

18.6.2015

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| Bombay Stock Exchange Limited Corporate Service Department 1 st Floor, P. J. Towers Dalal Street Mumbai 400 001 Fax: (022) 2272 2039/2272 3121 | The National Stock Exchange of India Ltd Exchange Plaza, 3 rd floor Plot No. C/1, 'G' block Bandra Kurla Complex, Bandra(East) Mumbai 400 051 Fax: (022) 26598237/26598238 |
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Dear Sirs,

Subject: 52nd Annual Report and AGM Notice of Zensar Technologies Limited with Form A

Please find attached herewith the 52nd Annual Report of Zensar Technologies Limited along with AGM Notice and Form A.

In terms of Clause 31 of the Listing Agreement, we will be sending six copies of the Annual Report to the Exchange along with Form A.

You are requested to kindly take the same on records and also upload on your website for information of the Members.

Kindly acknowledge the receipt of the communication.

Thanking you,

Yours faithfully,

For Zensar Technologies Limited



Nilesh Limaye
Company Secretary



FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

| | | |
|---|--|------------------------------|
| 1 | Name of the company | Zensar Technologies Limited |
| 2 | Annual financial statements for the year ended | 31 st March, 2015 |
| 3 | Type of Audit observation | Un-qualified |
| 4 | Frequency of observation | Not Applicable |

For Zensar Technologies Limited



Dr. Ganesh Natarajan

Managing Director

For Zensar Technologies Limited



A. T. Vaswani

Chairman of Audit Committee

For Zensar Technologies Limited



S. Balasubramaniam
Chief Financial Officer

For Price Waterhouse
Firm Registration Number: 301112E



Amit Borkar
Partner
Membership No. 109846

Date: 28th April, 2015
Place: Mumbai

Diversity driving sustainability

Zensar Technologies Limited
Annual Report, 2014-15



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A multi-cultural team of 6 nationalities delivers a project from its China centre for – an Australian airline client that connects Australia, New Zealand and Japan

41 year old Senior Vice President, 53 year old associate manager and 21 year old management trainee – all share an equal voice in the Vision Community

Neha and Pranav, work with the less-privileged each Saturday across adopted slum communities in Pune and Hyderabad - just 2 amongst the 1055 volunteers at Zensar

Tixo Augustus from the US, interns for two months at Pune, India - prior to joining the team in Johannesburg, South Africa

A multi-gender team - is planning gender equality practices and gender sensitization programs in the company

Zensar is advised by a Board of Directors comprising distinguished individuals from various fields - across retail, manufacturing, financial services, human resources and more

At Zensar Technologies, there is a secret behind our unified growth story.

It is our planned diversity.



Diversity of backgrounds. Diversity of opinions. Diversity of ages. Diversity of genders. Diversity of geographies. Diversity of mindset. Diversity of customers. Diversity of projects. Diversity of business offerings.

The result is a distinctive overarching culture. Where we respect people for their opinions. Where we embrace challenges. Where the status quo is challenged. Where nothing is seen as impossible. Where the best must become better. Where the client, community and our people are happy. This leads to sustainable success and growth.

While diversity is good for prosperity in the short term; when extended into the organisational DNA, it drives sustainability.

Our numbers are proof. Zensar Technologies Limited reported a compounded growth in revenues of 22.49 per cent across the five years leading to 2014-15, which was higher than the national industry growth average.

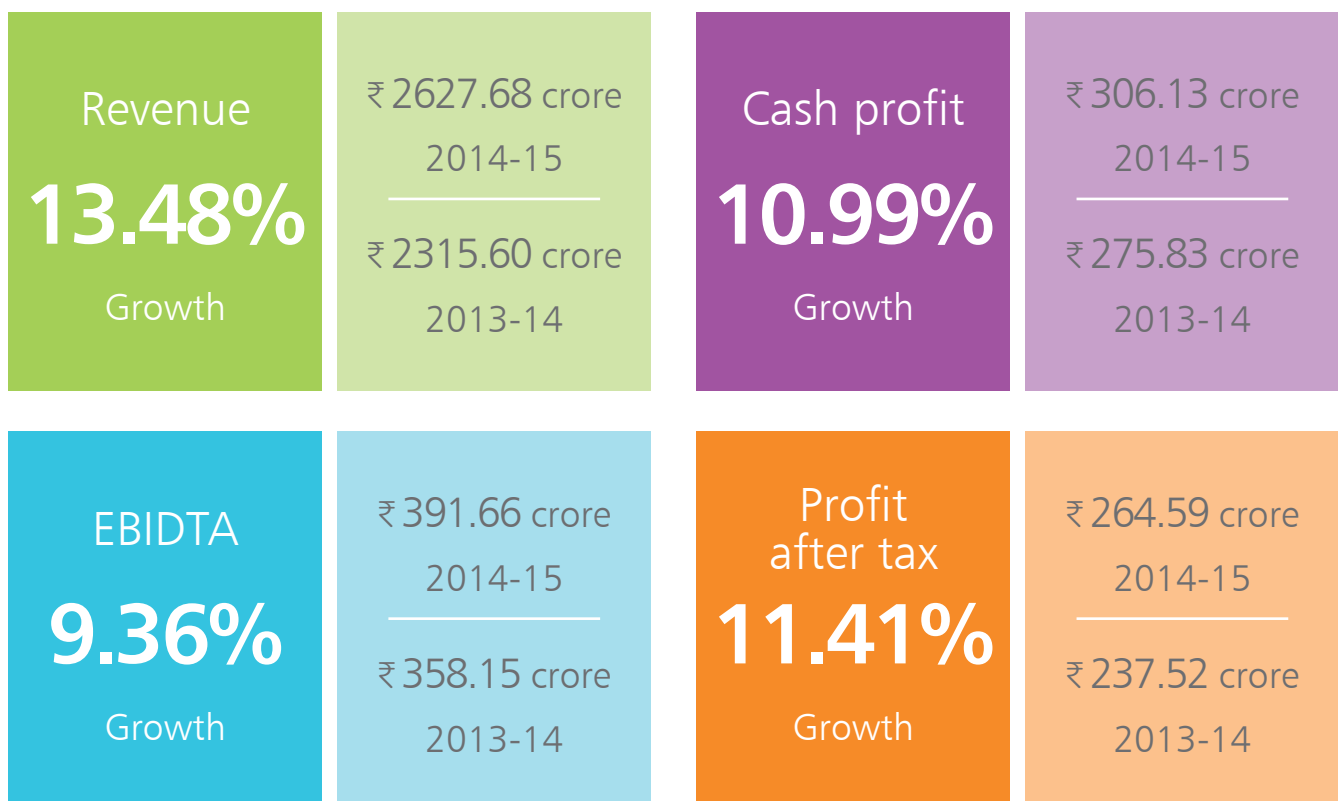
Besides, the 13.48 per cent revenue growth to ₹312.08 crore complemented by the 11.41 per cent profit after tax increase to ₹27.11 crore in 2014-15 were the strongest ever in the company's history.

