K. Choksey	Independent Non Executive Director	24.04.80	4	No	1	1	Nil
5	Mr. Venkatesh Kasturirangan	Independent Non Executive Director	28.01.08	4	Yes	1	Nil	Nil
6	Mr. John Levack	Independent Non Executive Director	16.01.03	4	Yes	1	1	Nil
7	Mr. P.K. Mohapatra	Independent Non Executive Director	31.01.01	3	No	7	1	Nil
8	Mr. A.T. Vaswani	Independent Non Executive Director	09.02.96	4	Yes	2	1	1
9	Mr. Niraj Bajaj	Independent Non Executive Director	21.10.10	1	No	10	1	Nil

* This number excludes the directorships / committee memberships held in Private Limited Companies, Companies registered under section 25 of the Companies Act, 1956. It includes the chairmanship/membership only in the Audit Committee and Shareholders' Grievance Committee.

2. Audit Committee

A. Composition

The composition of the Committee complies with the requirements of Clause 49 of listing agreement and section 292A of the Companies Act, 1956. Audit Committee is comprised of 3 professional non-executive Independent Directors, viz, Mr. A. T. Vaswani, Mr. P. K. Choksey and Mr. P. K. Mohapatra.

B. Meetings

During the Financial Year 2011-12, eight meetings of the Committee were held on 20th April, 2011, 11th July, 2011, 21st

July, 2011, 27th September, 2011, 21st October, 2011, 4th January, 2012, 24th January, 2012 and 20th March, 2012.

The particulars of attendance at the Committee Meetings during the year are given in the table below:

Name	No. of Meetings Attended
Mr. A. T. Vaswani (Chairman)	8
Mr. P. K. Choksey	8
Mr. P. K. Mohapatra	6

The Chairman of the Audit Committee attended the last Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Audit Committee. The Committee meetings are also attended by the Chief Financial Officer, Statutory Auditors and Internal Auditors. Other executives of the Company also attend the meeting as and when required.

C. Terms of Reference

The role, powers and functions of the Audit Committee are in conformity with Section 292A of the Companies Act, 1956 and guidelines stated in Clause 49 of the Listing Agreement.

The Committee, inter alia performs the following functions :

1. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices, and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Discussion with internal auditors regarding any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

9. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

3. Compensation committee

A. Composition

The Compensation Committee consists of independent non-executive Directors. The Compensation Committee is comprised of Mr. P. K. Mohapatra, Mr. Arvind Agrawal and Mr. John Levack.

B. Meetings

During the Financial Year 2011-12, one meeting of the Committee was held on 21st July, 2011.

The particulars of attendance at the Committee Meetings during the year are given in the table below:

Name	No. of Meetings Attended
Mr. P. K. Mohapatra (Chairman)	-
Mr. John Levack	1
Mr. Arvind Agrawal	1

C. The Terms of Reference of the Compensation Committee are as under:

- Determining the remuneration packages for Executive Director, the direct reports to the Managing Director / Chief Executive Officer.
- Determine the quantum of commission payable to Non-executive Directors.
- Implementation of the Employees Stock Option Plan.
- Allotment of shares consequent upon exercise of stock options.

D. Details of Remuneration of Executive Director

Dr. Ganesh Natarajan, Vice Chairman and Managing Director, is paid remuneration as per the terms recommended by the Compensation Committee, approved by the Board of Directors and Shareholders of the Company.

The remuneration paid to Dr. Ganesh Natarajan during Financial Year 2011-12 was as follows:

(A) Salary	Rs. 400,833/- per month
(B) Allowances	Rs. 591,667/- per month
(C) House Rent Allowance	Rs. 1,00,000/- per month

Perquisites such as Medical reimbursement, Leave Travel Concession, club fees, Credit card subscription, hard furnishing allowance, hospitalization and personal accident insurance are provided as per resolution passed by the Compensation Committee of the Board of Directors of the Company held on 17th January, 2011 and Company policy.

Total remuneration paid to Dr. Ganesh Natarajan during the Financial Year 2011-12 was Rs. 1.91 Crore. A service agreement for the period 1st March, 2011 to 31st January, 2015 has been entered into with the Vice Chairman and Managing Director renewing his appointment. The said service agreement provides for terminating the employment by giving not less than Three months' notice, in writing, or by payment of Three months' basic salary in lieu of notice.

In the year 2006, Dr. Ganesh Natarajan was granted 2,00,000 nos. of performance based stock options under the "2006 Employee Stock Option Scheme". These Stock Options would be subject to performance based vesting over a period of 5 years commencing from one year after the date of grant. Consequent to issue of Bonus shares in 1:1 ratio, Compensation Committee of the Board of Directors approved the adjustment in the exercise price and numbers of the outstanding stock options under 2002 ESOP and 2006 ESOP with a view to retain ESOP value. Accordingly, with the approval of stock exchanges, number of outstanding stock options in both the schemes were increased by 100% and exercise price for each grant was reduced by 50%. As a result, as on the date of this report outstanding options are 3,18,800. Till date Dr. Ganesh Natarajan has exercised 70,000 Stock Options under the ESOP 2006 Scheme.

As on 31st March, 2012, Dr. Ganesh Natarajan held 6,27,058 nos. of Equity Shares of the Company.

E. Details of Remuneration of Non Executive Directors

Non-Executive Directors are paid the sitting fees for attending the meetings of the Board/ Committee within the limits as prescribed under the Companies Act, 1956. The Non-Executive Directors are paid sitting fees of Rs 20,000/- for each meeting of the Board, Rs. 10,000/- for each meeting of Audit Committee and Rs. 5,000/- for each meeting of Compensation Committee, attended by them.

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration by way of Commission if the Company authorize such payment by passing a Special Resolution. Members of the Company at the Annual General Meeting held on 20th July, 2011 have approved payment of

Remuneration for a period of Five years to Non-Executive Directors by way of Commission at a sum not exceeding one percent of Company's net profit.

During the year under review, apart from the Sitting Fees paid for attending the meetings of the Board and the Committees, the Non-Executive Directors have been paid a Commission calculated under Section 198 and 309 of the Companies Act, after taking into account the qualifications, experience, time spent on strategic matters and contribution to the company. The said Commission was duly recommended by the Compensation Committee and approved by the Board of Directors.

Remuneration to Non-Executive Directors.

Sr. No.	Name of the Director	Sitting Fees paid during 2011 – 12 (In rupees)	Commission Paid for the year 2010-11 (In Rupees)
1.	Mr. H. V. Goenka	80,000	82,00,000
2.	Mr. P.K. Choksey	1,60,000	2,00,000
3.	Mr. Venkatesh Kasturirangan	80,000	2,00,000
4.	Mr. John Levack	85,000	2,00,000
5.	Mr. P.K. Mohapatra	1,20,000	2,00,000
6.	Mr. A.T. Vaswani	1,60,000	2,00,000
7.	Mr. Niraj Bajaj	20,000	2,00,000

Shareholding of Non-executive Directors

Mr. A. T. Vaswani and Mr. P. K. Choksey, the Non-Executive Directors, hold 9000 and 800 nos. of equity shares of Rs. 10/- each respectively of the Company.

4. Investor's Grievance and Share Transfer Committee

A. Composition

The Investors' Grievance and Share Transfer Committee is comprised of Mr. A. T. Vaswani, Mr. P. K. Choksey and Dr. Ganesh Natarajan. Mr. A. T. Vaswani is the Chairman of the Committee.

The Committee meets at regular intervals in order to facilitate prompt and effective redressal of shareholders' complaints. The Company in coordination with Registrars and Share Transfer Agent takes all necessary steps for prompt resolution of all shareholder complaints and the Committee periodically reviews the reports of the same. With the intention of servicing the shareholders more expeditiously, the Committee has delegated the authority to approve transfers and transmissions up to 500 shares per

transaction identified by a separate transfer number to Mr. S. Balasubramaniam, Chief Financial Officer and/or Mr. Nilesh Limaye, Company Secretary.

Mr. Nilesh Limaye, Company Secretary is designated as a Compliance Officer.

B. Meetings

During the Financial Year 2011-12, twelve Investor's Grievance and Share Transfer Committee meetings were held on 29th April, 2011, 31st May, 2011, 29th June, 2011, 27th July, 2011, 29th August, 2011, 29th September, 2011, 21st October, 2011, 30th November, 2011, 27th December, 2011, 27th January, 2012, 27th February, 2012 and 26th March, 2012.

The particulars of attendance at the Committee Meetings during the year are given in the table below:

Name	No. of Meetings Attended
Mr. A. T. Vaswani (Chairman)	11
Mr. P. K. Choksey	12
Dr. Ganesh Natarajan	9

C. Terms of Reference

The Terms of Reference of the Investors' Grievance and Share Transfer Committee envisage the following:

- Dealing with matters relating to share / debenture transfers.
- Reviewing the system of dealing with and responding to correspondence from shareholders and debenture holders.
- Reviewing and dealing with complaints and responses to letters received from Stock Exchanges, SEBI and Department of Company Affairs.

5. Code of Conduct

The Board of Directors of the Company has laid down a Code of Conduct for all its Members and Senior Management personnel of the Company. This Code of Conduct is uploaded on Company's website www.zensar.com. The Directors and Senior Management have affirmed their compliance with the Code of Conduct for the Financial Year 2011-12.

A declaration from the Vice Chairman and Managing Director confirming the above is annexed to this report.

6. Details of previous Annual General Meetings and special resolutions passed at such Annual General Meetings:

Particulars	Financial Year 2008-09	Financial Year 2009-10	Financial Year 2010-11
Date and Time	24th July, 2009 at 12:00 Noon	13th July, 2010 at 12.00 Noon	20th July, 2011 at 12.00 Noon
Venue	Moolgaonkar Auditorium, A Wing, Ground Floor, MCCIA Trade Tower, International Convention Centre Complex, 403-A, Senatpati Bapat Road, Pune 411016	Registered Office of the Company at Zensar Knowledge Park, Plot # 4, Kharadi MIDC, Off Nagar Road, Pune 411014	Registered Office of the Company at Zensar Knowledge Park, Plot # 4, Kharadi MIDC, Off Nagar Road, Pune 411014

The following are special resolutions passed by shareholders of the Company at the previous three Annual General Meetings:

- (i) In the Annual General Meeting held on 24th July, 2009.
- (a) None

- (ii) In the Annual General Meeting held on 13th July, 2010.
- (a) Alteration in Articles of Association.
- (iii) In the Annual General Meeting held on 20th July, 2011
- (a) Payment of Commission to Non Executive Directors.

7. Disclosures

A. Related Party Transactions

The transactions between the Company and the Management, Directors or their relatives are disclosed in the Note No 9 of the Annual Accounts in compliance with Accounting Standard 18 relating to "Related Party Disclosures". There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

B. Statutory Compliance, Penalties and Strictures

There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

C. Disclosure relating to Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.

The Company has not officially implemented a Whistle Blower Policy. However, all Associates of the Company are free to access the higher Management or Audit Committee of the Company.

D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

The Company has complied with all mandatory requirements laid down by the Clause 49 of the Listing Agreement. The non mandatory requirements complied with have been disclosed at the relevant places in this report.

8. Means of Communication

- The quarterly, half-yearly and Annual Financial Results are published in widely circulated newspapers such as Financial Express, Lok Sabha in terms of Clause 41 of the Listing Agreement.
- The Company organizes press meets / Analyst's meets to apprise and make public the information relating to the Company's working and future outlook.
- The Financial Results and presentations made to institutional investors or analysts are displayed on the Company's website www.zensar.com.

- The Company's website is updated periodically to include information on new developments and business opportunities of the Company.
- The Company has the practice of mailing quarterly Newsletter to the Company's shareholders. The shareholders are kept informed about important developments in the Company.
- The investors can contact the Company on the email id investor@zensar.com.
- Management discussion and analysis forms part of this Annual Report.
- The Company has as per Green initiatives taken by Ministry of Corporate Affairs, invited the members to register their e mail addresses with the Company so that all communications / documents including the Notice calling the Annual General Meeting and other General Meeting of the members along with explanatory statement(s) thereto, Balance Sheets, Director's reports, Auditor's Reports etc. for the financial year 2010-11 and thereafter, can be sent to them in electronic mode.

9. General Shareholder information

1. **Annual General Meeting:** The Annual General Meeting of the Company will be held on 24th July, 2012, at the registered office of the Company.
2. **Financial Year:** 1st April to 31st March
3. **Book Closure Dates:** The Company's Register of Members and Share Transfer Books will remain closed for the purpose of dividend from 17th July, 2012 to 24th July, 2012 (both days inclusive).
4. **Dividend payment:** The dividend recommended by Directors, on approval by the members at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the Company's Register of Members as on 16th July, 2012.

5. Financial calendar (tentative and subject to change)

Event	Due Date
Financial reporting for the quarter ending 30th June, 2012	14th August, 2012
Financial reporting for the quarter ending 30th September, 2012	15th November, 2012
Financial reporting for the quarter ending 31st December, 2012	15th February, 2013
Financial reporting for the quarter ending 31st March, 2013	30th May, 2013 (Audited)
Annual General Meeting for the year ending 31st March, 2013	30th September, 2013

6. Listing on Stock Exchanges: The Company's Equity Shares are listed on the following Stock Exchanges:

- The Bombay Stock Exchange Limited, Phirozejee Jeebhoy Towers Dalal Street Mumbai 400 001. (BSE)
- National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex Bandra (E), Mumbai 400 051 (NSE)

Stock Code:

BSE	504067
NSE	ZENSARTECH
ISIN in NSDL and CDSL	INE520A01019

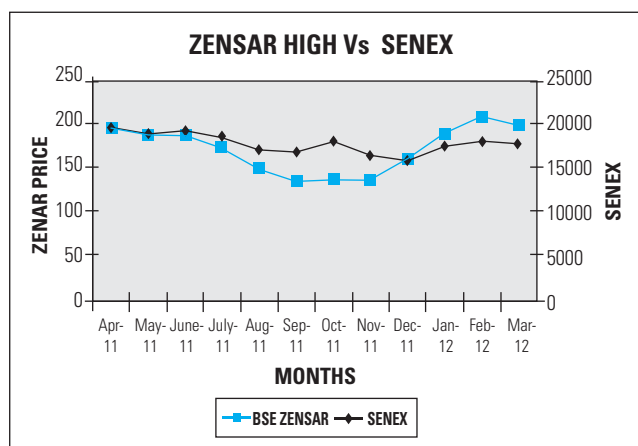
Listing fees have been paid for the year 2012-13.

7. Market Price Data: High/ low, Number of shares traded during each month in the last financial year:

Period	Bombay Stock Exchange Limited					National Stock Exchange of India Limited				
	High Rs.	Low Rs.	Close Rs.	Total Traded Quantity	Sensex	High Rs.	Low Rs.	Close Rs.	Total Traded Quantity	Nifty
Apr-2011	193.30	155.25	173.85	231247	19135.96	193.00	154.50	175.70	640255	5749.50
May-2011	184.70	171.45	174.25	82163	18503.28	184.80	171.10	175.70	316398	5560.15
June-2011	184.45	152.10	161.85	62309	18845.87	181.00	157.10	161.80	128220	5647.40
July-2011	170.00	133.00	145.40	104898	18197.2	170.00	144.70	145.65	297588	5482.00
Aug-2011	146.00	120.00	124.75	56965	16676.75	158.80	119.05	125.25	147413	5001.00
Sep-2011	132.45	118.00	119.10	29615	16453.76	146.00	115.35	119.80	114114	4943.25
Oct-2011	134.45	116.00	131.60	51907	17705.01	133.50	116.00	132.45	152601	5326.6
Nov-2011	133.00	113.15	125.75	79379	16123.46	132.50	115.20	125.90	142907	4832.05
Dec-2011	156.95	125.25	143.30	205205	15454.92	161.30	125.25	142.50	387538	4624.3
Jan-2012	185.00	133.55	173.05	409100	17193.55	188.40	134.00	173.65	830511	5199.25
Feb-2012	204.95	166.00	179.60	488105	17752.68	203.00	164.95	179.70	1019677	5385.2
Mar-2012	195.00	176.55	180.00	200744	17404.20	196.00	177.40	179.95	489225	5295.55

Source – Websites Bombay Stock Exchange Ltd. (www.bseindia.com) and The National Stock Exchange Ltd. (www.nseindia.com)

A chart showing Share Price of the Company at Bombay Stock Exchange against SENSEX during the year 2011 - 12:



8. **Registrar and Share Transfer Agent** : M/s. Sharepro Services (India) Pvt. Ltd, is acting as the Registrar and Share Transfer Agents for the shares of the Company held in both physical and electronic modes. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Share Registrar and Transfer Agents at the address given below:-

Sharepro Services (I) Pvt Ltd
13 AB Samhita Warehousing Complex
Off. Andheri Kurla Road
Sakinaka Telephone Exchange Lane
Sakinaka, Andheri East
Mumbai 400 072

The details of the concerned person in Sharepro Services (India) Pvt. Limited are as under:-

Name	Telephone no.	E-mail ID	Fax No.
K. G. Abraham	(022)67720300, (022) 67720400	sharepro@vsnl.com	(022) 28591568

9. **Share Transfer System**: To expedite the transfer in physical mode, authority has been delegated to the Investors' Grievance and Share Transfer Committee of the Board. The Committee considers requests for transfers, transmission of shares, issue of duplicate certificates, issue of certificates on split/consolidation/ renewal etc. and the same are processed and delivered within 15 days of lodgement if the documents are complete in all respects.

In compliance with the listing Guidelines, every six months, the share transfer system is audited by a practicing Company Secretary and a certificate to that effect is issued by him. Complaints identified and reported during the Financial Year 2011-12 are as follows:-

Nature of Complaint	2011-12	
	Received	Attended to
Non – receipt of share certificates	28	28
Letters from Stock Exchanges, SEBI etc.	2	2
Non-receipt of Dividend / Debenture interest / Redemption warrants	61	61
TOTAL	91	91

10. **Distribution Schedule**: As of 31st March, 2012 the distribution of the Company's shareholding was as follows:

No. of equity Shares held	As on 31st March, 2012			
	No. of Share holders	% of Share holders	No. of Shares held	% of Share-holding
1-500	19698	91.068	2305439	5.312
501-1000	1120	5.178	822803	1.895
1001-2000	434	2.006	644002	1.484
2001-3000	125	0.578	321139	0.737
3001-4000	55	0.254	201165	0.463
4001-5000	35	0.162	161496	0.372
5001-10000	76	0.352	529353	1.219
10001 & above	87	0.402	38425377	88.518
Total	21630	100.00	43409774	100.00

11. **Dematerialization of shares and liquidity:** The shares of the Company are in compulsory dematerialised segment and are available for trading system of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL). The status of dematerialization of shares as on 31st March, 2012 is as under:

Particulars	No. of shares	% of total capital issued
Held in dematerialized form in CDSL	16,11,936	3.71
Held in dematerialized form in NSDL	4,09,79,310	94.40
Physical	8,18,528	1.89
Total	4,34,09,774	100.00

12. **Shareholding pattern:**

Details of Shareholding as on 31st March, 2012 was as under:

Category	As on 31st March, 2012			
	No. of Share holders	% Share holders	No. of Shares held	% Share holding
Promoters	8	0.03	20858804	48.05
Mutual Funds, Financial Institutions, Banks Insurance Companies & FIs	54	0.25	4777052	11.01
Individual Shareholders	20794	96.14	6236602	14.36
Bodies Corporate	491	2.27	1009753	2.33
NRI's OCBs	283	1.31	10527563	24.25
Total	21630	100.00	43409774	100.00

13. **Outstanding GDRs/ADRs/ Warrants or any Convertible instruments:**

As of 31st March 2012, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company except Stock Options granted under the 2002 Employees Stock Option Scheme and the 2006 Employees Stock Option Scheme, details of which have been disclosed in the Directors' Report.

14. **Nomination:**

Members can avail of nomination facility. Blank nomination forms will be supplied on request.

15. **Address for Communication**

Mr. Nilesh Limaye
Company Secretary
Zensar Technologies Ltd.
Zensar Knowledge Park,
Kharadi, Plot # 4, MIDC,
Off Nagar Road,
Pune 411 014, India.
Phone No. (020) 66074000,
Fax No: (020) 66074433
Email: investor@zensar.com

Code of Conduct

In tune with the corporate philosophy, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management of the Company in terms of Clause 49 of the Listing Agreement. The Code of Conduct is displayed at Company's Website.

I hereby confirm that the Company has obtained from all members of the Board and Senior Management personnel, affirmation that they have complied with the Code of Conduct for the Financial Year 2011-12.