Diversity pays.

Diversity leads to prosperity and sustainability. Our numbers are proof.

At Zensar the benefits of diversity are not just academic theory; they represent management reality. The company goes beyond the theoretical approach and strives to make it a reality across every practice and initiative.

At Zensar, we have consistently demonstrated, that the wider the talent pool, the richer the nationality mix, the more disparate the ages and the wider the perspectives - the better our performance.



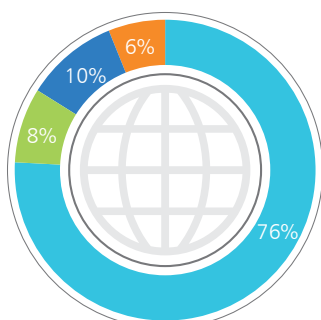


A five year perspective of diversity driving sustainability

Performance

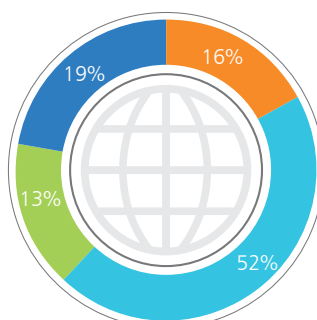
- 22.49% five year CAGR growth of revenues leading to 2014-15
- 19.66% five year CAGR growth of profit before tax leading to 2014-15
- 15.71% five year CAGR growth of profit after tax leading to 2014-15

Revenues by geography



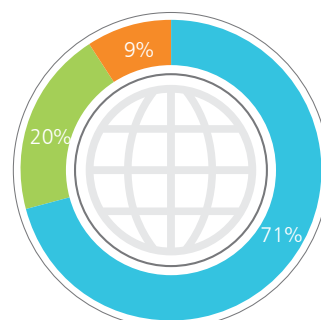
US Europe
Africa Rest of the world

Revenues by vertical



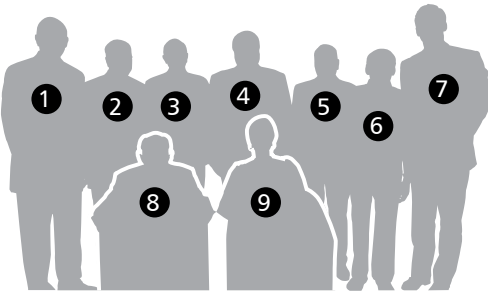
Manufacturing BFSI
Others Retail

Revenues by service



Application Management Services
Infrastructure Management Services
Products and Licences

Board of Directors



- | | |
|---|---|
| 1. Venkatesh Kasturirangan <i>Director</i> | 6. A T Vaswani <i>Director</i> |
| 2. P K Mohapatra <i>Director</i> | 7. John Levack <i>Director</i> |
| 3. Ganesh Natarajan <i>Vice Chairman & Managing Director</i> | 8. P K Choksey <i>Director</i> |
| 4. H V Goenka <i>Chairman</i> | 9. Madhabi Puri Buch <i>Director</i> |
| 5. Arvind Agrawal <i>Director</i> | |

Leadership Team



Ganesh Natarajan
Chief Executive Officer



S. Balasubramaniam
Chief Financial Officer



Ajay Bhandari
*Chief Corporate
Development Officer*



Syed Azfar Hussain
Chief People Officer



Nitin Parab
*Chief Executive,
Enterprise Transformation
Services*



Vivek Gupta
*Chief Executive,
Global Infrastructure
Management*



Harish Gala
*Head - Enterprise Applications
and Hyderabad Location*



Prameela Kalive
*Head - Custom Applications
and Pune Location*



Krishna Ramaswami
*Head - Digital Enterprise
and India Region*



Krishna Kumar
Head - Retail Vertical



Mohan Hastak
*Head - Insurance, Banking
and Financial Services
Vertical*



Deepanjan Banerjee
Head - Manufacturing Vertical

Chairman's Note



We continue to transform businesses of our worldwide customers by integrating capabilities along with expertise and ensuring visible business outcomes every time.

Globally, the last year has been dynamic with respect to the way technology was consumed, leveraged and used across economies and industries. Digitalization continues to hold centre stage in the way companies recruit, sell, create and profit. Social, cloud, analytics and big data have grown in terms of their reach and sphere of influence, directly impacting the way we work with technology. Internet of Things has become omnipresent, affecting various aspects at an individual, corporate, city and community level. It is important to leverage these all-pervasive trends as they act as barometers to success, helping one maintain relevance to changing needs of customers.

Zensar's vertical-centric approach continues to display rewarding visible results with double digit growth. One of the highlights includes ramping up of our focus in the growth oriented e-commerce and retail space with the successful acquisition of Professional Access. Our focus on strategic deals and new client acquisitions across the geographies we operate in, has helped us in creating value for our shareholders consistently.

We continue to transform businesses of our worldwide customers by integrating capabilities along with expertise and ensuring visible business outcomes every time. The key areas of focus

continue to remain across manufacturing, insurance, and retail, with new capabilities in the emerging world of digital enterprise. Our profitability comes from our multi-faceted set of offerings, operations and the pool of talent inherent across locations.