Dr. Ganesh Natarajan

Vice Chairman and Managing Director

Mumbai

Dated 25th April, 2012

CEO/CFO CERTIFICATION

We, Dr. Ganesh Natarajan, Vice Chairman and Managing Director and Mr. S. Balasubramaniam, Chief Financial Officer of Zensar Technologies Ltd. hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March 2012 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Dr. Ganesh Natarajan

Vice Chairman and Managing Director

Mr. S. Balasubramaniam

Chief Financial Officer



To,

The Members of Zensar Technologies Limited

We have examined the compliance of conditions of corporate governance, by Zensar Technologies Limited, for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that as per the records maintained, no investor grievances against the Company are pending for a period exceeding one month before shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.V.Deulkar & Co.**
Company Secretaries.

Pune

Dated 25th April, 2012

S.V.Deulkar
Proprietor.
F.C.S. 1321 C.P. No. 965

MANAGEMENT DISCUSSION AND ANALYSIS

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 by enterprises keen on driving transformation through innovative technology solutions. The Company is also recognized by the Department of Scientific and Industrial Research (DSIR) for its robust in-house Research and Development practices and is an acknowledged leader in Innovation.

Zensar's industry expertise spans across 5 key Industry Verticals viz Manufacturing, Retail, Healthcare, Banking Financial Services and Insurance. The services range from the traditional to the transformational – Application Development & Maintenance, Testing, Infrastructure Management & hosting and Business Process Outsourcing to Enterprise Package implementation, CRM, Business intelligence & Analytics, Collaboration and Knowledge management services and other Consulting Services. 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 its key industry verticals of 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 recently signed an agreement with Google to provide Google Apps Solutions in the APAC region.

Current Strength and Future Projections

With a strong focus on continuous innovation, customer sovereignty and people orientation, Zensar has been able to demonstrate extraordinary growth and excellence in business results. In the past year, the Company has been restructured to provide specialized vertical solutions to global corporations across the world. The solutions and domain expertise has helped Zensar generate revenues from the existing customer base and add new customers to the vertical portfolios. The company's expansion into new edge technologies, cloud computing, analytics, mobile and social media solutions is also expected to provide significant avenues for revenue growth.

Zensar also 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 strength of Zensar is the energy of our teams; Focused HR initiatives have kept attrition levels at an all-time low this year with the hiring momentum steady. The company launched the iZen initiative to instill higher leadership capabilities in all our managers and will ensure that the capabilities and motivation of our associates remains the strength of Zensar in all geographies.

Zensar has been chosen by SAP, Oracle, Microsoft and Google, as their partner in many key markets and the organization is in the process of redefining the strategic imperatives for our business in the years ahead and looks to the future with great confidence. We are on track to become a significant player in both Infrastructure Management and Application Services globally and have seen excellent business in the USA, South Africa and Middle East reflecting the inherent strength of our new Vertical go-to-market strategy

Additionally, in this year Zensar received accolades from all segments of the industry as an organization – the Company retained its position amongst India's top 20 software companies by NASSCOM and was also listed in the 2011 Global Service 100 and IAOP Global Outsourcing 100 list. Zensar was also awarded the 'Good Corporate Citizen Award' for the year 2011 in the 'medium corporate' category for its outstanding service in operational performance and its contribution towards corporate citizenship.

The company also won the CNBC's 'Outstanding Exporter Award' for the fourth consecutive year.

Industry Outlook 2011-12

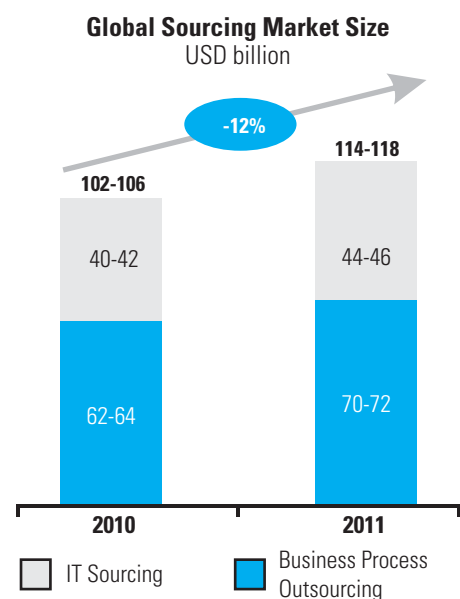
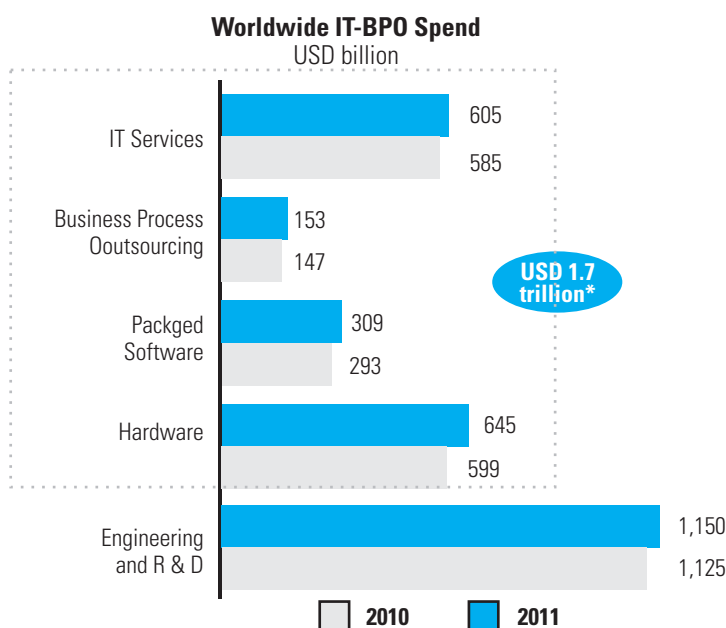
In the face of the volatility in economic environment and currency, 2011 recorded steady growth for technology and related services sector, with worldwide spending surpassing USD 1.7 trillion, a growth of 5.4 per cent over 2010. Software products, IT and BPO services continued to lead, accounting for over USD 1 trillion – 63 per cent of the total spend. IT-hardware spend of USD 645 billion, accounted for the balance 38 per cent of the worldwide technology spend in 2011. The year saw renewed demand for overall global sourcing, which grew by 12 per cent over 2010, nearly twice the global technology spend growth.

While the growth in IT-BPO spend is expected to be gradual over the next three years, global sourcing spend is seen to outpace this growth. IT outsourcing market is set to grow at a CAGR of about 8 per cent over 2011 to 2013, while BPO off shoring is expected to grow at a little over 7 per cent during the same period. Costs still remain essential for global sourcing, industry expertise and innovation is expected to drive future sourcing requirement. In addition, rate of introduction of new technology is much faster now

and is expected to continue to be even faster in the future. There is a strong correlation between technology adoption rate and investment rate. The year 2011 was the year of mobile adoption, where tablets and smartphones sales growth, by volume and by percentage, outpaced the shipment of desktop and laptop market. This mobile revolution witnessed spending by organisations in developing both consumer apps and enterprise apps.

From IT industry perspective – the market for enterprise mobility solutions alone is expected to grow to USD 17 billion by 2015, presenting a huge opportunity to increase revenue from this segment at a pace of triple-digit growth. Clearly, the future of technology services industry is beyond services – it will be a combination of services, solutions and platforms. Indian IT organisations are investing in building platforms to drive future growth opportunities. These domain solutions and technology platforms will offer improved revenue leverage versus talent employed in the industry and will also significantly increase the intellectual property base of the Indian IT industry. The industry can take a clue from the fact that public cloud services spending is expected to outpace growth of the overall IT spend by about four times between 2012 and 2015.

Global Sourcing grew 2X of global technology spend growth in 2011



Note : *2011

Source : Everest Research, Forrester, Gartner, IDC, BASSCOM

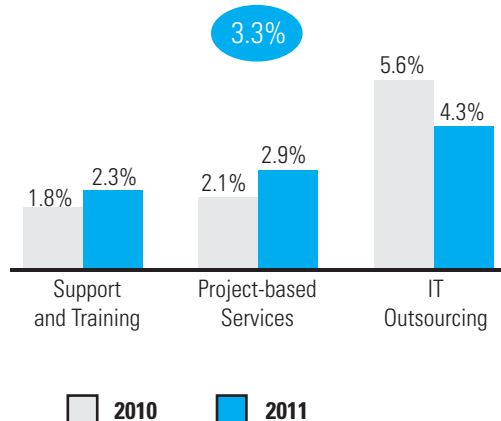
Diversification and transformation, the key themes for the industry for the last two years, and the untapped opportunities in the new services are expected to drive the next phase of growth for the IT-BPO sector. The domestic IT-BPO market is expected to grow in parallel with the growth of the Indian economy. The upbeat domestic IT-BPO (excluding hardware) spending trend will continue

in FY2013 as the industry is expected to grow at 13-16 per cent. IT-BPO exports is expected to grow 11-14 per cent in FY2013, driven by proliferation of as-a-service model around enterprise mobility, cloud and platform solutions, analytics offerings and social media.

The domestic IT market saw increased adoption in 2011, growing by almost 17 per cent driven by the emergence of cloud computing

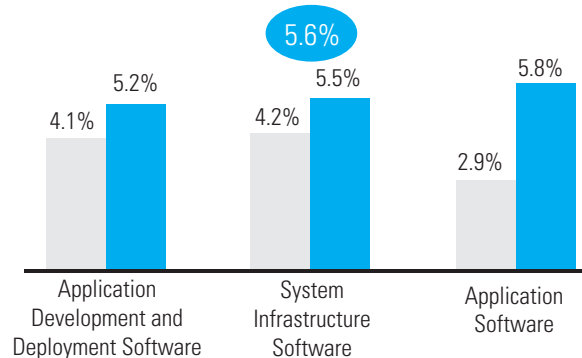
Growth in all segments

IT Services Growth Rates



Note : *Overall segment growth rate 2011 over 2012
Source : Forrester, Gartner, IDC, NASSCOM

Software Growth Rates



Key Highlights

- IT Outsourcing (ITO) growth drops, though it is the highest among three sub segments
- Software product, segments record modest rebound across all service lines

that has led to increasing consumerisation of IT, rapid advancement in technology infrastructure, increasingly competitive Indian organisations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments such as SMBs and consumers. Key global megatrends around macroeconomics, demographics, social, environmental, technology and business will shape the future of the Indian IT-BPO industry. These megatrends will present a new set of opportunities in the form of largely untapped markets and customer segments, which can substantially propel industry revenues.

Opportunities and Threats:

With the increase in internet usage and connection speed, technology innovation and business model disruption continues to evolve. There is an evident shift in pricing models as customers seek to go beyond the traditional labour pricing models to outcome-based solutions and gain share pricing. As vendors continue to leverage the availability of global talent, tax breaks offered by various countries and by their presence across the globe, customers will reap the benefits from the global flexible delivery capability and multi-shore offering.

However, these opportunities will also bring along with it added set of risks in terms of increased protectionism and regulatory control from sourcing markets and increased competition from new and emerging countries. There is also an increasing trend towards the use of local talent, as concerns of keeping jobs locally increase and regulations in key industries that require more locally based service delivery increases.

In this Fiscal, Zensar recorded a healthy growth driven by large contracting activity in small and large sized deals. As customers continued to demand more optimization in cash, Zensar successfully tried out new models and service offerings. The Company also notices a decisive shift towards smaller contract deals coupled with strong growth from the EMEA and South Africa. The Company also implemented forward-looking strategies that support growth and innovation, and adopted agile methods focusing on operational excellence through ongoing innovation, diversification, renewed partnerships/alliances and new business models.

Verticalised Solutioning : Zensar was restructured around the verticals of Manufacturing, Banking and Financial Services, Retail and Healthcare to develop and deliver end-to-end services keeping the customer's need as focus. These verticalised business units now act as a hub of innovation and development of proof of concept solutions for specific verticals and micro-verticals. Over the last 12 months, the Company has created more than 10 products, platforms and solutions for addressing specific business problems in each of the verticals. Manufacturing and Retail continues to drive over 60% of the business in Zensar while emerging vertical of healthcare continue to record fast growth.

Servicelines: Zensar has emerged as a full service player for offering traditional services like application development and maintenance to testing, infrastructure, consulting and system integration, as also niche provider for offering end-to-end services in particular verticals and customer segments. The Company's expansion into Cloud Computing, Mobility and Social Media

Consulting Services and Analytics has provided for significant opportunities for revenue growth. Further developments were also made in its core services ranging from Applications Development & Maintenance, Enterprise Services including Package Implementations and Business Intelligence, Transaction Processing, Testing and Infrastructure Management. These Services have not only brought about end-to-end process improvements and business benefits for clients ranging from the Fortune 100 and FTSE 100 in US, UK and Asia to small start-ups in South Africa and the Middle East but have also helped in creating deep intellectual capital.

After the successful integration of Akibia last year, Zensar has emerged as a niche infrastructure management player supporting the entire spectrum of services. In the past 12 months, the company has augmented its global footprint with customers in diverse fields as navigation systems, software manufacturing, hospitality, video game publishing and prescription generic drugs in addition to the core company verticals of Banking, Insurance, Utilities, and Retail. Zensar Akibia has also been selected as a preferred infrastructure management partner for one of the leading manufacturing companies in the USA. The practice continues to maintain a healthy pipeline across territories and verticals for their independent services while exploring synergies with the new services. In the near future, the Company will continue to make investments in key areas of Security and Compliance to further strengthen capabilities in Infrastructure Management.

Enhanced Partnership: Zensar today is a key global service integrator and has dedicated centers of excellence built to design and implement solutions that employ a broad portfolio of technologies. This capability lends additional focus on creating next-generation solutions that enable new thresholds of business performance by leveraging cloud delivery models and technologies. Zensar is helping customers create optimized levels of business performance, through assessment, advisory services as well as application integration and migration services through platforms such as force.com, Google Apps Engine (GAE) and Microsoft Azure. The Cloud Services Charter in the organization will enable our customers redefine the way they deliver value to their customers. Zensar entered into a strategic alliance with Google earlier to address the emerging market demand for next generation collaboration solution for the benefit of all its Indian and global customers. This partnership is expected to not only enhance collaboration but will also empower Zensar's associates in providing more choice and flexibility in where, when and how they choose to do their work.

Zensar is also a recognized leader in Oracle deployments, having executed a number of joint implementation projects with Oracle worldwide. The Company provides a broad set of Oracle specializations with a large number of certified Oracle specialists. Currently a Platinum Partner, the Company is already moving towards enhancing their position as a leading expert in Oracle technologies by becoming a Diamond Partner.

A Gold Certified and Strategic Value Added Reseller (SVAR) Partner for SAP in the US, Zensar help clients adopt and extend technology to drive business transformation and achieve their business goals. As a part of this status, Zensar delivers "one-stop" domain expertise in support of SAP solutions for the small business and midsize enterprise (SME) segment in the U.S., including SAP Business One, SAP Business All-in-One and SAP BusinessObjects™ business intelligence (BI) solutions. The SAP business is expected to play a significant role in the fortunes of Zensar in the years to come and will continue to be an area of investment for Zensar

Geographic focus: While US continued to drive growth in the organisation driven by higher demand for IT services and support the growth in Europe was slower due to the economic recession. However the emerging geographies of Asia Pacific, Middle East and South Africa have seen the fastest growth rate for the organisation – a CAGR of 30.17 per cent for the period FY2008-2012. Zensar also launched a Learnership Development Program (LDP), to create industry-ready IT talent for South Africa. Under the Broad Based Black Economic Empowerment (BEE) initiative, the Company identifies local students and offer training programmes and skill development opportunities to assist those in need, to enable wider economic development. The programme benefits stakeholders ranging from the academia, emerging software developers, and both the public and private sector. Over 300 South African candidates have benefitted from the Learnership Development Programme (LDP) at the Company's headquarters in Pune, India. The Company will continue to make further inroads in Africa by expanding into newer markets like Kenya.

Future Outlook

Despite 2011 ending in a difficult economic environment, some geographic regions and services will continue to do well in certain geographies in 2012. Global GDP, after growing by 2.7 per cent in 2011, is expected to grow 2.5 per cent in 2012, with developing economies growing thrice as fast as the developed economies. Better economic conditions in the second half of the year signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward.

Continued focus on optimal cost efficiency: Zensar will continue to be cost-competitive provider of IT-BPO services. Cost efficiencies is a focus for the organisation and will be further maintained through various internal process and productivity improvement initiatives including stable entry level salaries, flattening the pyramid, tightening non-employee cost structures, fast career growth, and a non-linear focus through platform and cloud products.

Unique customer centricity: The Company has been able to deliver continuous value to customers through the unique customer-centric approach. This approach has been further strengthened by re-engineering the business/organisational structures; focus on delivery innovation and ability to manage high-end complex engagements.

Diversification: Zensar realizes that the future is beyond services and that it will be a combination of services, solutions and platforms. Zensar has invested in building platforms to drive future growth opportunities and will continue to focus on these activities, moving ahead. These domain solutions and technology platforms will offer improved revenue leverage versus talent employed in the organisation and will also significantly increase the intellectual property base.

Transformation: Zensar with its decade-long experience, mature service capabilities, presence in key verticals, global footprint and high caliber talent pool has ventured head-on into new and emerging services and verticals like Cloud, Social Media and Mobility and Healthcare while at the same time maintaining their strong-hold over core services. The untapped opportunities in the new services are expected to drive the next phase of growth for the organisation.

SEGMENT-WISE PERFORMANCE

For the financial year under consideration, your Company has reported results of the Segments viz. Application Management Services (AMS) and Infrastructure Management Services (IMS).

Secondary segmental reporting is done on the basis of geographical location of clients.

The performance of these segments has been separately reported in Note no. 31 of the Consolidated Financial statements of the Company.

INTERNAL CONTROL

Compliance with best of the breed practices and regular management oversight make the internal controls at Zensar strong. Rigorous testing of the internal controls is one of the strengths of the organization. Strong internal controls minimize the risk of

frauds by introducing effective checks and balances into the financial system. Zensar's Audit Committee along with Management oversees financial controls and their implementation on a regular basis. The Audit Committee meetings, reviews and verification of controls ensure that the Terms of Reference given by the Board of Directors are adhered to. The internal audit is carried out by one of the leading audit and risk advisory firms, along with the key management personnel.

TALENT MANAGEMENT

At Zensar, our focus is to develop individual and team competencies and capabilities for driving operational excellence and building a high performance organization. Hence our Talent Management programme is focused on Talent Acquisition, Development and Retention.

Some key metrics from last year:

- Our global team has grown from 6764 to 7121
- Our retention rate stood at 87.49% for this year
- Our critical talent retention has stood at 97% - Critical talent base was enhanced to include 10% of total population of Zensar.

The following is a summary of our key talent management initiatives:

Talent Development

Organization Development

iZen:

Voice of Associates (VOA) is one of the key inputs for Talent Management agenda at Zensar. VOA is conducted by a third party agency. Based on the VOA following actions were taken:

1. Management council discussed the results of VOA and decided on the direction to be taken. This was done over a one-day workshop in Pune.
2. Focused Group Discussions involving over 250 associates from global operations were conducted to chart out plan of action in response to the feedback of VOA.
3. iZen (I make change happen) initiative was launched with focus on two areas:
 - a. i-Zen People Engagement Workshops
 - b. i-Zen Action teams

iZen People Engagement workshops:

One of the leading consulting companies was assigned to design an interactive workshop for people managers. Based on a few initial workshops and revised design, following actions were taken:

1. Senior Management team, as well as HR council members were trained in Train-The-trainer workshop to roll out this program globally.
2. Workshops were conducted for managers across USA, UK, India and South Africa from the point of view of consistent people management practices.
3. Workshops were followed up by management review to ensure that the action plans agreed during the workshops were implemented.
4. 340 Managers starting from the top were covered through the workshop and the response was very positive.
5. Managers have taken concrete actions to connect with their teams and develop the team members post the workshop.

i-Zen Action Teams

Voluntary teams of associates were formed to drive an agenda around communication, work environment, fun at work and Rewards & recognition. Over 150 associates across the locations participated in the i-Zen action teams to implement new initiatives and suggestions to management for the coming year.

Apart from other events these teams were actively involved in organizing 'Vividha' – Annual Cultural Festival and 'Parents Day' to build in a better connect with the families of associates.

Other ongoing initiatives

- Development Centers (DC) to assess and develop managers and leaders.
- Performance Planning and Evaluation process, which is used for identification of talent development needs, career planning decisions and inputs for the rewards and recognition practices.
- Use of elearning mode for meeting competency development needs of the onsite associates

Organization and Management Review (OMR) is our comprehensive process to review the organization structure and key people development processes and ensure alignment to the overall strategy of the Company. The process is also used to identify critical positions and resources in the organization and draw up comprehensive succession plans for each critical position and career plans for all high potential associates.

'Talent on Demand'

Campus Hiring

Zensar has built a very strong partnership with the Academia to collaborate in nurturing fresh talent. The 2011 Campus drives were held in 11 cities of 4 states out of which 39 colleges were covered in 60 days. Candidates were selected through a rigorous process including Automated Testing.

Talent Engagement

Building highly engaged talent teams is the focus for all our Talent Management initiatives. Our 5 F (Flexible, Fast, Focused, Friendly, Fun) culture of balancing business requirements with people priorities helps us sustain a high energy and high performance work culture for the organization.

The Associate Relations function in Zensar is unique and has been established to provide Zensarians with "one face" for any HR related issues. The Associate Relations team proactively addresses issues and concerns of associates and brings them to the notice of the management for effective resolution.

Work Life Balance: Zensar has been constantly striving to provide opportunities for associates to strike the right balance between professional and personal aspirations & interests. Our 'Time Off Scheme', the on-campus Child Care Center, the Zensar Fun Zone and our on-campus Medical Center and the on campus Counsellor facility are some of the initiatives in that direction.

Work from Home : With a focus on tapping into larger talent pools, providing scalable work models without incurring high infrastructure cost and at the same time taking care of work life balance needs of an associate, the organization has recently launched a Work from Home initiative with 45 associates as part of the pilot project based out of Pune. Successful implementation of the pilot project will lead to a global rollout of the program expected by Q2 of FY 12-13.

Rewards & Recognition

This is a continuous effort to recognize and reward performance, passion and commitment at Zensar. Our rewards and recognition process ensures Zensar recognizes associate contribution to organizational growth at all levels. The rewards scheme range from on the spot rewards to project awards and last but not the least recognition of excellence through the Annual Excellence Awards.

Open Culture: Thriving on Transparency and Openness

Zensar provides multiple platforms at all levels to bring the associates and the management teams together to share perspectives, views and thoughts on all aspects of working together through initiatives such as **Everybody Meeting (EBM)**, **Durbaar-e-Khaas** one-on-one with MCM, informal meets called the **Pizza and Coke** meeting and other open forums.

In addition, Zensar has a very vibrant platform for virtual collaboration – our Intranet called ZenLounge is actively used by our associates for sharing views, technical collaboration as well as information sharing.

Diversity and Inclusion (D&I)

Zensar has been constantly striving to build a diverse and inclusive work culture that respects and thrives on diversity in gender, age, nationality, race and capability.

The unique **Vision Community** is one of our key D&I initiatives where cross-functional teams across the levels in the organization contribute to the strategy building exercise of the organization.

WE (Women for Excellence) is another key D&I initiative for us to help foster leadership in the women associates and encourage them to break their internal glass ceilings and work to realize their true potential.

Additionally, in order to enhance the participation of associates in Strategic Decision making process of the organization following boards have been set up: Shadow Executive Board, Women Executive Board and D&I Councils. The composition of these Boards is cross functional and each Board is led by a member of the Strategy Council.

Award won by HR

Zensar was awarded the HR Strategy Award 2011 by the World HRD Council. The award was in recognition of the innovative practices institutionalized by Zensar to continuously attract, retain and engage talent and thus providing true partnership to Business in achieving the goals of the organisation

Corporate Social Responsibility

At Zensar, we believe in creating an inclusive society within and around us and strive to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational, health and environment initiatives, many of which are driven by active participation from our people. The Zensar Foundation has been implementing these initiatives for over five years now and is in its next phase of growth, consolidating its

operations and creating a comprehensive model, which will include primary education for children and skill enhancement and development among youth to make them employable.

The Foundation's vision going forward is to leverage technology in education and build a strong case of Public Private Partnerships (PPP) by working together with different groups to strengthen the knowledge eco-system across levels –right from primary schools to colleges.

FINANCIAL MANAGEMENT

Accounting principles consistently used in the preparation of financial statements are also consistently applied to record income and expenditure in individual segments.

1. REVENUE

Revenue for the year ended 31st March 2012 is as under:

A. BY SEGMENTS

Rs. Crores		
Segment	2011-12	2010-11
Application Management Service	1099.96	927.79
Infrastructure Management Service	682.52	210.50
Total	1782.48	1138.29

B. BY GEOGRAPHY

Rs. Crores		
Geography	2011-12	2010-11
United States of America	1279.18	715.41
United Kingdom	173.47	151.55
Rest of the World	329.83	271.33
Total	1782.48	1138.29

C. BY LOCATION

Location	2011-12	2010-11
Onsite	70.68%	62.00%
Offshore	29.32%	38.00%

2. OTHER INCOME

Other Income comprises dividends from mutual fund investments, Exchange gains (net), interest on bank deposits, profit on sale of investments and others. Other income during the current year was Rs. 41.99 Crores as against Rs. 28.36 Crores in the previous year.

3. SHARE CAPITAL

During the year, the Company has allotted 1,05,988 equity shares of Rs 10 each, fully paid up, pursuant to exercise of stock options under the "2002 ESOP" and "2006 ESOP" scheme. The subscribed Equity Share Capital as at 31st March, 2012 was 4,34,09,774 Equity Shares of Rs. 10 each. As of 31st March, 2012 the Stock Options outstanding was 17,72,964.

4. RESERVES AND SURPLUS

The Company's reserves and surplus as on 31st March 2012 was Rs. 532.51 Crores as against Rs. 402.70 Crores in 2010-11

5. SECURED LOAN

As of 31st March 2012, secured loan outstanding was Rs. 244.22 Crores as against Rs. 236.33 Crores outstanding as of 31st March 2011

6. FIXED ASSETS

There was an increase in Gross Block of Fixed Assets by Rs. 65.48 Crores; Capital work-in-progress of Rs. 2.71 Crores.

7. RETURN ON CAPITAL EMPLOYED

The return on capital employed (ROCE) for the year 2011-12 is 39.01%.

8. DEBTORS

The position of outstanding debtors was:

	Rs. Crores	
	As at 31st March, 2012	As at 31st March, 2011
Outstanding for less than Six month	290.93	188.19
Outstanding for more than six month	18.59	17.43
Provision for doubtful debts	(18.45)	(18.05)
Total Security Debtors	291.07	187.57

9. CASH AND BANK BALANCES

The Cash and Bank Balances represent the Company's balances in banks in India and overseas. The Company also retains funds in the Exchange Earners Foreign Currency (EEFC) account in India, which

is mainly used to meet the remittance requirements of the Company's branches and also for travel purposes. The Company possessed cash and bank balances (India and overseas) of Rs. 174.48 Crores as on 31st March, 2012.

10. OTHER CURRENT ASSETS

Other Current Assets of Rs. 65.40 Crores consist mainly of accrued income i.e. where services have been rendered as per contract but the client has not been billed as on 31st March 2012.

11. LOANS AND ADVANCES

The Loans and Advances largely comprise advances recoverable in cash or in kind for value to be received amounting to Rs. 147.95 Crores as on 31st March, 2012 (Previous year: Rs. 144.14 Crores), against which a provision for doubtful advances has been created to the extent of Rs. 0.19 Crores (Previous year Rs. 0.19 Crores).

12. CURRENT LIABILITIES & PROVISIONS

Current liabilities amounting to Rs. 435.18 Crores (Previous year Rs. 297.28 Crores) represent payments due to suppliers and advances from customers. Provisions consist mainly of accrual for expenses and provision for tax and dividend.

13. PROVISION FOR TAXATION

The Company's income-tax expense is Rs. 77.65 Crores (Previous year Rs. 18.39 Crores).

14. CONTINGENT LIABILITIES

Contingent Liabilities have been disclosed in Note 27 in the "Notes to the Accounts".

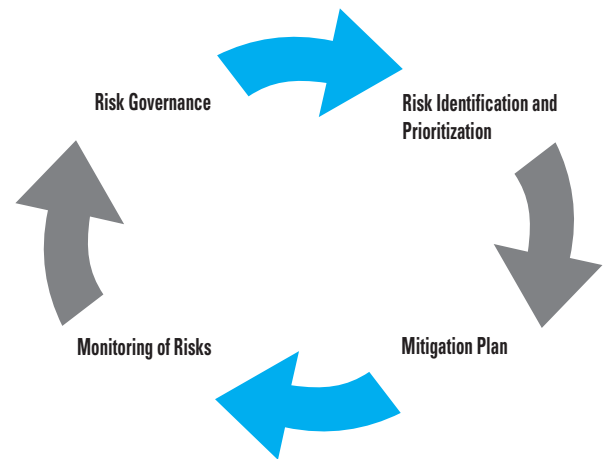
RISK MANAGEMENT

The Risk Management at Zensar encompasses practices relating to identification, characterization and assessing risks. Vulnerability of critical resources to specific risks is monitored and sustained efforts are undertaken for mitigation of various risks to our business. The Company is actively involved in collecting the latest trends in risk management, analyzing the same and using the inferences to plan for better risk management. The dynamic business conditions offer risk and opportunity, with the potential to erode or enhance value. By implementing risk management strategies, the Company can strike a balance and deal with risk and

opportunity in an effective manner so as to enhance its long-term competitive advantage and capacity to build value. It minimizes adverse impact on our business objectives and enhance stakeholder value.

Risk management is an integral part of the charter of the Board of Directors at Zensar. Your company has set up Risk Management Council which is responsible for monitoring risk levels on various parameters and suggest measures to address the same. This council works in consultation with the Board of Directors, Management Council Members, Functional and Country heads. Following are the steps undertaken for Risk management at Zensar:

Certain inherent risks associated with the IT Industry as well as the Company are broadly listed below:



Risk Governance	Risk Identification and Prioritization	Mitigation Plan	Monitoring of Risks
<ul style="list-style-type: none"> Board to oversee and manage risks on various parameters. Risk Council to identify, define and update risk threshold. Senior Management to define and ensure implementation of Mitigation measures. Business Units and Departmental Heads responsible for Transactional risks and Mitigation thereof. 	<ul style="list-style-type: none"> External and Internal Risk factors to be identified in context of Operational Strategy. Risk factors potentially affecting performance vis-à-vis these stated objectives to be identified. Defining criteria for determining consequence and probability of risks. Prioritization on parameters such as High, Medium and Low. 	<ul style="list-style-type: none"> Draw a mitigation plan. Assign ownership for mitigation plan. Revise Mitigation Plan, for shortfall if any. Define timelines and key indicators for mitigation plans. 	<ul style="list-style-type: none"> Risk Council, Senior Management and Board to review Risk. Management Process on periodic basis. Risk Council to collate and review information on new and existing risks.

Client Risk

Excessive exposure to particular clients have the potential to limit the company's negotiating capacity and any swing in business may result in sudden downfall in revenue. The Company is constantly de-risking by soliciting customers from different verticals.

Vertical Risk

Excessive dependence on selected verticals may adversely affect profitability in case of downturn in the fortunes of clients in this group or a reduction in their IT spending / budgets.

In order to mitigate this risk, Zensar provides solutions to a wide range of verticals spanning across banking & finance, retail, manufacturing, distribution, infrastructure management, Health

Care, Government, and utilities segments etc. These verticals are selected prudently considering parameters such as rate of growth, increasing dependency of each vertical on IT solutions etc. The Company has cautiously distributed its business across verticals to mitigate any risk through such exposure.

Geographical Concentration Risk

Concentration of revenue from a particular country exposes the company to the risks specific to its economic conditions, trade policies, local laws, political environment and work culture. In order to curtail this risk, Zensar has not imposed any rigid limits on geographical concentration. While US continue to be the major revenue generating territory, Company's operations in South Africa, Europe, Australia, China, Japan and Middle East also makes

significant contribution to the aggregate. To cap its geographic risk, Zensar intends to strengthen its presence globally.

Technology Obsolescence Risk

The Company operates in an ever evolving and dynamic technology environment and it is of utmost importance that the Company continuously reviews and upgrades its technology, resources and processes so as to eliminate technology obsolescence of a Company's expertise and posing a serious threat to the predictability of its revenues. The Company makes investments in R&D, with a view to keep pace with the latest developments in the technology space. The Company continuously updates itself in terms of various emerging technologies and trains its resources suitably to stay abreast of futuristic technologies and thus avoid technological obsolescence. The Company is not dependent on any single technology or platform. Zensar has developed competencies in various technologies, platforms and operating environment and offers the wide range of technology options to clients to choose from, for their needs.

Client Liability Risk

A Client Liability Risk arises in the advent of the failure or deficiency in services rendered to a particular client. Any such deficiency could result in a claim for damages against Zensar. Zensar pays adequate attention to the negotiation and documentation of contracts wherein an effort is made to limit the contractual liability for damages arising out of errors, mistakes or omissions in service delivery. Zensar has implemented state of the art testing practices to ensure error free delivery. In addition to it, Zensar regularly takes insurance policies for covering such kind of risks.

International Exposure Risk

As the company's headquarter is in India, this could result in regulatory, visa and tax complications, leading to unexpected delays in performing contractual obligations and a possible non-compliance of local laws. In order to overcome this peculiar risk, Zensar understands the local country environments systematically which has helped reduce the related risks. Besides, the Company works with local partners, which enables better understanding of the nuances of the respective territories.

Human Resource Risk

Global economy has made available more and more opportunities to the skilled manpower. Due to manpower intensive business model, IT service organizations are heavily impacted by this. In India, there is uptick in attrition in companies operating in IT vertical. Better opportunities lead to attrition in human resources, which could drain valuable knowledge and customer experience

and, hence, potentially have an adverse impact on revenues. The Company continuously creates and maintains a pool of world-class resources by recruiting best talents from leading colleges and from within the industry, imparting efficient & effective training, blending them into productive resources by creating challenging opportunities on projects. Zensar manages the careers of its employees in order to groom them to assume bigger responsibilities. Zensar's systems measure competencies and create a transparent performance-led incentive system. A number of initiatives have also been taken to make Zensar a fun place to work in.

Foreign Currencies Risk

Global financial position continues to remain volatile with wide swings in both the directions in currencies impacting the IT industry. This trend is expected to continue in near to medium term with added complexity of cross -currency movements. Given the high offshore content of the revenues, a major portion of the Company's expenses is in Indian rupees. As a result operating profits gets highly impacted by foreign currency rate fluctuations. To the extent that there is a significant appreciation of the rupee, it would affect Company's earnings negatively. Such volatility would also affect Company's assets located at various locations worldwide in terms of their carrying value. The Company hedges a major part of the risk on exchange rate by entering into forward cover for predictable inward remittances minimizing the risks associated with foreign currency rate fluctuations.

Further, there is an increased focus on Europe, Asia Pacific and Rest of World for generating business which not only insulates from dependency on a single chosen economy but also ensures that the revenue streams are denominated in multiple currencies thereby partially de-risking the currency.

CAUTIONARY STATEMENT

This Report to the Shareholders is in compliance with the Corporate Governance Standard incorporated in the Listing Agreement with the Stock Exchanges and as such cannot be construed as holding out for any forecasts, projections, expectations, invitations, offers, etc. within the meaning of applicable Securities Laws and Regulations. This Report furnishes information as laid down within the different headings provided under the sub-head Management Discussion and Analysis to meet the Listing Agreement requirements.



The background is a grayscale abstract composition of various geometric shapes, including triangles, rectangles, and lines, creating a sense of depth and movement. Overlaid on this are several white line-art arrows of different sizes, all pointing upwards, symbolizing growth and progress. A solid teal square is positioned in the lower right quadrant, containing the text.

Financial Statements

Auditors' Report to the Members of Zensar Technologies Limited

1. We have audited the attached Balance Sheet of Zensar Technologies Limited (the "Company") as at March 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number 48125

Pune

April 25, 2012

Annexure to Auditors' Report

Refer to in paragraph 3 of the Auditors' Report of even date to the members of Zensar Technologies Limited on the financial statements for the year ended March 31, 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The Company has granted unsecured loans, to two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to Rs. 1,234.83 Lakhs and Rs. 1,164.23 Lakhs, respectively.
(b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
(c) In respect of the aforesaid loans, as stipulated, no installment of principal and interest has fallen due during the year.
(d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
4. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, provident fund, wealth tax, service tax, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax and service tax as at March 31, 2012 which have not been deposited on account of a dispute, are as follows:



Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Sales Tax	1.96	Financial Year 1996-1997 to 1997-1998	Andhra Pradesh High Court
Income Tax Act	Income Tax	7.94	Assessment Year 2006-07	Assessing officer
Income Tax Act	Income Tax	1.81	Assessment Year 2007-08	Assistant Commissioner of Income Tax
Income Tax Act	Income Tax	41.27	Assessment Year 2009-10	Deputy Commissioner of Income Tax
Income Tax Act	Income Tax	938.54*	Assessment Year 2010-11	Assistant Commissioner of Income Tax
Wealth Tax Act	Wealth Tax	29.92	Assessment Year 2004-05	Commissioner of Income Tax (Appeals)
Service Tax	Service Tax	18.46	Financial Year 2005-06	Commissioner Central Excise (Appeals)
Service Tax	Service Tax	3.44	Financial Year 2005-06	Commissioner Custom, Central Excise and Service Tax (Appeals)

* Rectification application has been filed by the Company against the same.

8. The Company has no accumulated losses.
9. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
12. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
13. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
14. The Company has not obtained any term loans.
15. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
17. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
18. The Company has not raised any money by public issues during the year.
19. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
20. The other clauses (ii), (viii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For **Price Waterhouse**

Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number 48125

Pune

April 25, 2012

ZENSAR TECHNOLOGIES LIMITED

BALANCE SHEET as at 31st March, 2012

	Note No.	2012 Rs. in lakhs	2011 Rs. in lakhs
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	4340.98	4330.38
Reserves and Surplus	3	37402.56	32366.74
		41743.54	36697.12
NON-CURRENT LIABILITIES			
Long-term borrowings	4	271.75	-
Long-term provisions	5	1012.35	710.81
		1284.10	710.81
CURRENT LIABILITIES			
Trade Payables	6	2375.01	1217.34
Other current liabilities	7	5456.17	4692.24
Short-term provisions	8	3231.62	2517.42
		11062.80	8427.00
Total		54090.44	45834.93
ASSETS			
NON CURRENT ASSETS			
Fixed Assets	9		
Tangible assets		8602.81	8831.61
Intangible assets		585.42	593.00
Capital work-in-progress		-	452.71
Intangible assets under development		270.67	46.58
		9458.90	9923.90
Non-current investments	10	934.99	708.58
Deferred Tax Asset (Net)	11	1171.31	1002.31
Long-term loans and advances	12	2461.93	3556.91
		14027.13	15191.70
CURRENT ASSETS			
Current Investments	13	4681.81	2463.81
Trade Receivables	14	21689.83	14353.34
Cash and Bank Balances	15	3788.29	3474.36
Short-term loans and advances	16	5288.76	5646.31
Other current assets	17	4614.62	4705.41
		40063.31	30643.23
Total		54090.44	45834.93
Summary of Significant Accounting Policies	1		

The accompanying notes (1 to 40) are an integral part of financial statements

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board

Jeetendra Mirchandani
Partner
Membership No. 48125

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 25, 2012

Place : Mumbai
Date : April 25, 2012

STATEMENT OF PROFIT AND LOSS for the year ended on 31st March, 2012

	Note No.	2012 Rs. in lakhs	2011 Rs. in lakhs
Revenue from operations			
Software development and allied services		67468.91	55032.35
Sale of Licenses for Software Applications		2547.80	1224.61
Other Operating Revenue	18	1257.82	1503.93
		71274.53	57760.89
Other income	19	2791.06	1420.95
Total Revenue		74065.59	59181.84
Expenses:			
Employee benefits expense	20	41136.40	34312.93
Other Expenses	21	16598.56	13571.43
Depreciation and amortization expense	9	2505.08	2588.05
Finance Costs	22	103.38	85.97
Total expenses		60343.42	50558.38
Profit before taxation		13722.17	8623.46
Tax Expense [See Note 1(p)]			
- Current Tax		4436.21	1978.97
- Deferred Tax		(169.00)	(1002.31)
- MAT Credit Entitlement		-	(1200.88)
Profit after taxation		9454.96	8847.68
Earnings Per Equity Share (Face Value Rs. 10) :		Rs.	Rs.
(See Note 23)			
- Basic		21.79	20.47
- Diluted		21.55	20.10
The accompanying notes (1 to 40) are an integral part of financial statements			

This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board

Jeetendra Mirchandani
Partner
Membership No. 48125

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 25, 2012

Place : Mumbai
Date : April 25, 2012

CASH FLOW STATEMENT for the year ended 31st March, 2012

Rs. in lakhs

	2011-12	2010-11
A. Cash Flow from Operating Activities :		
Net Profit before Taxation	13722.17	8623.46
Adjustments for		
Depreciation and amortisation	2505.08	2,588.05
Dividend Income	(471.32)	(582.24)
Interest Expense	103.38	85.97
(Profit) / Loss on sale of investments (net)	(0.23)	-
Interest Income	(186.83)	(143.61)
(Profit) / Loss on sale of tangible assets (net)	(4.59)	(4.72)
Employee stock compensation expense	6.62	3.13
Provision for doubtful debts	(73.17)	-
Provision for doubtful loans and advances	433.86	666.76
	2312.80	2613.34
Operating Profit before Working Capital Changes	16034.97	11236.80
Adjustments for		
(Increase)/Decrease in long term loans and advances	(459.51)	59.07
(Increase)/Decrease in trade receivables	(7263.32)	(4271.17)
(Increase)/Decrease in short-term loans and advances	(454.33)	(867.75)
(Increase)/Decrease in other current assets	90.79	(620.96)
Increase/(Decrease) in long term provision	150.14	104.21
Increase/(Decrease) in trade payables	1157.67	117.92
Increase/(Decrease) in other current liabilities	228.64	977.95
Increase/(Decrease) in short-term provisions	164.61	(0.69)
	(6385.31)	(4501.42)
Cash generated from Operations	9649.66	6735.38
Taxes Paid (net of refunds)	(2231.43)	(1794.71)
	(2231.43)	(1794.71)
Net Cash generated from Operating activities (A)	7418.23	4940.67
B. Cash Flow from Investing Activities		
Purchase of tangible/intangible assets including		
capital work in progress	(2065.46)	(2644.36)
Sale of tangible assets	29.96	15.76
Investment in subsidiaries	(226.41)	(115.34)
Purchase of current investments	(25,847.92)	(26075.90)
Sale of current investments	23,630.15	25124.83
Interest Income	186.83	143.61
Dividend Income	471.32	582.24
Net Cash from Investing Activities (B)	(3821.53)	(2969.16)

CASH FLOW STATEMENT for the year ended 31st March, 2012 (Contd.)