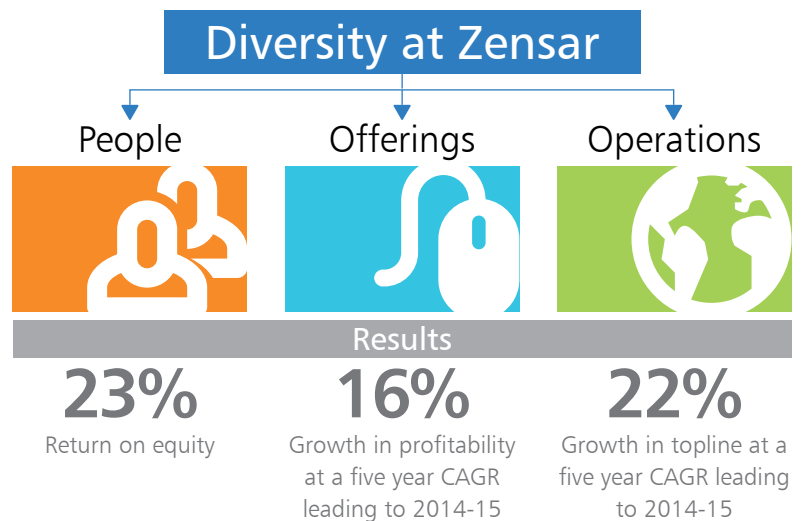
Complexity still remains a challenge across various technology processes and implementations, with a need to offer diverse solutions to customers. Diversity in Zensar is a strategic thought, platform, culture and a business oriented approach. Zensar makes diversity come alive through its people, global operations and multiple offerings across the length and breadth of the spectrum. We bring in diversity in our partnerships with industry leaders as well as our customers.

It is good to see Zensar practicing this culture of diversity as a way to help customers achieve their goals and in turn create enriching growth path for its people as well as the community too. I am positive that Zensar will continue in its quest towards paving the path for clear visible business outcomes for all its customers and shareholders alike.

Harsh V Goenka
Chairman

CEO's Note





Celebrating Diversity to enhance value

Diversity is a core pillar of the growth Zensar has achieved in the last few years and will be the fuel that propels us towards creating enhanced value for our shareholders, customers, associates and the communities around us. It is the thread that binds us seamlessly. At Zensar, we are convinced that the core of our value creation process is our respect for diversity.

This diversity is not just a fortuitous collection of people from different backgrounds; it is a planned investment in diversity with the objective to enrich our organisational fabric. This diversity is celebrated in our approach to customer projects, people and the partnering approach we take in all our CSR initiatives with the community. A look at our culture and nationality mix in key markets like the USA and South Africa, our project mix from transformational national initiatives to point solutions for digital transformation and our unique focus on triple bottom lines will bring out the distinctiveness in the Zensar approach.

The more diverse we have become as an organisation, the stronger our business has evolved. The more businesses we have entered into, the stronger has been our derisking. The wider our geographic presence, the stronger our organisational fabric to respond to opportunities. The wider we have accessed merit, the higher has been the upside arising out of people retention. The wider the complement of ages, the richer the mix between experience and enthusiasm translating into stronger project deliveries.

Simply put; diversity drives us to remain competitive and profitable as it is clearly visible in our consistent financial performance.

Zensar reported a return on equity of 22.85 per cent in 2014-15, which was considerably higher than the prevailing cost of capital in India. The company has cash and cash equivalents of ₹ 290.37 crore at the close of the year under review. Zensar enriched shareholder value, reporting a market

capitalisation of ₹ 2844.45 crore at the close of 2014-15, growing 74 per cent during the year under review.

We became a full-fledged software services organisation in the year 2000 and in the fifteen years since, there is no mountain we have not dared to ascend and no path we have been afraid to tread because it has not been travelled before. Our approach to people management and our ambidextrous innovation agenda have been enshrined in two successful case studies at the Harvard Business School in USA. We are poised towards blazing new trails, as we step into new frontiers made of multi-faceted technologies, business practices and dynamic economies. We are ready to achieve greater heights and enable all our stakeholders to enjoy enhanced value and success.

Ganesh Natarajan
Chief Executive Officer

What is Diversity at Zensar?



Our vision

Leaders in business transformation



Our mission

We will be the best in delivering innovative, industry-focused solutions with measurable business outcomes

We will partner with customers for their success



Our values

Customer-centricity, commitment to people and the community, continuous innovation and excellence

8000+ associates. 1801 women. 32 years average age. 400+ customers across 29 locations and 14 countries focused on 4 industries.

Zensar Technologies is a leading global software and infrastructure services company helping customers around the world transform their businesses through technology solutions. Zensar enjoys a record of innovation drawn from a culture built over the years from a diverse set of 8000 associates, with a 29 locations global footprint, making it possible for 400+ customers



Confluence of Cultures at Sangam - The Amphitheatre, Zensar's Pune Campus

to enhance their performance and productivity. The company has invested extensively in technology and business partnerships to strengthen its service capabilities. Zensar enjoys presence across the US, UK and Africa as well as in European, African and Middle Eastern nations serviced through dedicated delivery centres in India (Pune, Hyderabad, Bangalore and Noida).

Zensar differentiates itself through strong and enduring employee and customer relationships. **People matter.**

Zensar offers a complete range of traditional and transformational IT services and solutions across mission-critical projects, enterprise applications, infrastructure management, business

intelligence and analytics, customer relationship management, business process management and digital enterprise services. Zensar powers next-generation enterprises through cloud, mobility and social media solutions. **Myriad Projects. Amassing experiences.**

The company drives large programs for community development - focusing on education, environment and employability. The Learnership Development Program in Africa, the Swachh Sakshar Surakshit Bharat (Clean, Literate and Safe India), Digital Literacy Mission initiative – **Social Programs. Driving Sustainability.**

Great place to work



Zensar. Where the unity of its purpose is derived from the diversity of its people.

1801

of Zensar
workforce are
women

74.91%

of associates with
experience of
more than three
years

28.05%

of the new recruits
in 2014-15 are
women

32.30

Average age of
the organisation



Diversity drives Empowerment

At Zensar, we believe that the most successful and enduring companies are those that leverage unique facets of both genders. An amalgamation of two distinct leadership styles that complement, bring in value as well enrich the culture is driven by this approach at Zensar.