	2011-12	2010-11
C. Cash Flow from Financing Activities		
Proceeds from share allotment under Employee Stock Option Schemes	95.24	112.23
Interest paid	(103.38)	(85.97)
Dividend paid on Equity Shares and tax thereon	(3293.25)	(1388.26)
Net Cash used in Financing Activities (C)	(3301.39)	(1362.00)
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	295.31	609.51
Cash & Cash Equivalents at the beginning of the year	3431.23	2821.72
Cash & Cash Equivalents at the end of the year	3726.54	3431.23

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 on Cash Flow Statements.
- Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.
- Cash and cash equivalents comprise of:

	(Rs in lakhs)	
	2011-12	2010-11
Cash on Hand	7.48	5.95
Balances with Banks	3719.06	3425.28
Total	3726.54	3431.23

The accompanying notes (1 to 40) are an integral part of the Cash Flow Statement.

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 48125

For and on behalf of the Board

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 25, 2012

Place : Mumbai
Date : April 25, 2012

Notes to the Financial Statements for the year ended 31st March, 2012

Company overview

Zensar Technologies Limited (the "Company") along with its wholly owned and controlled subsidiaries Zensar Technologies Inc., Zensar Technologies (UK) Limited, Zensar Technologies (Singapore) Pte. Limited, Zensar Advanced Technologies Limited, Zensar Technologies (Shanghai) Company Limited, PSI Holding Group Inc., Akibia Inc., Akibia B.V. and Aquila Technology Corp. is engaged in providing a complete range of IT Services and Solutions. The Company's industry expertise spans across Manufacturing, Retail, Media, Banking, Insurance, Healthcare and Utilities.

1. Significant Accounting Policies

a. Basis of preparation of financial statements

The Financial Statements of Zensar Technologies Limited are prepared under historical cost convention as a going concern on accrual basis and to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards notified under section 211(3C), [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956 (the Act).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycles as 12 months for the purpose of current -non current classification of assets and liabilities.

b. Use of estimates

The preparation of financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Revenue Recognition

Revenue from software development and allied services comprises of revenues earned from time and material and fixed price contracts. Revenue from time and material contracts is recognised as the related services are performed. Revenue from fixed price contracts are recognised using the proportionate completion method of accounting. The cumulative impact of any revision in estimates of the stage of completion is reflected in the period in

which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which such losses become probable and can be reasonably estimated. Amounts included in the financial statements, which relate to recoverable costs and accrued profits not yet billed on contracts, are included in other current assets as Accrued Income (Unbilled Services). Billings on incomplete contracts in excess of accrued costs and accrued profits are included in other current liabilities as Deferred Revenue. Revenue from the sale of user licenses for software applications is recognised on transfer of title in the user license.

d. Income from Investments

- (i) Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and the then carrying amount of the investment.
- (ii) Dividend income is recognised when the Company's right to receive dividend is established.
- (iii) Interest income on time deposits is recognised using the time proportion basis taking into account the amount outstanding and applicable interest rates.

e. Software development expenses

Application software and software purchased for use in the development of software for customers is charged to revenue over the life of the project.

f. Leases

Finance Lease

Assets acquired under finance lease agreements are capitalised at the inception of lease, at lower of the fair value and present value of minimum lease payments, and a liability is created for an equivalent amount. Lease rentals are allocated between the liability and the interest cost, so as to obtain a uniform periodic rate of interest on the outstanding liability for each period. The outstanding liability is included in borrowings. The interest cost is charged to the Statement of Profit and Loss over the lease period.

Operating Lease

Payments made under operating leases are charged to the Statement of Profit and Loss on straight line basis over the period of lease.

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

g. Fixed Assets

Tangible assets are stated at acquisition cost less accumulated depreciation. Cost of tangible asset comprises purchase price, duties, levies and any directly attributable costs of bringing the asset to its working conditions for the intended use, less CENVAT credit.

Intangible assets are recorded at the consideration paid for acquisition. Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Company to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and the expenditure attributable to the said assets during its development can be measured reliably. Intangible assets are carried at cost less accumulated amortization.

Capital Work-in-Progress includes the costs of fixed assets that are not ready for their intended use at the Balance Sheet date.

h. Depreciation

Depreciation on fixed assets is provided on the straight-line method over their useful lives at rates which are higher than the rates (except for Building) prescribed under Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

The estimated useful lives and rates of depreciation for various fixed assets are as follows:

Class of Asset	Useful Life	Depreciation Rate
Leasehold Land	95 years	1.05%
Buildings	30 years	3.33%
Plant and Equipment	5 years	20.00%
Office Equipment	5 years	20.00%
Furniture and Fixtures	10 years	10.00%
Data Processing Equipment	4 years	25.00%
Vehicles	5 years	20.00%
Improvements to leasehold premises	5 years	20.00%
Certain Office Equipment and Data Processing Equipment	3 years	33.33%
Intangible Assets – Software	1-3 years	33.33% -100%
Employee – perquisite related Assets	5 years	20.00%

i. Impairment

The management periodically assesses, using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the Company recognises an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.

j. Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments.

Investments in overseas subsidiaries and jointly owned entities are recognised at the relevant exchange rates prevailing on the dates of allotment of the investments.

k. Employee Retirement Benefits

i. Superannuation:

The Company has Defined Contribution Plans for Post-employment benefits for all employees in the form of Superannuation Fund administered by the Life Insurance Corporation of India and Family Pension Fund administered by Regional Provident Fund Commissioner. These funds are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as and when incurred.

ii. Gratuity:

The Company has a defined benefit plan for Post-employment benefit in the form of Gratuity for all employees, administered through Life Insurance Corporation of India (LIC), AVIVA Life Insurance Company Private Limited (AVIVA) and a trust which is administered by the trustees. Liability for above defined benefit plan is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

iii. Provident Fund:

The Company has a Post-employment benefit plan in the form of provident fund for all the employees, administered through a Trust. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

iv. Compensated Absences:

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The Actuarial valuation method used for measuring the liability is the Projected Unit Credit method. In respect of encashment of leave, the Defined Benefit Obligation is calculated taking into account all types of decrement and qualifying salary projected up to the assumed date of encashment.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

v. Termination Benefits

Termination benefits are recognised in the Statement of Profit and Loss as an expense as and when incurred.

vi. The Actuarial gains and losses arising during the year are recognised in the Statement of Profit and Loss without resorting to any amortisation.

I. Foreign Currency Transactions

- i) Realised gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss.
- ii) Monetary current assets and monetary liabilities denominated in foreign currency at the year-end are translated at the year-end exchange rates, and the resulting exchange differences are recognised in the Statement of Profit and Loss, except for the exchange differences arising on monetary item that, in substance, form a part of the Company's net investment in non-integral foreign operation,

which are accumulated in a Foreign Currency Translation Reserve until the disposal of net investment.

m. Financial Instruments

The Company early adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India, along with the consequent limited revisions to other accounting standards, except so far as they are in conflict with other mandatory accounting standards and other regulatory requirements.

Derivative Financial Instruments

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculation purposes.

Forward contracts are fair valued at each reporting date. Changes in the fair values of forward contracts designated as cash flow hedges are recognized directly in the Hedging Reserve Account and reclassified into the Statement of Profit and Loss upon the occurrence of the hedged transaction. Changes in fair value relating to the ineffective portion of the hedges and derivatives not designated as hedges are recognised in the Statement of Profit and Loss as they arise.

Non-Derivative Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company mainly include cash and bank balances, trade receivables, accrued income (unbilled services), employee travel and other advances, other loans and advances and derivative financial instruments with a positive fair value. Financial liabilities of the Company mainly comprise trade payables, accrued expenses and derivative financial instruments with a negative fair value. Financial assets / liabilities are recognized on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

The Company assesses at each Balance Sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss as the difference between the assets carrying amount and undiscounted amount of future cash flows, which is recognised in the Statement of Profit and Loss.

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

The Company measures the short-term payables with no stated rate of interest at original invoice amount, if the effect of discounting is immaterial.

n. Foreign Branches

All income and expenditure transactions of the foreign branches during the year are included in these Financial Statements at the average rate of exchange. Monetary assets and liabilities are translated at rates prevailing on the Balance Sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation on fixed assets is recognised as per the Company's policy referred to in Note 1(h) above. Net gain/loss on foreign currency translation is recognised in the Statement of Profit and Loss.

o. Employee Stock Option Schemes

Stock options granted to employees under Employee Stock Option Schemes are accounted as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999, issued by the Securities and Exchange Board of India. Accordingly, the excess of the market value of the stock options as on the date of the grant over the exercise price of the options is recognised as deferred employee compensation and is charged to Statement of Profit and Loss over the vesting period. In the case of graded vesting, the vesting period is determined separately for each portion of the option. The unamortised portion of the cost is shown under "Reserves and Surplus".

p. Taxation

Current Tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred Tax

Deferred tax for timing differences between the book profits and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets arising from the timing differences are recognised to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets are recognised for tax loss and depreciation carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is virtually certain and is supported by convincing evidence that sufficient future taxable profits can be realised.

Minimum Alternative Tax (MAT)

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay income tax higher than MAT during the specified period.

q. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event and, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. A disclosure for a contingent liability is made where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

r. Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless they have been issued at a later date.

Notes to the Financial Statements for the year ended 31st March, 2012

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
2. Share Capital		
Authorised		
47,500,000 (Previous year: 47,500,000) Equity Shares of Rs. 10 each	4750.00	4750.00
250,000 (Previous year: 250,000) Preference Shares of Rs. 100 each	250.00	250.00
	<u>5000.00</u>	<u>5000.00</u>
Issued, Subscribed and fully paid up		
43,409,774 (Previous year: 43,303,786) Equity Shares of Rs. 10 each fully paid-up	4340.98	4330.38
	<u>4340.98</u>	<u>4330.38</u>

(i) Reconciliation of the shares outstanding as at the beginning and at the end of the year

	2012		2011	
	Nos	Rs. (in lakhs)	Nos	Rs. (in lakhs)
At the beginning of the year	43303786	4330.38	21575867	2157.59
Add: Shares issued on exercise of Employee Stock Options	105988	10.60	138101	13.81
Add: Shares issued as Bonus Shares [See Note (iv) below]	-	-	21589818	2158.98
Outstanding at the end of the year	<u>43409774</u>	<u>4340.98</u>	<u>43303786</u>	<u>4330.38</u>

(ii) Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Board of Directors in their meeting on January 24, 2012, declared an interim dividend of Rs. 3 per equity share. The board of directors in their meeting on 25th April, 2012, proposed the final dividend of Rs. 4 per equity share. The total dividend appropriation for the year ended March 31, 2012 amounted to Rs. 3531.21 lakhs including corporate dividend tax of Rs. 492.69 lakhs.

(iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2012		As at March 31, 2011	
	% Held	Nos	% Held	Nos
RPG Cellular Investments and Holdings Private Limited	27.76 %	12048406	27.82 %	12048406
Electra Partners Mauritius Limited	23.73 %	10301294	23.79 %	10301294
Summit Securities Limited	10.61%	4604076	10.27 %	4448276
Idea Tracom Private Limited	7.13 %	3096800	7.15 %	3096800
Fidelity Management and Research Company	5.11%	2219584	5.06 %	2189584

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

(iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding 31st March, 2012.

Particulars	2011 No of shares	2010 No of shares
(a) Equity shares allotted as fully paid bonus shares by capitalisation of profits transferred from General Reserve	21589818	-
(b) Equity shares bought back by the Company by utilization of Securities Premium account and General Reserve	-	2424000

(v) For details of shares reserved for Issue under the Employee Stock Option Plan (ESOP) of the Company, please refer Note 24

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
3. Reserves and Surplus		
Capital Reserve	10.18	10.18
Capital Redemption Reserve	442.40	442.40
Securities Premium Account		
Balance brought forward	129.75	26.81
Add: Received during the year on exercise of stock options issued to employees	86.99	102.94
	216.74	129.75
Revaluation Reserve	1.56	1.56
General Reserve		
Balance brought forward	22598.05	17257.03
Less : Utilization for Issuance of Bonus Shares	-	2158.98
Add : Transferred from Statement of Profit and Loss	8000.00	7500.00
	30598.05	22598.05
Hedging Reserve		
Balance brought forward	319.81	260.41
Add : Movement during the year	(1,126.85)	59.40
	(807.04)	319.81
Employee Stock Options		
Employee Stock Options Outstanding	55.51	28.23
Less : Deferred Employee Compensation	30.16	7.15
	25.35	21.08
Foreign Currency Translation Reserve		
Balance brought forward	181.02	138.47
Foreign Currency Translation Reserve for the year	147.66	42.55
	328.68	181.02

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.)

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	8662.89	9076.71
Add: Profit after Taxation transferred from Statement of Profit and Loss	9454.96	8847.68
	18117.85	17924.39
Less: Appropriations		
Interim Dividend	1302.13	-
Proposed Dividend	1736.39	1515.63
Dividend distribution tax on Interim and Proposed dividend on Equity Shares	492.69	245.87
Transfer to General Reserve	8000.00	7500.00
	11531.21	9261.50
Balance as at the end of the year	6586.64	8662.89
	37402.56	32366.74
4. Long-term Borrowings		
Finance Lease Liability (Secured) [See Note 37 (B)]	271.75	-
	271.75	-
5. Long-term provisions		
Taxation less payments thereagainst	151.40	-
Provision for Compensated Absences	762.84	618.16
Provision for Disputed statutory matters (See Note 26)	32.25	32.25
Other Obligations (See Note 26)	65.86	60.40
	1012.35	710.81
6. Trade Payables		
Dues to micro and small enterprises (See Note 35)	-	-
Dues to other than micro and small enterprises	2375.01	1217.34
	2375.01	1217.34
7. Other Current liabilities		
Current maturities of finance lease liability (See Note 37 (B))	114.72	-
Deferred Revenue	501.33	217.33
Unpaid Dividends	61.93	43.31
Accrued Salaries and Benefits	2458.67	2687.58
MTM gain/loss on forward contracts	807.04	-
Withholding and other taxes	728.72	936.42
Other Payables	783.76	807.60
	5456.17	4692.24
8. Short-term provisions		
Taxation less payments thereagainst	538.38	245.37
Proposed Dividend on Equity Shares	1736.39	1515.63
Tax on proposed dividend	281.69	245.87
Provision for Gratuity	308.28	268.33
Provision for Compensated Absences	366.88	242.22
	3231.62	2,517.42

Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

9. FIXED ASSETS [See Notes 1(f), 1(g), 1(h) and 1(i)]

Rs. in lakhs

Assets	GROSS BLOCK			DEPRECIATION / IMPAIRMENT				NET BLOCK	
	Cost as at 31st March 2011	Additions during the year	Deletions during the year	Cost as at 31st March 2012	Accumulated Depreciation/ Impairment loss as at 31st March 2011	Depreciation for the year	Depreciation written back on deletions during the year	As at 31st March 2012	As at 31st March 2011
Tangible assets:									
Land-									
- Leasehold	264.25	-	-	264.25	25.24	2.77	-	28.01	239.01
- Freehold	34.67	-	-	34.67	21.69	-	-	21.69	12.98
Buildings	5327.49	5.12	-	5332.61	745.94	177.51	-	923.45	4581.55
Improvement to Leasehold									
Premises	415.35	203.15	-	618.50	370.03	44.96	-	414.99	45.32
Plant and Equipment	3844.32	224.41	134.36	3934.37	2685.72	493.12	134.36	3044.48	1158.60
Furniture and Fixtures	2480.31	130.31	16.46	2594.16	1204.50	288.38	16.43	1476.45	1275.81
Office Equipment	942.99	65.86	8.52	1000.33	651.01	123.71	8.52	766.20	291.98
Motor Vehicles	240.01	20.75	11.30	249.46	144.18	39.68	2.47	181.39	95.83
Data Processing									
Equipment-Own use	5098.63	453.88	314.19	5238.32	3968.10	554.02	307.75	4214.37	1130.53
Data Processing									
Equipments taken on									
Finance Lease	-	448.46	-	448.46	-	41.29	-	41.29	-
Intangible assets :	18648.02	1551.94	484.83	19715.13	9816.41	1765.44	469.53	11112.32	8831.61
Software including									
Courseware	3729.25	742.12	100.21	4371.17	3136.25	739.64	90.14	3785.75	593.00
TOTAL	22377.27	2294.06	585.04	24086.30	12952.66	2505.08	559.67	14898.07	9424.61
Previous year	20246.99	2243.02	112.74	22377.27	10466.30	2588.05	101.69	12952.66	
Capital work in progress								-	452.71
Intangible assets under development								270.67	46.58
								9458.90	9923.90

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.)

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
10. Non-current Investments		
Investments in Equity Instruments (valued at cost unless otherwise stated)		
(A). Trade		
Unquoted		
Subsidiary Companies		
200,000 (Previous year : 200,000) Shares of an aggregate cost of US\$ 1,000,000 (Previous year : US\$ 1,000,000) of the common stock of Zensar Technologies Inc., USA, no par value	290.30	290.30
300,000 (Previous year : 300,000) Shares of an aggregate cost of S\$ 300,000 (Previous year : S\$ 300,000) of the common stock of Zensar Technologies (Singapore) Pte Ltd. of S\$ 1 each	78.02	78.02
50,000 (Previous year : 50,000) Shares of an aggregate cost of GBP 50,000 (Previous year : GBP 50,000) in Zensar Technologies (UK) Limited	38.51	38.51
Shares of aggregate cost of US\$ 102,000 (Previous year : US\$ 102,000) in Zensar Technologies (Shenzhen) Limited (Liquidated during the year)	-	45.78
20 (Previous year : 20) Equity Shares of JPY 50,000 each fully paid-up in Zensar Advanced Technologies Limited	185.82	185.82
Shares of aggregate cost of US\$ 7,00,000 (Previous year : US\$ 250,000) in Zensar Technologies (Shanghai) Limited	341.75	115.34
Less : Provision for diminution in the value of investments	-	(45.78)
	934.40	707.99
(B) Non-Trade		
Quoted		
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited	0.02	0.02
75 (Previous year : 75) Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.05
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in CESC Limited	0.05	0.05
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited	0.04	0.04
760 (Previous year : 760) Equity Shares of Rs. 2 each fully paid-up in KEC International Limited	0.19	0.19
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
13 (Previous year : 13) Equity Shares of Rs. 10 each fully paid up in Summit Securities Limited	0.09	0.09
100 (Previous year : NIL) Equity Shares of Rs. 8 each fully paid up in RPG Life Sciences Limited	-	-
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid up in Stel Holdings Limited (formerly known as Sentinal Tea and Exports Limited)	-	-
	0.51	0.51
Unquoted		
100 Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
	934.99	708.58
Aggregate amount of Quoted Investments [Market Value Rs. 1.21 lakhs (Previous year: Rs.1.32 lakhs)]	0.51	0.51
Aggregate amount of Unquoted Investments	934.48	708.07
	934.99	708.58

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
11. Deferred Tax Asset (net)		
The major components of the net deferred tax asset are		
Depreciation	237.28	234.15
Provision for doubtful debts	446.68	469.38
Others	487.35	298.78
	1171.31	1002.31
12 Long-term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Capital Advances	19.11	20.72
Security and other deposits		
- Considered good	425.76	416.17
- Considered doubtful	16.00	16.00
Loans and advances to Related Parties (Subsidiaries)		
Maximum amount outstanding during the year Rs. 1234.83 lakhs (Previous year: Rs. 1012.73 lakhs)]		
- Considered good	64.47	300.52
- Considered doubtful	1099.76	682.21
Other Loans and Advances		
Prepaid Expenses	429.48	28.94
MAT Credit Entitlement	1020.12	2175.88
Taxes recoverable [taxes paid less provisions Rs. 2631.53 lakhs (Previous year: Rs. 5029.82 lakhs) thereagainst]	502.99	614.68
	3577.69	4255.12
Less : Provision for doubtful Loans and Advances	1115.76	698.21
	2461.93	3,556.91
13. Current Investments (valued at lower of cost or fair value)		
Investments in Mutual Funds		
Unquoted		
Nil (Previous year : 999,550) units of Kotak Quarterly Interval Plan Series 3 - Dividend	-	100.00
Nil (Previous year : 1,000,000) units of UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan V- Institutional Dividend Plan	-	100.00
36,831 (Previous year : 25,504) units of Axis Liquid Fund - Institutional Daily Dividend reinvestment	368.35	255.06
147,383 (Previous year : NIL) units of DWS Treasury Fund Cash- Institutional Plan- Daily Dividend -Reinvestment	148.12	-
724,527 (Previous Year : NIL) units of Kotak Quarterly Interval Plan Series 4 - Growth	100.00	-
23,305 (Previous Year : NIL) units of UTI Liquid Cash Plan Institutional -Growth Option	410.00	-
1,380,354 (Previous Year : NIL) units of Kotak Liquid Institutional -Growth	290.00	-

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.)

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
20,083 (Previous Year : NIL) units of UTI Money Market Fund-Institutional daily dividend - re-investment	201.51	-
1,000,000 (Previous Year : NIL) units of Birla Sun Life Short Term FMP Series 29-Dividend-Payout	100.00	-
1,393,988 (Previous Year : NIL) units of Reliance Liquid Fund - Treasury Plan Institutional Option- Daily Dividend option	213.10	-
1,000,000 (Previous Year : NIL) units of HDFC Quarterly Interval Fund - Plan A- Wholesale Growth	100.00	-
47,973 (Previous Year : NIL) units of Birla Sun Life Savings Fund - Instl.-Growth	98.00	-
689,469 (Previous Year : NIL) units of Reliance Quarterly Interval Fund - Series III-Institutional - Growth Plan	100.00	-
849,264 (Previous Year : NIL) units of UTI Fixed Income Interval Fund - Series II-Quarterly Interval Plan VI-Institutional - Growth Plan	100.00	-
222,053 (Previous Year : NIL) units of ICICI Prudential Liquid Super Institutional Plan- Growth	352.00	-
27,993 (Previous Year : NIL) units of Tata Liquid Super High Investment Fund-Daily Dividend	311.99	-
573,406 (Previous Year : NIL) units of Sundaram Interval Fund Qtly- Plan B- Retail Growth	80.00	-
6,167 (Previous Year : NIL) units of SBI Premier Liquid Fund- Institutional -Growth	105.00	-
1,317,750 (Previous Year : NIL) units of Reliance Liquid Fund- Treasury Plan-Institutional Option- Growth Option	344.00	-
22,733 (Previous Year : NIL) units of Tata Liquid Super High Investment Fund- Appreciation	450.00	-
Nil (Previous year : 24,033) units of UTI Liquid Cash Plan Institutional - Daily Income Option-Reinvestment	-	245.00
1,933,827 (Previous Year : 2,491,983) units of HDFC Cash Management Fund-Savings Plan - Daily Dividend Reinvestment	205.69	265.06
Nil (Previous year : 1,500,000) units of Tata Fixed Maturity Plan series 28 Scheme A Dividend	-	150.00
Nil (Previous year : 2,020,000) units of LIC Nomura MF Interval Fund - Series 1-Monthly Dividend Plan	-	202.00
Nil (Previous year : 2,268,309) units of Reliance Liquid Fund - Cash Plan - Daily Dividend Option	-	252.72
21,548 (Previous Year : 25,292) units of DSP BlackRock Liquidity Fund- Institutional Plan-Daily Dividend	215.55	253.00
Nil (Previous year : 1,500,000) units of DSP BlackRock FMP- 3M Series 29 - Dividend Payout	-	150.00
Nil (Previous year : 3,864,816) units of Kotak Floater Short Term Daily Dividend	-	390.97
Nil (Previous year : 999,690) units of Kotak Quarterly Interval Plan Series 6- Dividend	-	100.00
387,746 (Previous Year : NIL) units of Birla Sunlife Cash plus- Inst. Prem.-Daily Dividend-Reinvestment	388.50	-
	4681.81	2463.81

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.)

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
14. Trade Receivables		
(Unsecured)		
Debts outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	44.94	108.98
Considered doubtful	1391.97	1,391.56
	<u>1436.91</u>	<u>1500.54</u>
Less : Provision for doubtful debts	1391.97	1391.56
(A)	<u>44.94</u>	<u>108.98</u>
Other Debts		
Considered good	21644.89	14244.36
Considered doubtful	76.16	55.16
	<u>21721.05</u>	<u>14299.52</u>
Less : Provision for doubtful debts	76.16	55.16
(B)	<u>21644.89</u>	<u>14244.36</u>
Total (A+B)	<u>21689.83</u>	<u>14353.34</u>
15. Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	7.48	5.95
Balances with Banks :		
In current accounts	2708.13	3258.03
Deposit with original maturity of less than three months	1010.93	167.25
	<u>3719.06</u>	<u>3425.28</u>
Other Balances with Banks :		
Unpaid dividend accounts	61.75	43.13
	<u>3788.29</u>	<u>3474.36</u>
16. Short-term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Security and other deposits		
- Considered good	224.86	227.58
- Considered doubtful	-	0.90
Other receivables from Related Parties (subsidiaries)		
- Considered good	1243.38	1496.42
Other Loans and Advances		
Prepaid Expenses	1538.00	627.36
Balances with Government Authorities	550.73	707.66
MTM gain/loss on forward contract	-	319.81
Others		
- Considered good	487.55	530.32
- Considered doubtful	2.54	2.49

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.)

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
MAT Credit Entitlement	1244.24	1489.00
Taxes recoverable [taxes paid less provisions Rs. Nil (Previous year: Rs. Nil) thereagainst]	-	248.16
	5291.30	5649.70
Less : Provision for doubtful Loans and Advances	2.54	3.39
	5,288.76	5,646.31
17. Other Current Assets		
Accrued Income (Unbilled Services)	4607.87	4665.67
[Includes dues from subsidiary companies Rs. 2734.90 lakhs (Previous year: Rs. 2699.02 lakhs)]		
Interest accrued on deposits	6.75	39.74
	4614.62	4705.41
18. Other Operating Revenue		
- Finders' fees	534.71	442.87
- Provisions no longer required and credit balances written back	343.78	685.93
- Profit on sale of fixed assets	4.59	4.72
- Profit on sale of current investments - Non Trade	0.23	-
- Miscellaneous Income	374.51	370.41
	1257.82	1503.93
19. Other Income		
Dividend Income :		
- From Subsidiaries	329.63	495.30
- On Current Investments	141.69	86.94
	471.32	582.24
Interest Income :		
-On Deposits with banks	100.68	58.82
-On Loans to subsidiaries	51.81	42.81
-On Income Tax refund	-	34.46
-On Others	34.34	7.52
	186.83	143.61
Exchange gain (net) [See Note 1(l),(m) and (n)]	2132.91	695.10
	2791.06	1420.95
20. Employee benefit expenses		
Salaries, Wages and Bonus	38232.62	31701.18
Contribution to Provident and other funds	1855.28	1650.67
Staff Welfare	1041.88	957.95
Employee Stock Compensation Expense	6.62	3.13
	41136.40	34312.93

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.)

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
21. Other Expenses		
Travelling and conveyance	3012.32	2343.09
Cost of manpower hired	1636.41	1154.72
Recruitment Expenses	313.54	307.09
Training Expenses	140.52	144.59
Electricity and Power	911.48	805.86
Rent	2407.29	2167.48
Repairs and Maintenance to :		
-Plant and Machinery	170.91	140.09
-Building	863.08	726.31
-Others	81.39	93.91
	1115.38	960.31
Insurance	799.55	737.28
Rates and Taxes	107.93	85.16
Consumable Media	211.33	167.58
Legal and Professional Charges	801.34	888.05
Postage, Telephone and E-Mail	862.39	759.92
Stationery and Printing	71.20	84.52
Carriage, Freight and Octroi	7.68	5.74
Vehicle Running expenses	192.49	199.47
Advertisement and Publicity	478.24	427.10
Purchases of Licenses for Software Applications	2343.19	1172.55
Bad Debts written off	249.48	87.64
Directors' Fees	7.70	10.30
Directors' Commission	143.00	94.00
Provision for Doubtful Loans and Advances	433.86	666.76
Investment written off	45.78	-
Miscellaneous Expenses (See Note 30)	306.46	302.22
	16598.56	13571.43
22. Finance cost		
Interest	13.63	54.29
Bank Charges	89.75	31.68
	103.38	85.97
	Year ended March 31, 2012	Year ended March 31, 2011
23. Earnings Per Share (EPS)		
(a) Profits attributable to equity shareholders (Rs. in lakhs)	9,454.96	8,847.68
(b) Basic Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year.	43387990	43226136
Basic EPS (Rs.)	21.79	20.47
(c) Diluted Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year	43387990	43226136
Effect of dilutive issue of stock options	483731	799426
Weighted average no. of equity shares outstanding for Diluted EPS	43871721	44025562
Diluted EPS (Rs.)	21.55	20.10

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

24. (i). Employee Stock Option Schemes

Currently the Company has instituted two Employees Stock Option Plans. The Compensation Committee of the Board approves the grant of options. Options vest with employees over specified time periods subject to fulfilment of certain conditions.

Stock Option Activity under the "2002 ESOP" scheme is as follows:

	2011-12		2010-11	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	374794	74.82	256426	146.81
Granted during the year prior to bonus issue	-	-	-	-
Exercised during the year prior to bonus issue	-	-	13951	126.33
Cancelled during the year prior to bonus issue	-	-	2775	144.78
Bonus Adjustment (1:1)	-	-	239700	-
Granted during the year post bonus issue	-	-	-	-
Exercised during the year post bonus issue	25428	68.86	91154	72.77
Cancelled during the year post bonus issue	10170	58.94	13452	69.95
Balance unexercised options	339196	75.74	374794	74.82
Exercisable at end of year	330356	76.16	285708	73.94

Stock Option Activity under the "2006 ESOP" scheme is as follows:

	2011-12		2010-11	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	1079068	102.44	533404	181.53
Granted during the year prior to bonus issue	-	-	74000	345.00
Exercised during the year prior to bonus issue	-	-	-	-
Cancelled during the year prior to bonus issue	-	-	16600	345.00
Bonus Adjustment (1:1)	-	-	590804	-
Granted during the year post bonus issue	611000	150.00	-	-
Exercised during the year post bonus issue	80560	96.49	32996	85.70
Cancelled during the year post bonus issue	175740	121.30	69544	91.41
Balance unexercised options	1433768	120.73	1079068	102.44
Exercisable at end of year	634368	97.79	561076	96.00

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

25. Related Party Disclosures

List of Related Parties (as identified and certified by the Management)

(i) Parties where control exists

a. Wholly owned subsidiaries:

Zensar Technologies, Inc., USA
Zensar Technologies (UK) Limited
Zensar Technologies (Singapore) Pte. Limited
Zensar Advanced Technologies Limited
Zensar Technologies (Shanghai) Company Limited
PSI Holding Group Inc. (With effect from January 1, 2011)
Akibia, Inc. (With effect from January 1, 2011)
Akibia, B.V. (With effect from January 1, 2011)
Aquila Technology Corp. (With effect from January 1, 2011)

b. Other subsidiaries/Entities under joint control

Zensar Technologies (Shenzhen) Limited (Voluntarily liquidated during the year)

c. Parties having control (directly or indirectly):

Chattrapati Investments Limited
Blue Niles Holdings Limited
Pedriano Investments Limited
RPG Cellular Investments & Holdings Private Limited
Idea Tracom Private Limited
Summit Securities Limited
Electra Partners Mauritius Limited
Instant Holdings Limited

(ii) Key Management Personnel

Dr. Ganesh Natarajan
Mr. S. Balasubramaniam
Mr. Sanjay Marathe
Ms. Prameela Kalive
Mr. Hiren Kulkarni
Mr. Ajay Bhandari
Mr. Krishna Ramswami
Mr. Yogesh Patgaonkar (w.e.f. 11th July, 2011)
Mr. Gopalji Mehrotra (upto 31st July, 2011)
Mr. Sanjay Rawa

Transactions with Related Parties

(Rs. in lakhs)

Sr No.	Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
		2011-12	2010-11	2012 Receivable	2012 Payable	2011 Receivable	2011 Payable
A. 1	Rendering of Software Services Wholly owned subsidiaries:						
(i)	Zensar Technologies, Inc., USA	33786.70	28042.91	16615.56	-	11617.88	-
(ii)	Zensar Technologies (UK) Limited	9034.26	7253.33	1952.96	-	1751.43	-
(iii)	Others	123.00	28.34	35.38	-	15.08	-
	Total of rendering of Software Services	42943.96	35324.58	18603.90	-	13384.39	-
B. 1	Receipt of Software Services Wholly owned subsidiaries						
(i)	Zensar Technologies (Singapore) Pte. Ltd.	64.55	9.31	-	38.63	-	9.29
	Total of Receipt from Software Services	64.55	9.31	-	38.63	-	9.29
C. 1	Rendering of Other Services Wholly owned subsidiaries:						
(i)	Zensar Technologies, Inc., USA (Finder's Fee)	407.59	442.87	192.33	-	396.35	-
(ii)	Zensar Technologies (UK) Limited (Finder's Fee)	127.12	-	127.12	-	-	-
	Total of rendering of Other Services	534.71	442.87	319.45	-	396.35	-
D. 1	Reimbursement of expenses incurred Wholly owned subsidiaries:						
(i)	Zensar Technologies, Inc., USA	1089.63	2224.87	703.13	-	907.20	-
(ii)	Zensar Technologies (UK) Limited	875.90	974.06	105.59	-	176.59	-
(iii)	Others	95.75	184.83	406.42	94.69	261.27	-
	Total reimbursement of expenses incurred	2061.28	3383.76	1215.14	94.69	1345.06	-

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

(Rs. in lakhs)

Sr No.	Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
		2011-12	2010-11	2012 Receivable	Payable	2011 Receivable	Payable
E.	Other Income (Guarantee commission)						
(i)	Zensar Technologies, Inc., USA	255.30	90.74	133.39	-	73.78	-
	Total Guarantee commission	255.30	90.74	133.39	-	73.78	-
F.	Equity Contribution						
1	Wholly owned subsidiaries:						
(i)	Zensar Technologies (Shanghai) Company Limited	226.41	115.34	-	-	-	-
	Total of Equity Contributions	226.41	115.34	-	-	-	-
G.	Loans granted/ (repaid)						
	Wholly owned subsidiaries:						
(i)	Zensar Advanced Technologies Limited	-	43.57	*972.85	-	847.94	-
(ii)	Zensar Technologies (Shanghai) Company Limited	-	53.51	61.06	-	53.51	-
	Total of loans granted/ (repaid)	-	97.08	1,033.91	-	901.45	-
H.	Interest on Unsecured Loans						
1	Wholly owned subsidiaries:						
(i)	Zensar Advanced Technologies Limited	63.09	42.50	*126.91	-	63.82	-
(ii)	Zensar Technologies (Shanghai) Company Limited	3.10	0.31	3.41	-	0.31	-
	Total of interest on Unsecured Loan	66.19	42.81	130.32	-	64.13	-
I.	Remuneration to Key Management Personnel **						
(i)	Dr. Ganesh Natarajan	191.06	90.36	-	-	-	-
(ii)	Mr. S. Balasubramaniam	47.51	41.80	-	-	-	-
(iii)	Mr. Sanjay Marathe	57.02	39.83	-	-	-	-
(iv)	Others	203.86	176.91	-	-	-	-
	Total remuneration of Key Management Personnel	499.45	348.90	-	-	-	-

* The provision of Rs. 1099.76 lakhs has been made against the above loan

** Includes the income tax perquisite value of Employee stock options

26. Disclosure as per Accounting Standard – 29

(Rs. in lakhs)

Particulars	2011-2012			2010-11		
	Disputed Statutory Matter	Other Obligations	Total	Disputed Statutory Matter	Other Obligations	Total
Opening Balance	32.25	60.40	92.65	36.45	51.27	87.72
Additions	-	11.67	11.67	-	11.67	11.67
Utilisations	-	6.21	6.21	4.20	2.54	6.74
Closing Balance	32.25	65.86	98.11	32.25	60.40	92.65

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

A. Disputed Statutory matters mainly include:

- (a) Provision for disputed statutory liabilities comprises matters under litigation with Sales-Tax, Customs Duty and ESI authorities.
- (b) The amount of provisions made by the Company is based on the estimates made by the Management considering the facts and circumstances of each case.
To the extent the Company is confident that it has a strong case, that portion is disclosed under contingent liabilities.
- (c) The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.

- B. Provisions for Other Obligations mainly include provisions for rent related litigations with previous landlords. The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.

27. Disclosures in accordance with Revised AS- 15 on "Employee Benefits":

(A) Defined Contribution Plans

The Company has recognised the following amounts in the Statement of Profit and Loss for the year ended:

	March 31, 2012	March 31, 2011
(a) Contribution to Employees' Family Pension Fund	318.54	276.99
(b) Contribution to Employees' Superannuation Fund	26.06	27.76
	344.60	304.75

(B) Defined Benefit Plans- Gratuity

(i) Changes in the Present Value of Obligation

	For the year ended March 31, 2012 (Rs. in lakhs)	For the year ended March 31, 2011 (Rs. in lakhs)
(a) Present Value of Obligation as at beginning of the year	1902.38	1557.22
(b) Interest Cost	161.70	132.36
(c) Past Service Cost	-	-
(d) Current Service Cost	351.17	309.14
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Benefits Paid	(203.37)	(181.38)
(h) Actuarial (Gain)/Loss	97.44	85.04
(l) As at end of the year	2,309.32	1902.38

(ii) Changes in the Fair value of Plan Assets

	For the year ended March 31, 2012 (Rs. in lakhs)	For the year ended March 31, 2011 (Rs. in lakhs)
(a) Present Value of Plan Assets as at beginning of the year	1634.05	1249.33
(b) Expected Return on Plan Assets	138.89	106.19
(c) Actuarial Gain/(Loss)	(40.24)	(29.13)
(d) Contributions	471.71	489.04
(e) Benefits Paid	(203.37)	(181.38)
(f) As at end of the year	2001.04	1634.05

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

(iii) Amount recognised in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

	For the year ended March 31, 2012 (Rs. in lakhs)	For the year ended March 31, 2011 (Rs. in lakhs)
(a) Present Value of Funded Obligation	2309.32	1902.38
(b) Fair Value of Plan Assets	2001.04	1634.05
(c) Present Value of Unfunded Obligation	-	-
(d) Net Liability recognised in the Balance Sheet	308.28	268.33

(iv) Expenses recognised in the Statement of Profit and Loss

	For the year ended March 31, 2012 (Rs. in lakhs)	For the year ended March 31, 2011 (Rs. in lakhs)
(a) Current Service Cost	351.17	309.14
(b) Past Service Cost	-	-
(c) Interest Cost	161.70	132.36
(d) Expected Return on Plan Assets	(138.89)	(106.19)
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Net actuarial (Gain)/Loss	137.69	114.18
(h) Employees' Contribution	-	-
(i) Total Expenses recognised in the Statement of Profit and Loss	511.67	449.49

(v) As at 31st March, 2012 and 31st March, 2011, the plan assets have been primarily invested in insurer managed funds.