■ For women retention, company policies are crafted to understanding their specific needs and ensuring they remain productive even while fulfilling personal obligations. Flexible working hours, on-campus crèche in the Pune office, time-off scheme and work-from-home flexibility, ensure 91% of women associates who take maternity leave, return to full-time engagement.

The result - even as overall Zensar attrition was 12.7% in 2014-15, women attrition was lower at 11.4%.

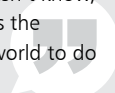
■ In order to bring in a sense of sensitivity in the community, Zensar Foundation organised gender sensitisation programs for boys in the 13-16 age bracket, building a sense of respect for women.



Tixo Augustus, Nigerian & US citizen – Having worked in almost a dozen countries across four continents and lived in the USA, Nigeria, the UK, China, India and currently, South Africa, Tixo is fluent in English, Mandarin and Yoruba. It is Tixo's belief that the key to being a world class transformation partner lies in understanding the culture of each of our clients. If we know who you are now and where you've been, we can help you get to where you want to be she says.



Katri Sten, Finnish citizen –in addition to her mother tongue of Finnish has learnt English, German, French, Danish and Swedish and has lived across four continents in France, Germany, Denmark, US, Mauritius and most recently spent 6 months in India. Katri is now based out of Zensar's Amsterdam office. Through her multicultural experiences has come to believe that respecting individual and cultural differences is the way to come up with the most unique and interesting solutions. Through all her travels she has learnt how much one doesn't know, and how not knowing reveals the endless opportunities in this world to do things differently.



Diversity in opinion

The best way to kill an idea is to dismiss it as something ahead of its time. "At Zensar, we've created an environment where we champion such ideas instead. Instead of ignoring something that may appear to be a crazy idea, we are more likely to respond with 'Sounds interesting. What else can make this more interesting?', says Prameela Kalive, Executive Vice President, Strategic Services and Location Head, Pune.

Empowerment creates opportunity for leadership and thus creates a sustainable leadership pipeline.

Zensar's Vision Community (introduced

in 2001) is Zensar's signature Diversity and Inclusion initiative where cross functional teams engage in strategy building exercises. During the year under review, the Vision Community attracted more than 13 large scale ideas from associates across functions and levels directed at making Zensar 'best-in-class'. The ideas are reviewed by a Shadow Executive Board, Strategy Team and Strategy Management Council. Eventually, three ideas were selected for development and handed over to functional owners, a testament to Zensar's culture of inclusiveness, openness, freedom and innovation.



At Zensar, we believe that the best ideas can come from anywhere.

This inspires every individual Zensarian to believe that anyone's opinion could be the game changer.



Prashant Padhye

part of the Zensar's offshore development team for a large health insurer - a participant in Vision Community.

At Zensar, diversity is about being able to offer solutions to a large number of customers through diverse projects.

Comprehensive portfolio of offerings from traditional to transformational services



Diversity in Projects

16%
of clients working with Zensar for more than five years

The company has a vast set of experiences amassed from global projects – diverse in region, technologies, scope and complexity.

Each project brings in its own set of challenges and opportunities

■ One team has worked on a global Oracle ERP rollout across 20 countries for a leading American gaming company – while another has worked on a preconfigured SAP solution for a medium sized dairy in a remote village in India

■ One team has helped a large American Retailer enhance its sales by 28% through ecommerce technologies – while another has built a complete warehouse management solution including physical restructuring of the warehouse in Kenya

■ One team has helped create digital identities for citizens through large scale digitization of public records – while another has worked with leading American health insurance company improving customer experience through self-service with 47% increase in customer adoption and 1 M USD cost savings per year

Diversity in community programs

Bringing people together for diverse community programs

Zensar began to engage with communities around its facilities well before the term 'corporate social responsibility', had extended into popular use. The company recognised that it could not expect to be sustainable if the needs of immediate communities remained unaddressed. Much like monocular vision. Zensar Foundation is an independent trust managing various activities for socio-economic development. Zensar sustains the environment, enhances employability skills and empowers communities with its associates stepping in to give time and resources to create better communities.

At Zensar, we invested in scalable community programmes across locations. Despite volunteering not being a mandate, over 20% of our associates in India have participated in some form of volunteering in 2014-15-we want this to be a culture tying all the diverse ends.

Zensar Africa's employability skills development program

Seven years ago Zensar embarked on a skill development programme focused on young South African graduates. This initiative is in keeping with the employability skills development approach followed across the company. The customised training model reinforced the 'Proudly South African', vision which is in sync with the BEE (Black Economic Empowerment) blueprint.

Zensar's program has been enhancing student employability by familiarising them with services-oriented solutions and evolving processes to create a pool of globally employable talent. The company engaged its clients within South Africa to provide training and internship to the students. The students are also sent to India for a two month-long training drill in a live workplace environment at Zensar's expense. Zensar has trained more than 200 students and graduated 170 of them to full-time employment at Zensar's Johannesburg centre and other client offices.



"At Zensar we don't believe we are in existence only to improve our bottomline, we are here to enhance value for all our stakeholders and to make the world a better place. This makes us more complete as professionals, it makes us more humane."

Srikanth Lahanday

who spends precious personal time in community mobilization initiatives.



"I came to India for an eventful 2.5 months on enhanced technology led training. I returned, not only with enhanced skills but also an exposure to a vibrant cultural exposure. On my return, I was placed in a project with one of the most prestigious clients in South Africa where I grew subsequently to take on more responsibilities in a fast paced environment. I am learning each day and getting an opportunity to be more open about new experiences at work and outside."

Sikhosiphi Ntuli

a product of the Learnership Development Program, who came out successful through the program.



Towards the Billion Dollar Dream in 2020 - diverse paths leading to the one goal. With One Zensar.



Given the diversity of people, projects and programs that Zensar has across the globe, there is a continuous need to integrate them to a singular objective. The company embarked on this significant initiative christened as One Zensar, to build a commonality of purpose towards the end client's business transformation – and in the process, to create a position of leadership in that space.