(vi) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

(vii) The Actual Return on Plan Assets is as follows

	2011-2012 (Rs. in lakhs)	2010-2011 (Rs. in lakhs)
Actual return on plan assets	98.65	77.06

(viii) Gratuity Plan

	2011-12 (Rs. in lakhs)	2010-11 (Rs. in lakhs)	2009-10 (Rs. in lakhs)	2008-09 (Rs. in lakhs)
(a) Defined Benefit Obligations	2309.32	1902.38	1454.24	1084.81
(b) Plan Assets	2001.04	1634.05	1161.37	824.00
(c) Surplus/(Deficit)	308.28	268.33	292.87	260.81
(d) Experience Adjustment on Plan Liabilities	97.44	85.04	154.96	186.43
(e) Experience Adjustment on Plan Assets	(40.24)	(29.13)	22.76	(0.31)

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

(ix) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

	2011-2012	2010-2011
(a) Discount Rate	8.50%	8.50%
(b) Expected Rate of Return on Plan Assets	8.50%	8.50%
(c) Salary Escalation Rate - Management Staff	5.50%	5.50%
The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.		

(C) Defined Benefit Plans- Provident Fund

	2012 (Rs. in lakhs)	
Fair Value of Plan Assets	9901	
Present Value of Unfunded Obligation	9859	
Net Liability recognised in the Balance Sheet	-	

	2011-2012 (Rs. in lakhs)	2010-2011 (Rs. in lakhs)
28. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 19.11 lakhs (Previous year : Rs. 20.71 lakhs)]	142.06	203.52

	2011-2012 (Rs. in lakhs)	2010-2011 (Rs. in lakhs)
--	-----------------------------	-----------------------------

29. Contingent Liabilities

(a) Income Tax:		
Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.	637.73	637.73
Matters on which the Company is in appeal	773.84	33.94
(b) Sales Tax / Value Added Tax:		
Claims against the Company regarding sales tax against which the Company has preferred appeals.	20.80	20.80
(c) Claims against the Company regarding service tax against which the Company has preferred appeal.	23.63	-
(d) Claim in respect of rented premises.	176.94	165.27
(e) Claims against the Company not acknowledged as debts.	62.28	36.33
(f) Guarantee given by the Company / issuance of Stand by Letter of credit by the Company's bankers in respect of term loan and working capital limits taken by the wholly owned subsidiary. The loans and working capital limits taken by the subsidiary were secured by a pari passu charge against the immovable fixed assets of the Company situated at Kharadi.	-	2969.69
(g) Issuance of Stand by Letter of credit by the Company's bankers in respect of term loan taken by the wholly owned subsidiary. The loan taken by the subsidiary is secured by way of hypothecation of the current and movable assets and mortgage of immovable assets of the Company.	24422.40	21403.20

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

(h) Customs Duty:

From 1969 to 1979, customs duty has been provided on the basis of provisional assessments, which are not admitted by the Customs Authorities. Pending settlement of the foregoing, a deposit of Rs. 6.79 lakhs (Previous year: Rs. 6.79 lakhs) has been made and bonds aggregating to Rs. 54.43 lakhs (Previous year: Rs. 54.43 lakhs) guaranteed by the General Insurance Corporation of India have been executed. From 16th August 1988 to 31st March 1993, pursuant to changes in the Customs Valuation Rules, the Customs Authorities have cleared the Company's consignments on provisional basis on execution of bonds aggregating Rs. 1618.45 lakhs (Previous year: Rs. 1618.45 lakhs), representing the entire value of the import consignments. Adjustments, if any, on this account, would be made as and when the assessments are finalised. The Company has been legally advised that the liability on this account is not expected to exceed Rs. 31.00 lakhs (Previous year: Rs. 31.00 lakhs), which has been provided for.

	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
30. Miscellaneous Expenses include Auditors' Remuneration and Expenses as under:		
(a) As auditors	38.50	38.50
(b) As advisors, or in any other capacity, in respect of Other services	22.01	23.65
(c) Out of pocket expenses reimbursed [for (a) and (b) above]	4.80	1.02
31. Earnings in foreign exchange		
Fees for technical services outside India in connection with development / production of Computer Software (including finders' fees)	64352.72	55366.68
32. Expenditure in foreign currency (subject to deduction of tax at source, where applicable)		
(a) Travelling (including Salaries & allowances to staff on deputation to other countries)	9928.17	7493.04
(b) Professional and Consultation fees	145.67	195.96
(c) Link Charges	9.84	13.36
(d) Others	2077.84	2407.39
33. Value of imports calculated on C.I.F. basis		
(a) Software	30.69	109.78
(b) Capital Goods	357.99	925.30
34. Remittance in foreign currency on account of dividend to non-resident shareholders		
	2011-12	2010-11
Final dividend		
(a) Number of shareholders	307	268
(b) Number of shares on which dividend was paid	15118073	6886733
(c) Financials to which dividend relates	2010-11	2009-10
(d) Amount of dividend remitted (Rs. in Lakhs)	529.13	378.77
Interim dividend		
(a) Number of shareholders	313	-
(b) Number of shares on which dividend was paid	15217269	-
(c) Financials to which dividend relates	2011-12	-
(d) Amount of dividend remitted (Rs. in Lakhs)	456.52	-

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

35. Dues to Micro, Small and Medium enterprises

The Company has compiled this information based on the current information in its possession. As at 31st March 2012, no supplier has intimated the Company about its status as a Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

36. Expenditure on Research and Development

The Department of Scientific and Industrial Research had accorded the recognition as In-House R&D unit to the Company in the previous year. The Company has incurred capital expenditure amounting to Rs. 90.74 lakhs (Previous year: Rs. 105.83 lakhs) and revenue expenditure amounting to Rs. 0.26 lakhs (Previous year : Rs. 5.61 lakhs) on development activities during the year.

37. Lease Obligations

(A) Operating leases

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next five years. Rental expense incurred by the Company under operating lease agreements totaled approximately Rs. 2407.29 lakhs (Previous year Rs. 2167.48 lakhs)

Total minimum lease payments

Particulars	2012 Rs. (in lakhs)	2011 Rs. (in lakhs)
Not later than one year	295.63	352.60
Later than one year and not later than five years	185.08	480.71
(B) Finance lease: Company as lessee		
(a) Minimum lease rentals payable		
(i) not later than one year	121.16	-
(ii) later than one year but not later than five years	316.42	-
(iii) later than five years	-	-
Total	437.58	-
(b) Present value of minimum lease payments		
(i) not later than one year	114.72	-
(ii) later than one year but not later than five years	271.75	-
(iii) later than five years	-	-
Total	386.47	-
(c) Reconciliation of minimum lease payments and present value		
Minimum lease rentals payable as per (a) above	437.58	-
Less: Finance charges to be recognized in subsequent periods	51.11	-
Present value of minimum lease payments payable as per (b) above	386.47	-
(d) Nature of Security:		
Finance Lease Obligations are secured by hypothecation of assets underlying the leases.		
(e) Terms of Repayment:		
Monthly payment of Equated Monthly Instalments beginning from the month subsequent taking the lease		

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

Particulars	2012	2011
38. Forward contracts and options outstanding		
(a) Forward Contracts		
In US \$	23000000	21050000
(Equivalent approximate in Rs. lakhs)	11702.40	9386.19
In GBP £	200000	-
(Equivalent approximate in Rs. lakhs)	163.04	-
(b) As of the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by derivative instruments or otherwise is Rs. 13774 lakhs (Previous Year : Rs. 11078 lakhs)		

39. Acquisition of subsidiaries in the United States of America

During the previous year, the Company, through its wholly owned subsidiary, Zensar Technologies, Inc. acquired 100% equity interest in PSI Holding Group, Inc. ("PSI") vide agreement dated November 20, 2010, for a consideration of Rs. 30541 lakhs (including acquisition charges). As a result, PSI and its wholly owned subsidiaries namely (i) Akibia, Inc. (ii) Aquila Technology Corp; and (iii) Akibia B.V. have become step-down subsidiaries of the Company with effect from January 1, 2011

40. Reclassification

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board

Jeetendra Mirchandani
Partner
Membership No. 48125

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 25, 2012

Place : Mumbai
Date : April 25, 2012

Financial Information of Subsidiaries

Name of the Subsidiary	Rs in lakhs									
	Capital	Reserves	Total Assets	Total Liabilities	Details of investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
Zensar Technologies, Inc.	290.30	9132.39	57602.24	48179.55	-	71668.62	4044.82	1203.72	2841.10	-
Zensar Technologies (UK) Limited	38.51	2429.85	7098.43	4630.07	-	17408.45	1044.46	286.20	758.27	-
Zensar Technologies (Singapore) Pte. Limited	78.02	901.06	2379.81	1400.73	-	5175.31	694.10	99.35	594.76	607.79
Zensar Advanced Technologies Limited	3.43	(1248.53)	274.92	1520.02	-	591.43	(159.76)	-	(159.76)	-
Zensar Information Technology (Shanghai) Co. Limited	342.28	(276.18)	307.50	241.40	-	156.45	(187.82)	-	(187.82)	-
PSI Holding Group, Inc.	-	159.15	351.63	192.48	-	822.92	128.09	-	128.09	-
Akibia, Inc.	-	9,862.28	26269.37	16501.96	94.87	48868.48	4153.16	1923.89	2229.27	-
Akibia, B.V.	-	554.49	2904.64	2350.15	-	6208.01	(38.10)	(21.02)	(17.08)	-
Aquila Technology Corp.	-	111.27	196.75	85.48	-	350.14	104.79	-	104.79	-



Consolidated Financial Statements

Auditors' Report on the Consolidated Financial Statements of Zensar Technologies Limited

The Board of Directors of Zensar Technologies Limited

1. We have audited the attached consolidated balance sheet of Zensar Technologies Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (refer (Note 1B) to the attached consolidated financial statements) as at March 31, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of one subsidiary included in the consolidated financial statements, which constitute total assets of Rs 277.91 lakhs and net assets of Rs (1,245.29) lakhs as at March 31, 2012, total revenue of Rs. 591.43 lakhs, net loss of Rs 162.75 lakhs and net cash outflows amounting to Rs 3.67 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date: and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number 48125

Pune

April 25, 2012

ZENSAR TECHNOLOGIES LIMITED

BALANCE SHEET as at 31st March, 2012

	Note No.	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	4340.98	4330.38
Reserves and Surplus	3	53250.80	40270.62
		57591.78	44601.00
NON-CURRENT LIABILITIES			
Long-term borrowings	4	18588.55	21403.20
Trade Payables	5	24.47	-
Other Long-term liabilities	6	595.77	783.03
Long-term provisions	7	2236.77	1731.73
		21445.56	23917.96
CURRENT LIABILITIES			
Trade Payables	8	13370.18	9966.00
Other current liabilities	9	24940.61	16820.83
Short-term provisions	10	5207.86	2941.66
		43518.65	29728.49
Total		122555.99	98247.45
ASSETS			
NON CURRENT ASSETS			
Fixed Assets	11		
Tangible assets		9763.81	10074.83
Intangible assets		27998.55	24653.32
Capital work-in-progress		-	452.70
Intangible assets under development		270.68	46.58
		38033.04	35227.43
Non-current Investments	12	95.46	97.12
Deferred Tax Assets (Net)	13	2356.99	2091.52
Long-term loans and advances	14	3378.46	5253.20
		43863.95	42669.27
CURRENT ASSETS			
Current Investments	15	4681.81	2463.81
Inventories	16	9497.65	8355.24
Trade Receivables	17	29107.38	18756.53
Cash and Bank Balances	18	17448.47	10999.44
Short-term loans and advances	19	11416.82	9161.24
Other current assets	20	6539.91	5841.92
		78692.04	55578.18
Total		122555.99	98247.45
Summary of Significant Accounting Policies	1		
The accompanying notes (1 to 37) are an integral part of financial statements			

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 48125

For and on behalf of the Board

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 25, 2012

Place : Mumbai
Date : April 25, 2012

STATEMENT OF PROFIT AND LOSS for the year ended on 31st March, 2012

	Note No.	2012 (Rs. in lakhs)	2011 Rs. in lakhs
Revenue from operations			
Software development and allied services		119289.74	100215.83
Sale of Licenses for Software Applications		2708.61	1695.34
Service revenue		34320.82	7602.58
Product revenue		21928.73	4315.73
Other Operating Revenue	21	1173.05	1484.88
		179420.95	115314.36
Other income	22	3006.78	1436.63
Total revenue		182427.73	116750.99
Expenses:			
Purchase of network and security products		18582.68	3659.85
(Increase)/Decrease in Inventories	16	(1142.41)	(430.09)
Employee benefits expense	23	92653.25	66516.40
Other Expenses	24	44429.43	28721.16
Depreciation and amortization expense	11	3333.67	2885.04
Finance Costs	25	934.45	386.15
Total expenses		158791.07	101738.51
PROFIT BEFORE TAXATION		23636.66	15012.48
Tax Expense			
- Current Tax		7888.62	3621.45
- Deferred Tax		(122.67)	(580.87)
- MAT Credit Entitlement		-	(1200.88)
PROFIT AFTER TAXATION		15870.71	13172.78
Earnings Per Equity Share (Face Value Rs. 10) :		Rs.	Rs.
(See Note 33)			
- Basic		36.58	30.47
- Diluted		36.17	29.92

The accompanying notes (1 to 37) are an integral part of financial statements

This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 48125

For and on behalf of the Board

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 25, 2012

Place : Mumbai
Date : April 25, 2012

CASH FLOW STATEMENT for the year ended 31st March, 2012

	2011-12 (Rs. in lakhs)	2010-11 (Rs. in lakhs)
A. Cash Flow from Operating Activities :		
Net Profit before Taxation	23636.66	15012.48
Adjustments for		
Depreciation and Amortisation	3333.67	2885.04
Dividend Income	(141.69)	(108.94)
Finance Cost	934.45	386.15
(Profit) / Loss on sale of investments (net)	(0.23)	-
Interest Income	(148.04)	(138.99)
(Profit) / Loss on sale of tangible assets (net)	(0.39)	(1.47)
Employee stock compensation expense	6.62	3.13
Provision for doubtful debts	(98.10)	(87.95)
	3886.29	2936.97
Operating Profit before Working Capital Changes	27522.95	17949.45
Adjustments for		
(Increase)/Decrease in long term loans and advances	(239.60)	(512.67)
(Increase)/Decrease in trade receivables	(9781.75)	(4495.08)
(Increase)/Decrease in short-term loans and advances	(1685.75)	1284.38
(Increase)/Decrease in other current assets	(657.98)	(1169.13)
Increase/(Decrease) in other long term liabilities	(117.05)	34.92
Increase/(Decrease) in long term provisions	360.61	846.20
Increase/(Decrease) in trade payables current	3561.18	8345.27
Increase/(Decrease) in trade payables non-current	24.47	0.38
Increase/(Decrease) in other current liabilities	3836.28	654.15
Increase/(Decrease) in short-term provisions	145.19	(580.40)
(Increase)/Decrease in inventories	(903.92)	(431.24)
	(5458.32)	3976.78
Cash generated from Operations	22064.63	21926.23
Taxes Paid (net of refunds)	(4712.45)	(7877.03)
	(4712.45)	(7877.03)
Net Cash generated from Operating activities (A)	17352.18	(14049.20)
B. Cash Flow from Investing Activities		
Purchase of tangible/intangible assets including capital work in progress	(2661.99)	(2733.18)
Sale of tangible assets	33.60	12.71
Payment for Purchase of Business (net of cash acquired)	-	(30541.18)
Purchase of current investments	(25847.92)	(26075.90)
Sale of current investments	23629.69	25124.83
Interest Income	181.03	105.44
Dividend Income	141.69	108.94
Net Cash from Investing Activities (B)	(4523.90)	(33998.34)

CASH FLOW STATEMENT for the year ended 31st March, 2012 (Contd.)

	2011-12 (Rs. in lakhs)	2010-11 (Rs. in lakhs)
C. Cash Flow from Financing Activities		
Shares allotted under ESOP	95.24	113.62
Proceeds / (Repayment) of long-term borrowings	(2229.50)	19161.32
Interest and Structuring Fee payment	(970.36)	(297.46)
Dividend on Equity Shares and Tax Thereon	(3293.25)	(1388.26)
Net Cash used in Financing Activities (C)	(6397.87)	17589.22
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	6430.41	(2359.92)
Opening Balance of Cash & Cash Equivalents	10956.31	12958.01
Cash & Cash equivalents of PSI Holding Group as on January 1, 2011		358.22
Closing Balance of Cash & Cash Equivalents	17386.72	10956.31

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 on Cash Flow Statements.
- Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.
- Cash and cash equivalents comprise of:

	2011-12	2010-11
Cash on Hand	10.18	9.73
Balances with Banks	17376.54	10946.58
Total	17386.72	10956.31

The accompanying notes (1 to 37) are an integral part of the Cash Flow Statement.

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 48125

For and on behalf of the Board

H.V. Goenka
Chairman

S. Balasubramaniam
Chief Financial Officer

Ganesh Natarajan
Vice Chairman &
Managing Director

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 25, 2012

Place: Mumbai
Date : April 25, 2012

Notes to the Financial Statement for the year ended 31st March, 2012

Company overview

Zensar Technologies Limited (the "Company") along with its wholly owned and controlled subsidiaries Zensar Technologies, Inc., Zensar Technologies (UK) Limited, Zensar Technologies (Singapore) Pte. Limited, Zensar Advanced Technologies Limited, Zensar Technologies (Shanghai) Company Limited, PSI Holding Group Inc., Akibia Inc., Akibia B.V. and Aquila Technology Corp. is engaged in providing a complete range of IT Services and Solutions. The Company's industry expertise spans across Manufacturing, Retail, Media, Banking, Insurance, Healthcare and Utilities.

1. Significant Accounting Policies

(a) Principles of Consolidation

The Consolidated Financial Statements of Zensar Technologies Limited and its subsidiaries are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India and the Accounting Standard 21 on Consolidated

Financial Statements notified under section 211, (3C) [Companies (Accounting Standards) Rules, 2006, as amended] to the extent possible in the same format as that adopted by the parent Company (Zensar Technologies Limited) for its separate financial statements. The Financial Statements of the Company and its subsidiaries have been consolidated on line-by-line basis by adding together like items of assets, liabilities, income and expenses. Intra group balances and intra group transactions and resulting unrealised profits are eliminated in full. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycles as 12 months for the purpose of current -non current classification of assets and liabilities.

(b) List of subsidiaries considered in the consolidated financial statements

Sr. No.	Name of the subsidiary	Country of Incorporation	Extent of holding as on 31st March 2012	Extent of holding as on 31st March 2011
1	Zensar Technologies Inc. [ZTI]	USA	100%	100%
2	Zensar Technologies (Singapore) Pte Ltd [ZTS]	Singapore	100%	100%
3	Zensar Technology (Shanghai) Co. Limited [ZT(Shanghai)] People's Republic of China	China	100%	100%
4	Zensar Technologies (UK) Limited [ZT (UK)]	UK	100%	100%
5	Zensar Advanced Technologies Limited	Japan	100%	100%
	Subsidiaries of Zensar Technologies Inc.(Refer Note: 29)			
6	PSI Holding Group, Inc. Subsidiaries of PSI Holding Inc.	USA	100%	100%
	Akibia, Inc.	USA	100%	100%
	Aquila Technology Corp.	USA	100%	100%
	Akibia, B. V.	Netherlands	100%	100%

(c) Foreign Currency Transactions

The Consolidated Financial Statements are prepared in Indian Rupees, which is the functional currency for Zensar Technologies Limited. However, the US Dollar, Singapore Dollar, RMB, British Pound, Euro and Japanese Yen are the functional currencies for its foreign subsidiaries located in the US, Singapore, China, UK, Netherlands and Japan respectively. The translation of the functional currencies into the

reporting currency is performed for assets and liabilities of the foreign subsidiaries currency using the current exchange rates in effect at the balance sheet date, for revenues, costs and expenses using average exchange rates prevailing during the reporting periods and for share capital, using the exchange rate at the date of the transaction. The resultant translation exchange gain/loss has been disclosed as Foreign Currency Translation Reserve under Reserves and Surplus.

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.)

(d) Foreign Branches

All income and expenditure transactions of the foreign branches during the year are included in these Accounts at the average rate of exchange. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Net gain/loss on foreign currency translation is recognised in the Statement of Profit and Loss.