This organisation wide initiative has helped align individual goals with organisation goals, bringing together the forces from across various services at Zensar towards satisfying the stated and latent needs of customers, and underlining Zensar's identity as a one-stop-solution provider.

As a means to this end, the company reformulated and redrafted its vision, mission, values and goals and

conducted a series of workshops globally, to align every Zensarian with them.

The initiative has further consolidated the perspective on the need for diversity, and the potency of a commonality of purpose across the various realms that Zensar has successfully positioned itself as an integrated solution provider today.

[Leading the way in business transformation.](#)



DIRECTORS'

REPORT & ANNEXURES 2014-15

► Directors' Report

Dear members

Your Directors are pleased to present their 52nd Annual Report together with the Audited Financial Statements, Directors' Report and Annexures for the year ended 31st March 2015.

FINANCIAL SUMMARY:

The Financial summary is as under:

Standalone

(₹ in Crores)

| | Year ended 31st March 2015 | Year ended 31st March 2014 |
|------------------------------|-------------------------------|-------------------------------|
| Income from operations | 1052.45 | 908.48 |
| Miscellaneous Income | 48.27 | 53.53 |
| Total | 1100.72 | 962.01 |
| Profit Before Taxation | 253.45 | 257.96 |
| Profit After Taxation | 183.11 | 187.22 |
| Proposed Dividend | 28.81 | 26.26 |
| Transfer to General Reserves | 100.00 | 100.00 |

Consolidated

(₹ in Crores)

| | Year ended 31st March 2015 | Year ended 31st March 2014 |
|------------------------|-------------------------------|-------------------------------|
| Income from operations | 2627.68 | 2315.60 |
| Miscellaneous Income | 55.05 | 49.69 |
| Total | 2682.73 | 2365.29 |
| Profit Before Taxation | 365.91 | 339.86 |
| Profit After Taxation | 264.59 | 237.52 |

In the preparation of financial statements, no treatment different from that prescribed in an Accounting Standard has been followed.

On standalone basis, during the financial year 2014-15, your Company recorded total income of ₹ 1,100.72 Crores comprising Income from Software Development and Allied Services of ₹ 1,052.45 Crores, and other income of ₹ 48.27 Crores. The Company

recorded a net profit of ₹ 183.11 Crores reflecting a decline of 2%.

On consolidated basis, your Company has maintained growth with Total income of ₹ 2682.73 Crores comprising Income from Software Development and Allied Services of ₹ 2627.68 Crores and other income of ₹ 55.05 Crores. The Consolidated Net profit was ₹ 264.59 Crores reflecting growth of 11.40%.

Directors' Report (Contd.)

There are no Material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year on 31st March, 2015 to which the financial statements relate and the date of the report.

BUSINESS UPDATES AND STATE OF COMPANY'S AFFAIRS

Technology is driving transformation across enterprises with specific initiatives in the area of cloud, social media, analytics and big data analytics. Organizations are looking to find a balance between adopting new technologies like cloud, while managing existing data centres. Disruptive technologies continue to create unique challenges, with enterprises expecting solution partners to manage end to end transformation for them. This is where Zensar plays a pivotal role and remains relevant.

Worldwide IT-BPM spend amounted to USD 2.30 trillion, with India maintaining its edge at 55 percent share. In FY15, the Indian IT-BPM industry is expected to account for revenues of USD 146 billion, which is a 13 percent growth from last year. India retains its place in the spotlight with this industry emerging as the largest and most diverse private sector employer with approximately 3.5 million direct jobs and responsible for 10 million indirect jobs. This sector continues to retain its distinction of being the largest private sector employer in India. This sector is on the growth path due to the global trends driving its relevance and potential.

The industry is fuelling growth and charting successful job opportunities by driving innovation, global learning and enhancing capabilities on a consistent basis. The Indian government has displayed its support to encourage more participation by launching the Digital India and Make in India initiatives. The country is making concerted strides into creating new technology capabilities with accelerated learning in the emerging areas of cloud, big data analytics and digital enterprises. It is this strategy that is helping the country to raise its viability worldwide.

Globally, the world has become a sharing economy wherein both individuals and businesses are working with new and futuristic technologies as well as tools. Technology is driving multiple ways of connecting, doing business and helping meet business outcomes that are clearly defined. The role of IT has taken a different focus as digital becomes omnipresent and this is where we too see business growth and potential.

The year in question was filled with certain volatilities that were a

concern area, yet your Company continued to navigate through this business environment to remain focused and achieve its goals. You will be happy to note that your Company steered through and the results speak for themselves. The Company reporting FY15 revenue of ₹ 2627.68 Crores, a growth of 13.5% over the previous year revenue of ₹ 2315.60 Crores. The PAT is at ₹ 264.59 Crores, an 11.4% increase over previous year PAT at ₹ 237.52 Crores. Your Company retains its reputation as a successful leading global IT organization in 2014-2015.

Zensar has made strategic changes to the way it does business in the last few years with the vertical approach. This approach has garnered rewards and the new customer additions indicate that your company is on the right path. It is through these integrated offerings across traditional applications software and cutting edge digital services in the focus verticals, that your Company has seen visible benefits.

One of the winning ways for us has been the focused vertical strategy which Zensar has successfully implemented across all our regions. This approach has helped us focus on building expertise and specific solution capabilities with a clear vision to help customers meet their business objectives each time. Our investments in creating new benchmarks for customer service as well as deepening our expertise has resulted in clear and measurable results. All our efforts towards building new lines of growth and dedicated focus towards emerging areas like DevOps, digital solutions etc. has helped us remain profitable, relevant and on the growth path.

The key vertical areas of focus continue to remain; Manufacturing, Retail, Banking, Financial Services and Insurance. Each of these verticals has been strategically enhanced with leadership, talent and better customer understanding and relationships.

Our foray into developing state-of-the-art social and digital solutions and consulting capabilities will continue to augment our proven expertise in the core areas like Application Development, Support, Maintenance, Testing and Modernisation; Business Process Management; Infrastructure Management; Enterprise Solutions in Oracle and SAP; Business Intelligence and CRM.

All efforts towards strengthening your Company's Infrastructure Management business, the volume of large deals in this space has helped us keep momentum across regions. Our diverse teams across global operations are well versed to adapt to a customer's needs and work across processes with a vertical

Directors' Report (Contd.)

expertise to deliver on results consistently. Your Company will continue to invest all efforts at ramping up skill sets periodically to maintain the talent edge as well ensure that customer centricity remains at the core of every client project, we undertake. We are well equipped to not only help customers manage their overall services but also be the go to Company for end to end infrastructure management requirements.

Managed services is getting attention and your Company is well poised to integrate on premise and managed service with equal success measures. We are well placed in terms of building on the potential of this hugely popular trend.

Your Company enjoys successful and long standing technology partnerships globally with industry leading OEMs like Oracle, Microsoft, SAP and SFDC. These partnerships drive and enhance our technology expertise with singular focus on ensuring that we remain ahead in terms of delivery and variety of options on offer. Our Oracle expertise and Platinum Partnership is robust enabling us to leverage industry focused solutions implemented with visible transformation in the client's business. Our Oracle expertise is constantly winning recognition across both Oracle and analysts alike. Our strength in the Oracle technology space is further enhanced with a total of more than 2200 experts. Our Oracle advantage is clearly linked towards helping our customers have seamless operations.

Our leadership in the emerging and high growth potential sector of Retail eCommerce is further strengthened by our acquisition of Professional Access. Not only do we enjoy a leverage in terms of talent, but also helps us advance in our proven track record with large scale Oracle implementations in the manufacturing and retail segments.

We continue to demonstrate our industry knowledge in SAP through our Gold Partnership status. We continue to take successful strides in the area of SAP deployments and are acknowledged by SAP with awards and recognitions. Zensar's preconfigured solutions certified by SAP for select verticals like Dairy, Pharma, Chemical, Retail and Life Sciences continues to create more potential for domestic and other regional led business opportunities. Our customers in this space continue to enjoy the benefits of our HANA centre of excellence.

SMAC is driving enterprise trends across applications. Zensar has built its expertise around these emerging technology trends with enhanced capabilities across all these areas. Today, your Company is well placed to build on these technologies as well as create solutions to serve niche needs of digital enterprises. Our

state of the art Social Command Center helps companies across industries listen and gain actionable insights from social media networks which helps customers respond in time to their various stakeholders in real time.

In terms of the region-wise growth, the US continues to perform consistently through last year with significant deals helping our overall profitability. South Africa continued with its stellar performance with the top 5 brands across the financial spectrum like banking and insurance remaining on the growth path. The region is all focused towards making of the new focus areas like retail and mining along with the government vertical too. Its operations in East Africa have helped cover the region more effectively with new potential. While the European region was adversely impacted by volatile economic conditions, your Company continued to have success in significant wins in the UK. India enjoyed sustained growth while building focus on enhanced capabilities and increased focus on talent acquisition and development.

Your Company has continued to be on its profitable path by keeping steadfast focus on key areas of customer-centricity in terms of capability development, talent management and leveraging emerging areas effectively across the diverse regions it operates in. We are poised to take flight towards meeting our 2020 goal clearly and surely.

EXTRACT OF ANNUAL RETURN

Details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as "Annexure A".

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 8 (Eight) meetings of the Board of Directors were held, details of which are set out in the Corporate Governance Report which forms a part of this Report.

BOARD COMMITTEES

Detailed composition of the mandatory Board Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee, number of meetings held during the year under review and other related details are set out in the Corporate Governance Report which forms a part of this Report.

There have been no situations where the Board has not accepted any recommendation of the Audit Committee.

Directors' Report (Contd.)

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT, 2013

The Directors confirm that –

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2015, the applicable accounting standards had been followed and there were no material departures;
- b) the directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year as at 31st March, 2015 and of the profit and loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATEMENT ON DECLARATION OF INDEPENDENT DIRECTORS.

The Company has received declaration from each of the Independent Directors under Section 149 (6) and (7) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS AND DISCLOSURES ON THE REMUNERATION OF THE DIRECTORS

All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company, along with criteria for such payments and disclosures on the remuneration of the Directors

along with their shareholding are disclosed in Corporate Governance Report and Form MGT 9 which forms a part of this Report.

NOMINATION & REMUNERATION POLICY

The Company's policy on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178 (3) is annexed with this Report as "Annexure B".

EXPLANATION AND COMMENTS ON AUDITOR'S AND SECRETARIAL AUDIT REPORT

There is no qualification, disclaimer, reservation or adverse remark made by the Statutory Auditors in Auditors' Report.

Further, there is no qualification, disclaimer, reservation or adverse remark made by the Company Secretary in practice in Secretarial Audit Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The full particulars of the loans granted are mentioned in the Note Nos. 14 & 27 of Notes to Accounts pursuant to Section 186 read with Companies (Meetings of Board and its Powers) Rules, 2014. The purpose for granting the loan was to meet the gap in working capital.

The details of guarantee given and security provided by the Company to Zensar Technologies Inc USA are stated in Note No 31 of Notes to Account. The said security was provided for securing borrowing availed of for acquisition.

Full particulars of investments made are stated in Note No. 12 and Note No. 15 in the Notes to Accounts.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are repetitive in nature. The actual transactions entered into pursuant to the omnibus approval so granted are placed at quarterly meetings of the Audit Committee.

Directors' Report (Contd.)

The Company has formulated a Policy on related party transactions. This policy as approved by the Board is uploaded on the Company's website on the below link:

<http://www.zensar.com/media/system/pdf/Investors/Policy%20on%20Related%20Party%20Transactions.pdf>

TRANSFER TO RESERVE

Your Directors propose to transfer a sum of ₹ 100.00 Crores to General Reserve.

DIVIDEND

Your Company had reported satisfactory profit levels in the first three quarters of the current financial year. In keeping with the Company's tradition of rewarding the Members, an interim dividend of ₹ 4.50/- per share aggregating to ₹ 19.78 Crores was paid in the month of February, 2015.