(e) Goodwill

The excess of cost to the Company of its investments in the subsidiaries over its share in the equity of the subsidiaries, at the dates on which the investments in the subsidiaries are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Goodwill arising on consolidation is not amortised. Goodwill arising on purchase of business is recorded at the excess of the purchase price over the net assets taken over of the business and is amortised over five years. Goodwill is reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. If impairment is indicated, the asset is written down to its fair value.

(f) Revenue Recognition

- (a) Revenues from software development and allied services consist of revenues earned from time-and-material, fixed-timeframe and fixed price contracts.
- (i) Revenue from time and material contracts are recognised as the related services are performed.
- (ii) Revenues from fixed price engagements are recognized using the proportionate completion method of accounting. The cumulative impact of any revision in estimates of the percent complete is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated. Amounts included in the financial statements, which relate to recoverable costs and accrued profits not yet billed on contracts, are classified in current assets as Accrued Income (Unbilled

Services). Billings on incomplete contracts in excess of accrued costs and accrued profits are classified in current liabilities.

- (iii) Revenue from the sale of user licences for software applications is recognised on transfer of the title in the user licence.
- b) Revenue from maintenance, outsourcing and other support services for data centres is deferred and recognized rateably over the service period, generally monthly, quarterly or annually, invoiced in advance. Contract terms are generally one year.
- c) Revenues from the resale of network and security products and related OEM maintenance contracts are recognized upon shipment as the Company has no future obligation. The Company also enters into multiple deliverable arrangements that include security software products, maintenance, and telephone support services. The entire arrangement fee is deferred and recognized rateably over the telephone support service period, generally one year, as the Company has not established fair value of telephone support services.
- d) The Company provides consulting services that may be sold under multiple element arrangements. The Company has established fair value for these services. The Company recognizes the fair value of the services within the fixed fee arrangement, using the proportional performance method when telephone support services are not provided. The proportional performance is measured by the ratio of the direct labour costs incurred to date to the estimated direct labour costs for each contract, which are reviewed periodically.

(g) Inventories

Inventories are comprised of replacement computer parts, parts are valued at the lower of cost and net realisable value. The cost of inventories are determined using a weighted average cost formula, and comprise of the purchase price, freight inwards and other expenditure directly attributable to the acquisition.

(h) Other Significant Accounting Policies

These are set out in the Notes to Accounts under Significant Accounting Policies in the separate Financial Statements of the Company.

Notes to the Financial Statements for the year ended 31st March, 2012

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
2. Share Capital		
Authorised		
47,500,000 (Previous year: 47,500,000) Equity Shares of Rs. 10 each	4750.00	4750.00
250,000 (Previous year: 250,000) Preference Shares of Rs. 100 each	250.00	250.00
	5000.00	5000.00
Issued, Subscribed and fully paid up		
43,409,774 (Previous year: 43,303,786) Equity Shares of Rs. 10 each fully paid-up	4340.98	4,330.38
	4340.98	4330.38

(I) Reconciliation of the shares outstanding as at the beginning and at the end of the year

	2012		2011	
	Nos	Rs. (Rs. in lakhs)	Nos	Rs. (Rs. in lakhs)
At the beginning of the year	43303,786	4330.38	21575,867	2157.59
Add: Shares issued on exercise of Employee Stock Options	105988	10.60	138101	13.81
Add: Shares issued as Bonus Shares [See Note (iv) below]	-	-	21589,818	2158.98
Outstanding at the end of the year	<u>43409,774</u>	<u>4340.98</u>	<u>43303,786</u>	<u>4330.38</u>

(ii) Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The board of directors in their meeting on January 24, 2012, declared an interim dividend of Rs. 3 per equity share. The board of directors in their meeting on April 25, 2012, proposed final dividend of Rs. 4 per equity share. The total dividend appropriation for the year ended March 31, 2012 amounted to Rs. 3531.21 lakhs including corporate dividend tax of Rs. 492.69 lakhs.

(iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2012		As at March 31, 2011	
	% Held	Nos	% Held	Nos
RPG Cellular Investments and Holdings Private Limited	27.76%	12048406	27.82 %	12048406
Electra Partners Mauritius Limited	23.73%	10301294	23.79 %	10301294
Summit Securities Limited	10.61%	4604076	10.27 %	4448276
Idea Tracom Private Limited	7.13%	3096800	7.15 %	3096800
Fidelity Management and Research Company	5.11%	2219584	5.06 %	2189584

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

(iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding 31st March, 2012.

Particulars	2011 No of shares	2010 No of shares
(a) Equity shares allotted as fully paid bonus shares by capitalisation of profits transferred from General Reserve.	21589818	-
(b) Equity shares bought back by the company by utilisation of Securities Premium Account and General Reserve.	-	2424000
(v) For details of shares reserved for Issue under the Employee Stock Option Plan (ESOP) of the Company, please refer Note 28		

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
3. Reserves and Surplus		
Capital Reserve	10.18	10.18
Capital Redemption Reserve	442.40	442.40
Securities Premium Account		
Balance brought forward	129.75	26.81
Add: Received during the year on exercise of stock options issued to employees	86.99	102.94
	216.74	129.75
Revaluation Reserve	1.56	1.56
General Reserve		
Balance brought forward	22622.94	17281.92
Less : Utilization for Issuance of Bonus Shares	-	2158.98
Add : Transferred from Statement of Profit and Loss	8000.00	7500.00
	30622.94	22622.94
Hedging Reserve		
Balance brought forward	319.81	260.41
Add : Movement during the year	(1126.85)	59.40
	(807.04)	319.81
Employee Stock Options		
Employee Stock Options Outstanding	55.51	28.23
Less : Deferred Employee Compensation	30.16	7.15
	25.35	21.08
Foreign Currency Translation Reserve		
Balance brought forward	(1336.94)	(1381.68)
Foreign Currency Translation Reserve for the year	1676.26	44.74
	339.32	(1336.94)
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	18059.85	14148.57
Add : Profit after Taxation transferred from statement of Profit and Loss	15870.71	13172.78
Less: Appropriations		
Interim Dividend	1302.13	-
Proposed Dividend	1736.39	1515.63
Dividend distribution tax on Interim and Proposed dividend on Equity Shares	492.69	245.87
Transfer to General Reserve	8000.00	7500.00
Balance as at the end of the year	22399.35	18059.85
	53250.80	40270.63

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
4. Long-term Borrowings		
Finance Lease Liability (Secured) (See Note 32)	271.75	-
Term Loans from Banks	18316.80	21403.20
(Refer note a and b below)	18588.55	21403.20
Note : Nature of security and terms of repayment for secured borrowings		
a. Nature of Security :		
Term loan from banks amounting INR 24,422 lakhs (March 31, 2011 : INR 23,632 lakhs) are secured by		
i. SBLC (Stand By Letter of Credit) issued by Standard Chartered Bank, India at the request of Zensar Technologies Limited		
ii. 100% pledge over shares, PSI Holdings Group Inc, USA.		
b. Repayable in 8 equal semi-annual installments starting in the 18th month from December 21, 2010, the date of issue of the SBLC		
5 Trade Payables		
Dues to other than micro and small enterprises	24.47	-
	24.47	-
6. Other Long term liabilities		
Structuring Fees	416.71	486.92
Deferred Lease Rent	179.06	296.11
	595.77	783.03
7. Long-term provisions		
Taxation less payments thereagainst	151.36	6.93
Provision for Disputed statutory matters (Refer Note 35)	32.25	32.25
Provision for Compensated Absences	1987.30	1632.15
Other Obligations (Refer Note 35)	65.86	60.40
	2236.77	1731.73
8. Trade Payables		
Dues to other than micro and small enterprises	13370.18	9966.00
	13370.18	9966.00
9. Other Current liabilities		
Current maturities of long term debt	6105.60	2229.50
Current maturities of finance lease liability; (See Note 32)	114.72	-
Interest accrued but not due on borrowings	128.86	94.56
Deferred Revenue	8972.27	6284.84
Unpaid Dividend	61.93	43.31
Accrued Salaries and Benefits	6923.12	5999.24
MTM gain/loss on forward contracts	807.04	-
Withholding and other taxes	1304.24	1308.47
Other Payables	522.83	860.91
	24940.61	16820.83
10. Short-term provisions		
Taxation less payments thereagainst	2418.50	554.06
Proposed Dividend on Equity Shares	1736.39	1515.63
Tax on proposed dividend	281.69	245.87
Provision for Gratuity	308.28	268.33
Provision for Compensated Absences	463.00	357.77
	5207.86	2941.66

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

11 Fixed Assets

(Rs. in lakhs)

Assets	GROSS BLOCK			DEPRECIATION/ AMORTISATION				NET BLOCK	
	Cost as at 31st March 2011	Additions/ Adjustments during the year	Deletions during the year	Cost as at 31st March 2012	Accumulated Depreciation/ Amortisation as at 31st March 2011	Depreciation/ Amortisation for the year	Depreciation/ Amortisation written back on deletions during the year	As at 31st March 2012	As at 31st March 2011
Tangible Assets									
Land-									
Leasehold	264.25	-	-	264.25	25.24	2.77	-	236.24	239.01
Freehold	34.67	-	-	34.67	21.69	-	-	12.98	12.98
Buildings	5328.17	5.12	-	5333.29	745.90	177.51	-	4409.88	4582.27
Improvement to Leasehold									
Premises	2627.13	279.98	-	2907.11	2147.01	399.43	-	360.67	480.12
Plant and Machinery	3847.52	224.41	134.36	3937.57	2689.06	493.12	134.36	889.75	1158.46
Furniture and Fixtures	2876.09	205.71	16.46	3065.34	1545.40	325.10	16.43	1211.27	1330.69
Office Equipment	1337.63	95.74	145.65	1287.72	976.51	143.85	140.15	307.51	361.12
Motor Vehicles	240.01	20.75	11.30	249.46	144.18	39.68	2.47	68.07	95.83
Data Processing									
Equipment-Own use	10130.71	828.38	393.86	10565.23	8353.28	827.04	385.08	1769.99	1777.43
Data Processing Equipments taken on Finance Lease	-	448.46	-	448.46	-	41.29	-	407.17	-
Exchange Fluctuation on Consolidation	26686.18	2108.55	701.63	28093.10	16648.27	2449.79	678.49	9763.81	10074.83
Intangible assets :									
Goodwill	24375.57	-	-	24375.57	252.39	83.61	-	24039.57	24123.18
Intangible Assets (Software including courseware)	3828.28	783.65	100.21	4511.72	3221.08	800.27	90.14	580.51	607.20
Exchange Fluctuation on Consolidation								3378.47	(77.06)
	28203.85	783.65	100.21	28887.29	3473.47	883.88	90.14	27998.55	24653.32
TOTAL	54890.03	2892.20	801.84	56980.39	20121.74	3333.67	768.63	37762.36	34728.15
Previous Financial Year	21279.38	33652.75	132.15	54799.98	17307.72	2885.04	120.91	20071.85	
Capital work in progress								-	452.70
Intangible assets under development								270.68	46.58
								38033.04	35227.43

Notes to the Financial Statements for the year ended 31st March, 2012

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
12. Non-current Investments(valued at cost unless otherwise stated)		
(A). Trade		
Unquoted		
Investment in equity instruments		
23,000 (Previous Year : 23,000) shares of Infloblox (face value of Rs. 0.45 each)	36.12	31.91
2,649 (Previous year: 2,649) Shares of Innoveer- Series B Common Stock (face value of Rs. 0.45 each)	-	-
Investment in preference shares		
7,063 (Previous year: 7,063) Shares of Innoveer- Series A Preferred Stock (face value of Rs. 0.45 each)	23.65	20.89
	59.77	52.80
(B) Non-Trade		
Quoted		
Investment in equity instruments		
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited	0.02	0.02
75 (Previous year: 75) Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.05
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in CESC Limited	0.05	0.05
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited	0.04	0.04
760 (Previous year: 760) Equity Shares of Rs. 2 each fully paid-up in KEC International Limited	0.19	0.19
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
13 (Previous year: 13) Equity Shares of Rs. 10 each fully paid up in Summit Securities Limited	0.09	0.09
100 (Previous year : NIL) Equity Shares of Rs. 8 each fully paid up in RPG Life Sciences Limited	-	-
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid up in STEL Holdings Limited (formerly known as Sentinal Tea and Exports Limited)	-	-
1591 (Previous year:1591) units of Prudential Financial Common Stock (face value of Rs. 0.45 each)	49.45	43.68
Nil (Previous year: 7) units of USA Mobility Common Stock (face value of Rs. 0.45 each)	-	0.05
	49.96	44.24
Less: Provision for diminution in the value of investments	14.35	-
Unquoted		
100 Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
	95.46	97.12
Aggregate amount of Quoted Investments	35.61	44.24
[Market Value Rs. 52.52 Lakhs (Previous year: Rs.45.06 lakhs)]		
Aggregate cost of Unquoted Investments	59.85	52.88
	95.46	97.12

Notes to the Financial Statements for the year ended 31st March, 2012

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
13 Deferred Tax Asset (net)		
The major components of the net deferred tax asset are		
Depreciation	513.02	538.23
Provision for doubtful debts	577.94	610.81
Others	1266.03	942.48
	2356.99	2091.52
14 Long-term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Capital Advances	19.11	20.72
Security and other deposits		
- Considered good	549.35	535.02
- Considered doubtful	16.00	16.00
Other Loans and Advances		
Prepaid Expenses	1286.90	1061.63
MAT Credit Entitlement	1020.11	2175.88
Taxes recoverable [taxes paid less provisions Rs. 2631.53 lakhs (Previous year: Rs. 5286.56 lakhs) thereagainst]	502.99	1459.95
	3394.46	5269.20
Less : Provision for doubtful Loans and Advances	16.00	16.00
	3378.46	5253.20
15. Current Investments (valued at lower of cost or fair value)		
Investments in Mutual Funds		
Unquoted		
Nil (Previous year: 999,550) units of Kotak Quarterly Interval Plan Series 3 - Dividend	-	100.00
Nil (Previous year: 1,000,000) units of UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan V- Institutional Dividend Plan -	-	100.00
36,831 (Previous year : 25,504) units of Axis Liquid Fund - Institutional Daily Dividend reinvestment	368.35	255.06
387,746 (Previous Year : NIL) units of Birla Sunlife Cash plus- Inst. Prem.- Daily Dividend- Reinvestment	388.50	-
147,383 (Previous year : Nil) units of DWS Treasury Fund Cash- Inst Plan- Daily Dividend-Reinvest	148.12	-
724,527 (Previous Year : NIL) units of Kotak Quarterly Interval Plan Series 4 - Growth	100.00	-
23,305 (Previous Year : NIL) units of UTI Liquid Cash Plan Institutional -Growth Option	410.00	-
1,380,354 (Previous Year : NIL) units of Kotak Liquid Institutional -Growth	290.00	-
20,083 (Previous Year : NIL) units of UTI Money Market Fund-Institutional daily dividend - re-investment	201.51	-
1,000,000 (Previous Year : NIL) units of Birla Sun Life Short Term FMP Series 29- Dividend-Payout	100.00	-
1,393,988 (Previous Year : NIL) units of Reliance Liquid Fund - Treasury Plan Institutional Option- Daily Dividend option	213.10	-
1,000,000 (Previous Year : NIL) units of HDFC Quarterly Interval Fund - Plan A- Wholesale Growth	100.00	-

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
47,973 (Previous Year : NIL) units of Birla Sun Life Savings Fund - Instl.-Growth	98.00	-
689,469 (Previous Year : NIL) units of Reliance Quarterly Interval Fund - Series III- Institutional - Growth Plan	100.00	-
849,264 (Previous Year : NIL) units of UTI Fixed Income Interval Fund - Series II-Quarterly Interval Plan VI-Institutional - Growth Plan	100.00	-
222,053 (Previous Year : NIL) units of ICICI Prudential Liquid Super Institutional Plan- Growth	352.00	-
573,406 (Previous Year : NIL) units of Sundaram Interval Fund Qtly- Plan B- Retail Growth	80.00	-
6,167 (Previous Year : NIL) units of SBI Premier Liquid Fund- Institutional -Growth	105.00	-
1,317,750 (Previous Year : NIL) units of Reliance Liquid Fund- Treasury Plan- Institutional Option- Growth Option	344.00	-
22,733 (Previous Year : NIL) units of Tata Liquid Super High Investment Fund- Appreciation	450.00	-
Nil (Previous year: 24,033) units of UTI Liquid Cash Plan Institutional - Daily Income Option-Reinvestment	-	245.00
1,933,827 (Previous Year : 2,491,983) units of HDFC Cash Management Fund- Savings Plan - Daily Dividend Reinvestment	205.69	265.06
Nil (Previous year: 1,500,000) units of Tata Fixed Maturity Plan series 28 Scheme A Dividend	-	150.00
Nil (Previous year: 2,020,000) units of LIC Nomura MF Interval Fund - Series 1- Monthly Dividend Plan	-	202.00
Nil (Previous year: 2,268,309) units of Reliance Liquid Fund - Cash Plan - Daily Dividend Option	-	252.72
21,548 (Previous Year : 25,292) units of DSP BlackRock Liquidity Fund- Institutional Plan- Daily Dividend	215.55	253.00
Nil (Previous year: 1,500,000) units of DSP BlackRock FMP- 3M Series 29 - Dividend Payout	-	150.00
Nil (Previous year: 3,864,816) units of Kotak Floater Short Term Daily Dividend	-	390.97
Nil (Previous year: 999,690) units of Kotak Quarterly Interval Plan Series 6- Dividend	-	100.00
27,993 (Previous Year: Nil) units of Tata Liquid Super High Investment Fund- Daily Dividend	311.99	-
	4681.81	2463.81
16. Inventories		
[See Note 1(g)]		
Spare Parts in support of computer hardware maintenance contracts	9497.65	8355.24
	9497.65	8355.24
17. Trade Receivables		
(Unsecured)		
Debts outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	194.12	178.48
Considered doubtful	1665.00	1564.38
	1859.12	1742.86
Less : Provision for doubtful debts	1665.00	1564.38
	194.12	178.48
Other Debts		
Considered good	28913.26	18578.05
Considered doubtful	179.66	241.17
	29092.92	18819.22
Less : Provision for doubtful debts	179.66	241.17
	28913.26	18578.05
Total (A+B)	29107.38	18756.53

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
18. Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	10.18	9.73
Balances with Banks :		
In current accounts	15351.43	9784.41
Deposit with original maturity of less than three months	2025.11	1162.17
	17376.54	10946.58
Other Balances with Banks :		
Unpaid dividend accounts	61.75	43.13
	17448.47	10999.44
19. Short-term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Security and other deposits		
- Considered good	232.16	290.48
- Considered doubtful	-	0.90
Other Loans and Advances		
Prepaid Expenses	2393.67	1578.39
Balances with Govt. Authorities	550.73	707.66
MTM gain/loss on forward contract	-	319.81
Others		
- Considered good	4775.97	3609.25
- Considered doubtful	2.54	2.49
MAT Credit Entitlement	1244.24	1489.00
Taxes recoverable {taxes paid less provisions Rs. 1513.53 lakhs (Previous year: Rs. 1301.40 lakhs) thereagainst}	2220.05	1166.65
	11419.36	9164.63
Less : Provision for doubtful Loans and Advances	2.54	3.39
	11416.82	9161.24
20. Other Current Assets		
Accrued Income (Unbilled Services)	6479.40	5750.27
Interest accrued on deposits	6.74	39.73
Others	53.77	51.92
	6539.91	5841.92
21. Other Operating Revenue		
- Provisions no longer required and credit balances written back	647.33	1,229.85
- Profit on sale of fixed assets	0.39	1.47
- Profit on sale of current investments - Non Trade	0.23	-
- Miscellaneous Income	525.10	253.56
	1173.05	1484.88

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.)