Further, the Directors are pleased to recommend a final Dividend of ₹ 6.50 per share. This together with interim dividend will result in total outflow of ₹ 48.60 Crores plus Dividend Distribution Tax, Surcharge and Cess thereon. The final dividend would be paid to those Members, whose names appear in the Register of Members at the end of business day on 6th July, 2015 and subject to approval of the Members in the ensuing Annual General Meeting.

MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no Material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year on 31st March, 2015 to which the financial statements relate and the date of this report.

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 the services sector and provides IT and IT related services.

Particulars prescribed under Section 134 (3)(m) of The Companies Act, 2013, read with the Companies (Accounts)

Rules, 2014 in respect of technology absorption are set out in "Annexure C" to this report.

Particulars regarding Foreign Exchange earnings and outgo during the year are given in Note No. 33 and Note No. 34 of Notes to Accounts respectively. Particulars regarding R & D expenditure during the year are given in Note No. 38 of Notes to Accounts.

RISK MANAGEMENT

A detailed report on Risk Management is included in Management Discussion and Analysis which forms part of this Report. The report clearly states development and implementation of a risk management policy for the Company including identification therein of elements of risks along with risk mitigation plan.

CORPORATE SOCIAL RESPONSIBILITY

Company takes pride in being a socially responsible business corporation. Zensar Foundation, a trust operating under the Company, leads the company's social outreach programs and is committed to improving the overall wellbeing of slum communities in the cities where the Company is located. Its work is focussed on Community Development, Employability Enhancement and Environment Sustenance. In keeping with the philosophy that employees are the biggest change agents not only in the technology marketplace but also in society, the management places much emphasis on employee volunteering for CSR activities. Company is proud to say that over 20% of its employees in India have volunteered their time, in the year under review. Details about the CSR policy and CSR initiatives undertaken during the year are annexed herewith as "Annexure D" to this report.

A few of the highlights in the areas of Community development, Employability enhancement and Environment sustenance are:

- Adoption of a third slum community: Having worked with two slum communities (Chandan Nagar in Pune and Anjaiah Nagar in Hyderabad) over the preceding years and developed a replicable model for the same, Zensar Foundation has invested in a third community in Pune. This community is in Yamuna Nagar which comprises approximately 500 households.
- National Digital Literacy Mission (NDLM): In the year 2014-15, Zensar Foundation has emerged as a leader amongst

Directors' Report (Contd.)

corporates in working towards the National Digital Literacy Mission wherein at least one person from every household in India, should be digitally literate by the year 2020. Two NDLM centers have been started in slum communities: one at Hyderabad which was the first in the country to be started by a corporate under the NDLM banner, and the other at Pune. The course has already been delivered to over 500 participants. Zensar volunteers undertook an 'Each One Teach One' campaign during the National Digital Literacy Week, spending over 20 hours each in training one person per volunteer. There are several other 'firsts' to Company's name, including conducting teacher training for Digital Literacy, running batches for Anganwadi workers under the central digital literacy program, etc. and we continue to have ambitious plans in this area in the coming year as well.

- The Employability Skills Development program has expanded significantly. Company launched a program whereby over 800 students from Tier 2 and Tier 3 colleges in Maharashtra and Andhra Pradesh have been imparted both soft skills' and technical skills' training, in line with nationally standardized Qualification Packs. Apart from this, several employability programs for vocations such as Tailoring, Retail, Administrative support etc. were initiated for the underprivileged.
- Environment Sustenance: The 2-acre Biodiversity Park which was developed by Zensar Foundation in partnership with the Pune Municipal Corporation (PMC), in Pune in 2012 continues to be maintained actively. The park attracts many visitors daily. New sections such as the extinct plants section and butterfly host plant section have been developed in order to keep the Park relevant and engaging. Other than the Park, Zensar Foundation has participated actively in the Swachh Bharat mission. Swachh Bharat campaigns have been conducted in Hyderabad and Pune by volunteers who have spread public awareness and taught by example through cleaning of public spaces.

These are just a few of the activities undertaken in the year 2014-15. We are proud that it has been an year of immense reinforcement and expansion with the overall scale of operations having more than doubled; leading to an outreach to large beneficiaries per year. Through working in missions such as NDLM and Swachh Bharat and programs such as those of NSDC, Company is also aligning to the national agenda for

development. We look forward to further expansion in the coming years in terms of outreach as well as impact.

The Company had an outlay to spend ₹ 394 Lacs during the year 2014-15 on CSR activities. For the year ended 31st March, 2015 Company has spent ₹156.94 Lacs. As this was the first year of CSR spent under the Companies Act, 2013, the Company was in the process of evaluating appropriate programmes and projects to scale up in the chosen areas of CSR spends. This process has now been completed and the Company intends to increase the CSR spend during the next year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Dr. Ganesh Natarajan, Vice Chairman and Managing Director, Mr. S. Balasubramaniam, Chief Financial Officer and Mr. Nilesh Limaye, Company Secretary were designated as Key Managerial Personnel within the meaning of Section 203 of the Companies Act, 2013.

Ms. Madhabi Puri Buch was appointed an additional director with effect from 30th September, 2014.

Further, the Board of Directors of the Company appointed Mr. A. T. Vaswani, Mr. P. K. Choksey, Mr. P. K. Mohapatra, Mr. Venkatesh Kasturirangan and Ms. Madhabi Puri Buch as Independent Directors of the Company for a term of five years from 1st April 2015 on the recommendation of Nomination and Remuneration Committee in their meeting held on 19th January, 2015. This appointment of Independent Directors was approved by the Members of the Company by way of Postal Ballot conducted in March 2015.

Further, on the recommendation of Nomination and Remuneration Committee, the Board of Directors had approved the re-appointment of Dr. Ganesh Natarajan as Vice Chairman and Managing Director of the Company with effect from 1st February, 2015 to 30th April, 2016. The Members of the Company also approved the said re-appointment and terms and conditions including remuneration of Dr. Ganesh Natarajan, Vice Chairman and Managing Director by way of Postal Ballot conducted in March, 2015.

In accordance with the provisions of Companies Act, 2013 and Memorandum and Articles of Association of the Company, Mr. H. V. Goenka, Chairman of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Directors' Report (Contd.)