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
22. Other Income		
Dividend Income :		
- On Current Investments	141.69	108.94
	141.69	108.94
Interest Income :		
-On Deposits with banks	107.39	78.26
-On Income Tax refund	-	34.46
-On Others	40.65	26.27
	148.04	138.99
Exchange gain (net)	2717.05	1140.09
Miscellaneous Income	-	48.61
	3006.78	1436.63
23. Employee benefit expenses		
Salaries, Wages and Bonus	84163.87	60951.77
Contribution to Provident and other funds	5355.57	3883.55
Staff Welfare	3127.19	1677.95
Employee Stock Compensation Expense	6.62	3.13
	92653.25	66516.40
24. Other Expenses		
Travelling and conveyance	6309.03	5337.58
Cost of spare parts and outsourced services in support of computer hardware maintenance contracts	7368.58	1491.01
Cost of manpower hired	9269.04	7280.74
Recruitment Expenses	594.81	440.86
Training Expenses	194.48	174.25
Electricity and Power	1086.07	862.68
Rent	3693.52	2699.75
Repairs and Maintenance to :		
-Plant and Machinery	170.91	142.52
-Building	928.26	738.94
-Others	421.38	178.75
	1520.55	1060.21
Insurance	2540.43	2188.26
Rates and Taxes	177.42	120.81
Consumable Media	217.78	177.47
Legal and Professional Charges	1813.37	1584.83
Postage, Telephone and E-Mail	1666.31	1162.55

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
Stationery and Printing	119.92	104.87
Carriage, Freight and Octroi	2011.95	500.80
Vehicle Running expenses	215.31	219.80
Advertisement and Publicity	1043.86	661.20
Purchases of Licenses for Software Applications	2526.21	1534.33
Lease Rentals	758.03	162.07
Bad Debts written off	344.14	138.64
Directors' Fees	8.71	11.25
Directors' Commission	143.00	94.00
Miscellaneous Expenses	806.91	713.20
	44429.43	28721.16
25. Finance cost		
Interest		
On Fixed loans	156.14	154.74
On Others	22.44	63.81
Finance and other charges	755.87	167.60
	934.45	386.15
26 Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs.19.11 lakhs (Previous year: Rs. 20.71 lakhs)]	167.49	203.52

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.)

	2012 (Rs. in lakhs)	2011 (Rs. in lakhs)
27 Contingent Liabilities		
(a) Income Tax:		
Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.	637.73	637.73
Matters on which the Company is in appeal	773.84	33.94
(b) Claims against the Company regarding sales tax against which the Company has preferred appeals.	20.80	20.80
(c) Claims against the Company regarding service tax against which the Company has preferred appeal.	23.63	-
(d) Claim in respect of rented premises.	176.94	165.27
(e) Claims against the Company not acknowledged as debts.	62.28	36.33
(f) Guarantee given by the Company / issuance of Stand by Letter of credit by the Company's bankers in respect of term loan and working capital limits taken by the wholly owned subsidiary. The loans and working capital limits taken by the subsidiary were secured by a pari passu charge against the immovable fixed assets of the Company situated at Kharadi.	-	2969.69
(g) Issuance of Stand by Letter of credit by the Company's bankers in respect of term loan taken by the wholly owned subsidiary. The loan taken by the subsidiary is secured by way of hypothecation of the current and moveable assets and mortgage of immovable assets of the Company.	24422.40	21403.20
(h) Customs Duty: From 1969 to 1979, customs duty has been provided on the basis of provisional assessments, which are not admitted by the Customs Authorities. Pending settlement of the foregoing, a deposit of Rs. 6.79 lakhs (Previous year: Rs. 6.79 lakhs) has been made and bonds aggregating to Rs. 54.43 lakhs (Previous year: Rs. 54.43 lakhs) guaranteed by the General Insurance Corporation of India have been executed. From 16th August 1988 to 31st March 1993, pursuant to changes in the Customs Valuation Rules, the Customs Authorities have cleared the Company's consignments on provisional basis on the execution of bonds aggregating to Rs. 1618.45 lakhs (Previous year Rs. 1618.45 lakhs), representing the entire value of the import consignments. Adjustments, if any, on this account, would be made as and when the assessments are finalised. The Company has been legally advised that the liability on this account is not expected to exceed Rs. 31.00 lakhs (Previous year Rs. 31.00 lakhs), which has been provided for.		

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

28 Employee Stock Option Schemes

Currently the Company has instituted two Employees Stock Option Plans. The Compensation Committee of the Board approves the grant of options. Options vest with employees over specified time periods subject to fulfilment of certain conditions.

Stock Option Activity under the "2002 ESOP" scheme is as follows:

Particulars	2011-12		2010-11	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	374794	74.82	256426	146.81
Granted during the year prior to bonus issue	-	-	-	-
Exercised during the year prior to bonus issue	-	-	13951	126.33
Cancelled during the year prior to bonus issue	-	-	2775	144.78
Bonus Adjustment (1:1)	-	-	239700	-
Granted during the year post bonus issue	-	-	-	-
Exercised during the year post bonus issue	25428	68.86	91154	72.77
Cancelled during the year post bonus issue	10170	58.94	13452	69.95
Balance unexercised options	339196	75.74	374794	74.82
Exercisable at end of year	330356	76.16	285708	73.94

Stock Option Activity under the "2006 ESOP" scheme is as follows:

Particulars	2011-12		2010-11	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	1079068	102.44	533404	181.53
Granted during the year prior to bonus issue	-	-	74000	345.00
Exercised during the year prior to bonus issue	-	-	-	-
Cancelled during the year prior to bonus issue	-	-	16600	345.00
Bonus Adjustment (1:1)	-	-	590804	-
Granted during the year post bonus issue	611000	150.00	-	-
Exercised during the year post bonus issue	80560	96.49	32996	85.70
Cancelled during the year post bonus issue	175740	121.30	69544	91.41
Balance unexercised options	1433768	120.73	1079068	102.44
Exercisable at end of year	634368	97.79	561076	96.00

29 Acquisition of subsidiaries in the United States of America

During the previous year, the Company, through its wholly owned subsidiary, Zensar Technologies, Inc. acquired 100% equity interest in PSI Holding Group, Inc. ("PSI") vide Agreement dated November 20, 2010, for a consideration of Rs. 30,541 lakhs (including acquisition charges). As a result, PSI and its wholly owned subsidiaries namely (i) Akibia, Inc., (ii) Aquila Technology Corp; and (iii) Akibia B.V have become step-down subsidiaries of the Company with effect from January 1, 2011. Accordingly, the figures for the year ended March 31, 2011 are not comparable with the figures for the year ended March 31, 2012.

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

30 Segment Information

Effective April 01, 2011, the Company has reorganised its business into multiple reporting units and realigned the internal financial reporting system. In the context of AS-17, Segment Reporting, the Company has identified the following business segments:

Application Management Services (AMS)

Infrastructure Management Services (IMS)

The above change is with effect from April 01, 2011, and accordingly previous year segment data is regrouped.

The Company recognises each of the SBUs as its primary segments. Secondary segmental reporting is done on the basis of the geographical location of clients.

The accounting principles used in the preparation of financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the note on significant accounting policies.

Income and expenditure in relation to segments is categorised based on items that are individually identifiable to the segment, marketing costs are allocated based on revenue and the remainder of the costs are allocated based on resources. Certain expenses like depreciation are not specifically allocable to a segment as the underlying assets are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to these expenses and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any segment as the fixed assets and services are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities is made.

Primary Segments

(Rs. in lakhs)

2011-12	AMS	IMS	Unallocated	Total
Sales to External Customers	109996.41	68251.49	-	178247.90
Segment Result	17163.34	6542.86	-	23706.20
Interest and Finance cost	-	-	934.45	934.45
Unallocable Income(net)	-	-	(864.91)	(864.91)
Profit before Tax	17163.34	6542.86	(69.54)	23636.66
Tax	-	-	7765.95	7765.95
Profit after Tax	17163.34	6542.86	(7835.49)	15870.71

(Rs. in lakhs)

2010-11	AMS	IMS	Unallocated	Total
Sales to External Customers	92779.00	21050.48	-	113829.48
Segment Result	15065.00	2013.00	-	17078.00
Interest and Finance cost	-	-	386.15	386.15
Unallocable Income(net)	-	-	1679.37	1679.37
Profit before Tax	15065.00	2013.00	(2065.52)	15012.48
Tax	-	-	1839.70	1839.70
Profit after Tax	15065.00	2013.00	(3905.22)	13172.78

Secondary Segment

(Rs. in lakhs)

Geographical Location	2011-12	2010-11
United States of America	127918.39	71541.17
United Kingdom	17346.48	15155.33
Rest of the World	32983.03	27132.98
Total	178247.90	113829.48

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

31 Related Party disclosures

List of Related Parties (as identified and certified by the Management)

a. Parties having control (directly or indirectly):

Chhatrapati Investments Limited
Blue Niles Holdings Limited
Pedriano Investments Limited
RPG Cellular Investments & Holdings Private Limited
Idea Tracom Private Limited
Summit Securities Limited
Electra Partners Mauritius Limited
Instant Holdings Limited

b. Key Management Personnel

Dr. Ganesh Natarajan
Mr. S. Balasubramaniam
Mr. Sanjay Marathe
Ms. Pameela Kalive
Mr. Hiren Kulkarni
Mr. Ajay Bhandari
Mr. Krishna Ramswami
Mr. Yogesh Patgaonkar (w.e.f. 11th July, 2011)
Mr. Gopalji Mehrotra (upto 31st July, 2011)
Mr. Sanjay Rawa

Transactions with Related Parties

(Rs. in lakhs)

Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
	2011-12	2010-11	2012		2011	
			Receivable	Payable	Receivable	Payable
Remuneration to Key Management Personnel						
Dr. Ganesh Natarajan	414.17	422.64	-	-	-	-
Mr. Vivek Gupta	179.69	116.87	-	-	-	-
Mr. Nitin Parab	173.20	197.13	-	-	-	-
Others	308.39	313.03	-	-	-	-
Total remuneration of Key Management Personnel	1075.45	1049.67	-	-	-	-

32 Lease Obligations

Operating leases

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next six years. Rental expense incurred by the Company under operating lease agreements totaled approximately Rs. 3330.77 lakhs (Previous year Rs. 2825.13 lakhs)

(Rs. in lakhs)

	As at 31st March 2012	As at 31st March 2011
Total minimum lease payments outstanding		
Not later than one year	1150.89	1421.90
Later than one year and not later than five years	3672.02	2255.63
Later than five years	497.42	193.03
Total	5320.33	3870.56

Notes to the Financial Statements for the year ended 31st March, 2012

(Contd.) (Rs. in lakhs)

Finance lease: Company as lessee	As at 31st March 2012	As at 31st March 2011
(a) Minimum lease rentals payable		
i) not later than one year	121.16	-
ii) later than one year but not later than five years	316.42	-
iii) later than five years	-	-
(b) Present value of minimum lease payments		
i) not later than one year	114.72	-
ii) later than one year but not later than five years	271.75	-
iii) later than five years	-	-
(c) Reconciliation of minimum lease payments and present value		
Minimum lease rentals payable as per (a) above	437.58	-
Less: Finance charges to be recognized in subsequent periods	51.11	-
Present value of minimum lease payments payable as per (b) above	386.47	-
(d) Nature of Security:		
Finance Lease Obligations are secured by hypothecation of assets underlying the leases.		
(e) Terms of Repayment:		
Monthly payment of Equated Monthly Instalments beginning from the month subsequent taking the lease		

33 Earnings Per Share (EPS)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a. Profits attributable to equity shareholders (Rs. in lakhs)	15870.71	13172.78
b. Basic Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year.	43387990	43226136
Basic EPS (Rs.)	36.58	30.47
c. Diluted Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year	43387990	43226136
Effect of dilutive issue of stock options	483731	799426
Weighted average no. of equity shares outstanding for Diluted EPS	43871721	44025562
Diluted EPS(Rs.)	36.17	29.92

34 Forward Contracts Outstanding

	As at 31st March 2012	As at 31st March 2011
Forward Contracts		
In US \$	23000000	21050000
(Equivalent approximate in Rs. lakhs)	11702.40	9386.19
In GBP £	200,000	-
(Equivalent approximate in Rs. lakhs)	163.04	-

As of the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by derivative instruments or otherwise is Rs. 13774 lakhs (Previous Year : Rs. 11078 lakhs)

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

35. Disclosure as per Accounting Standard – 29

(Rs. in lakhs)

Particulars	Disputed Statutory Matter	2011-12 Other Obligations	Total	Disputed Statutory Matter	2010-11 Other Obligations	Total
Opening Balance	32.25	60.40	92.65	36.45	51.27	87.72
Additions	-	11.67	11.67	-	11.67	11.67
Utilisations	-	6.21	6.21	4.2	2.54	6.74
Closing Balance	32.25	65.86	98.11	32.25	60.40	92.65

- A. Disputed Statutory matters mainly include:
- Provision for disputed statutory liabilities comprises matters under litigation with Sales-Tax, Customs Duty and ESI authorities.
 - The amount of provisions made by the Company is based on the estimates made by the Management considering the facts and circumstances of each case.
To the extent the company is confident that it has a strong case, that portion is disclosed under contingent liabilities.
 - The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.
- B. Provisions for Other Obligations mainly include provisions for rent related litigations with previous landlords. The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.

36. Disclosures in accordance with Revised AS- 15 on "Employee Benefits":

(a) Defined Contribution Plans

The Company has recognised the following amounts in the Statement of Profit and Loss for the year ended:

Particulars	March 31, 2012 (Rs. in lakhs)	March 31, 2011 Rs. (Rs. in lakhs)
Contribution to Employees' Social Security Fund	1009.44	846.99
Contribution to Employees' Family Pension Fund	318.54	276.99
Contribution to Employees' Superannuation Fund	26.06	27.76
Contribution to Employees 401 (K) Retirement Plan	307.36	160.99
Contribution to Central Provident Fund in Singapore	106.82	82.76
Contribution to Employee's Provident Fund	-	785.32
Contribution to Social Security in China	40.24	-
Total	1808.46	2180.81

(b) Defined Benefit Plans- Provident Fund

Particulars	(Rs. in lakhs) 2012
Fair Value of Plan Assets	9901.00
Present Value of Unfunded Obligation	9859.00
Net Liability recognised in the Balance Sheet	-

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

c) Defined Benefit Plans- Gratuity

(Rs. in lakhs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Changes in the Present Value of Obligation		
Present Value of Obligation as at beginning of the year	1902.38	1557.22
Interest Cost	161.70	132.36
Past Service Cost	-	-
Current Service Cost	351.17	309.14
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Benefits Paid	(203.37)	(181.38)
Actuarial (Gain)/Loss	97.44	85.04
As at end of the year	2309.32	1902.38

(d) Changes in the Fair value of Plan Assets

(Rs. in lakhs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Present Value of Plan Assets as at beginning of the year	1634.05	1249.33
Expected Return on Plan Assets	138.89	106.19
Actuarial Gain/(Loss)	(40.24)	(29.13)
Contributions	471.71	489.04
Benefits Paid	(203.37)	(181.38)
As at end of the year	2001.04	1634.05

(e) Amount recognised in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Rs. in lakhs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Present Value of Funded Obligation	2309.32	1902.38
Fair Value of Plan Assets	2001.04	1634.05
Present Value of Unfunded Obligation	-	-
Net Liability recognised in the Balance Sheet	308.28	268.33

(f) Expenses recognised in the Statement of Profit and Loss

(Rs. in lakhs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Current Service Cost	351.17	309.14
Past Service Cost	-	-
Interest Cost	161.70	132.36
Expected Return on Plan Assets	(138.89)	(106.19)
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Net actuarial (Gain)/Loss	137.69	114.18
Employees' Contribution	-	-
Total Expenses recognised in the Statement of Profit and Loss	511.67	449.49

As at 31st March, 2012 and 31st March, 2011, the plan assets have been primarily invested in insurer managed funds.

The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Notes to the Financial Statements for the year ended 31st March, 2012 (Contd.)

(g) The Actual Return on Plan Assets is as follows

(Rs. in lakhs)

Particulars	2011-12	2010-11
Actual return on plan assets	98.65	77.06

(h) Gratuity Plan

(Rs. in lakhs)

Particulars	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligations	2309.32	1902.38	1454.24	1084.81
Plan Assets	2001.04	1634.53	1161.37	824.00
Surplus/(Deficit)	308.28	267.85	292.87	260.81
Experience Adjustment on plan liabilities	97.44	85.04	154.96	186.43
Experience Adjustment on plan assets	(40.24)	(29.13)	22.76	(0.31)

(i) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

Particulars	2011-12	2010-11
Discount Rate	8.50%	8.50%
Expected Rate of Return on Plan Assets	8.50%	8.50%
Salary Escalation Rate - Management Staff	5.50%	5.50%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

37 Reclassification

The consolidated financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 48125

For and on behalf of the Board

H.V. Goenka
Chairman

S. Balasubramaniam
Chief Financial Officer

Ganesh Natarajan
Vice Chairman &
Managing Director

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 25, 2012

Place : Mumbai
Date : April 25, 2012

Zensar in the News

Zensar Q3 net rises 54% y-o-y

BS REPORTER

Mumbai, 24 January

A depreciating rupee, growth from acquired Akibia and robust volume

Zensar Technologies' business surges on key geographies

BS REPORTER

Pune, 24 November

ZENSAR Technologies, an offshore outsourcing company announced a surge in its enterprise application busi-

Zensar Tech to offer Google Apps to APAC

BS REPORTER

Pune, 6 December

Zensar Technologies, a technology and business process company announced that it will provide Google Apps solutions in APAC region, and to large retail and manufacturing customers in India.

The company also said that it is adopting Google Apps on a company-wide basis for enhanced communication, collaboration and efficiency.

"Today, more than 4 million businesses around the world are using Google Apps to drive innovation, increase productivity and collaboration and reduce IT expenditure. 1,50,000 businesses have chosen to go Google across India and we are delighted that Zensar is coming on board as a customer and also becoming a re-seller for Google Apps. We look forward to working with them to bring the power of these web-based applications to more businesses in India." Devraj Barber, man-



"Zensar is committed to be the next generation of collaborative infrastructure for the benefit of Indian and global customers. Apps takes us one step closer to that goal. Zensar has a strong

Zensar posts 55% rise in Q2 revenue

Pune: Software services and business process outsourcing company Zensar Technologies has posted revenue of Rs 408.97 crore for the quarter ended 30 September 2011. This is 55 per cent higher than the revenue of

ZENSAR, AKIBIA LAUNCH GLOBAL IM SERVICES

BS REPORTER

Pune, 3 September

million US dollars of business from existing Zensar clients

successful marriage of complementary services between the two companies and our customers are delighted," said Vivek Gupta, chief executive officer, Zensar's banking, insurance and infrastructure management business and vice-chairman, Akibia.

Zensar and Akibia together as an infrastructure management player support the entire spectrum of services.

In the past six months, the company has augmented its global footprint with customers in diverse fields as navigation systems, software manufacturing, hospitality, video gaming, publishing and prescription generic drugs in addition to the core company verticals of banking, insurance, utilities, and retail.

Zensar Akibia said it has also been selected as a preferred infrastructure management partner for one of the leading

manufacturing companies in the USA.

The two companies continue to maintain a healthy pipeline across territories and verticals for their independent services while exploring synergies with the new services.

Aditi Bhargava, strategy and merger and acquisition integration leader of Zensar said, "The success of the initial 100 day plan has led us to introduce a new 180 day market development plan, comprising of cross-selling the full integrated infrastructure management portfolio in to the Akibia and Zensar client base. We are confident that this will be the key driver of new business in an increasingly difficult services market and we are confident that infrastructure management will contribute over 130 US million dollars to Zensar's revenues in the current financial year."

Zensar Net Rises 21% to ₹159 crore in FY12

MUMBAI The RPG group-promoted IT services firm Zensar's revenue grew 56% to ₹1,782.4 crore and net profit went up 20.5% to ₹158.7 crore in FY12 on higher client additions and boosted by the Akibia acquisition. "The timely acquisition of Akibia enabled us to strengthen our dual shore infrastructure services," Natarajan said. Its higher focus on the manufacturing industry helped it grow faster than its peers, he added. The company plans to enter the billion-dollar club by crossing \$1 billion in revenues by 2016.

ZENSAR Technologies, a business process company announced that its infrastructure management services arm is seeing a surge in the creation of a coming dual shore services line collaboration with Akibia's port and IT services rider to data centers of network and security infrastructure organizations.

Akibia's USA and Europe offices in data center and information security services merged with Zensar's core infrastructure management service line after the acquisition of Akibia by Zensar in mid-2010.

Since the launch of our end-to-end service line in April this year, post the successful 100 integration plan with Akibia, we have secured over 4

IN THE PAST SIX MONTHS, THE COMPANY HAS AUGMENTED ITS GLOBAL FOOTPRINT WITH CUSTOMERS IN DIVERSE FIELDS AS navigation systems, software manufacturing, hospitality, video gaming, publishing and prescription generic drugs in addition to the core company verticals of banking, insurance, utilities and retail

and have a pipeline of over 10 million USD for 2011. This has been an extraordinarily suc-

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Zensar Technologies Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Zensar Technologies Limited annual report 2011 -12.



Zensar Technologies Limited

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