Brief particulars of Mr. H. V. Goenka, his expertise in various functional areas are given in the Notice convening the Annual General Meeting. The Board of Directors recommends the re-appointment of Mr. H. V. Goenka as mentioned above.

Mr. Niraj Bajaj, Independent Director resigned from the Board of Directors of the Company with effect from 8th January, 2015. The Board while accepting and noting resignation has recorded its sincere appreciation for the valuable guidance, co-operation and patronage received during his tenure as a Director.

SUBSIDIARY COMPANIES

Your Company along with subsidiaries provides software solutions and services globally. A Report on the performance and financial position of each of the subsidiaries pursuant to Rule 8 (1) and Form AOC 1 read with Rule 5 of Companies (Accounts) Rules, 2014 is annexed as "Annexure E" and forms a part of this Report.

Further, during the year under review, Zensar Technologies Inc, a wholly owned subsidiary of the Company has acquired Professional Access Limited, a company registered in USA. Zensar Advanced Technologies Limited, a wholly owned subsidiary of the Company incorporated in Japan has ceased to be a subsidiary company pursuant to its liquidation.

The Managing Director has not received any commission during the year from the Company nor any of its subsidiary companies.

The Company has framed policy for determining material subsidiaries as per requirement of Clause 49 of the Listing Agreement and has uploaded on website and link for the same is as below:

<http://www.zensar.com/media/system/pdf/Investors/Zensar%20Policy%20for%20determining%20material%20subsidiaries.pdf>

During the year under review, the Company has purchased

business of Professional Access Software Development Pvt. Ltd. and has also established a branch office in Kenya. Company's wholly owned subsidiary namely Zensar Technologies (UK) Limited has established branch offices in Switzerland and Austria during the year under review.

Stand-alone Financial Statements and 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 a part of this Annual Report.

DEPOSITS

The Company has not accepted Deposits under Chapter V of the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of the business.

INTERNAL FINANCIAL CONTROL

Details in respect of adequacy of internal financial controls with reference to the Financial Statements are stated in Management Discussion and Analysis which forms part of this Report.

Directors' Report (Contd.)

INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL REMUNERATION) RULES, 2014

| | | | | |
|---|---|---|------------------|------------------|
| 1 | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year. | Please refer "Annexure F- 1" to this Report for details. | | |
| 2 | The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. | Please refer "Annexure F- 2" to this Report or details. | | |
| 3 | The percentage increase in the median remuneration of employees in the financial year. | The percentage increase in the median remuneration in the financial year 2014-15 of employees on India Payroll was 11.78%.* | | |
| 4 | The number of permanent employees on the rolls of Company. | 6,350 | | |
| 5 | The explanation on the relationship between average increase in remuneration and Company performance. | The profit before tax for the financial year ended 31st March, 2015 on standalone basis declined by 1.74% whereas the average percentage increase in the remuneration of employees on India Payroll excluding Managing Director in the financial year 2014-15 was 10.75%. The average increase in remuneration and Company performance are directly related to each other, however it is subject to individual performance, industry trends, economic situation, future growth prospects and possible replacement of employee. | | |
| 6 | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company. | The profit before tax for the financial year ended 31st March, 2015 on standalone basis declined by 1.74% whereas the average percentage increase in the remuneration of key managerial personnel in the financial year 2014-15 was 14.23%. The average increase in remuneration and company performance are directly related to each other, however it is subject to individual performance, industry trends, economic situation, future growth prospects and possible replacement of employee. | | |
| 7 | Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies. | | 31st March, 2015 | 31st March, 2014 |
| | | Market Capitalisation | ₹ 2847.55 Crores | ₹ 1639.97 Crores |
| | | PE ratio | 10.66 | 6.88 |
| | | <p>Market capitalization and PE Ratio increased by 73.63% and 54.94% respectively as compared to last year.</p> <p>% increase in market quotation over last Public issue price:</p> <p>Public issue of equity shares was made in the year 1979 with issue price of ₹ 10.00 per share. The average closing price on BSE and NSE as on 31st March, 2015 was ₹ 642.40 The market price per share has increased by 6324% as on 31st March, 2015.</p> <p>(Subsequent to last public issue of the Shares, there were multiple changes in the capital structure of the Company by way of rights issue, preferential issue, conversion of debentures in to equity shares, buy back shares, bonus issue etc, & impact of it has not been considered)</p> | | |

Directors' Report (Contd.)

| | | |
|----|--|--|
| 8 | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year is 48th percentile. The percentile increase in the managerial remuneration is 50th percentile. |
| 9 | Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company. | The profit before tax for the financial year ended 31st March, 2015 on standalone basis declined by 1.74%. The increase in remuneration of each of the Key Managerial Personnel is as below: 1. Dr. Ganesh Natarajan, Managing Director : 17.54% 2. Mr. S Balasubramaniam, CFO : 15.15% 3. Mr. Nilesh Limaye, CS: 10% The increase in remuneration and Company performance are directly related to each other however, subject to individual performance, industry trends, economic situation, future growth prospects and possible replacement of employee. |
| 10 | The key parameters for any variable component of remuneration availed by the directors | The variable component of remuneration availed by the Directors is based on Profit After Tax reported by the Company at the end of each financial year and recommendation of Nomination and remuneration Committee. |
| 11 | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year | Not applicable |
| 12 | Affirmation that the remuneration is as per the remuneration policy of the Company. | The remuneration to employees of the Company is as per the remuneration policy of the Company. |

* The percentage increase in the median remuneration of employees has been calculated after excluding Managing Director's remuneration.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Audit Committee's terms of reference inter-alia include vigil mechanism which also incorporates a Whistle Blower Policy in terms of Section 177 (10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Company has adopted Whistle Blower Policy in the meeting of Board of Directors held on 24th July, 2014. The Whistle Blower mechanism provides for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Governance and Ethics. The Whistle Blower Policy is uploaded on the website of the Company on the link below.

<http://www.zensar.com/media/system/pdf/WHISTLE%20BLOWER%20POLICY.pdf>

INTER SE RELATIONSHIPS BETWEEN THE DIRECTORS

There are no relationships between the Directors inter se.

FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The Company has familiarisation programmes and the details of it have been uploaded on the website of the Company on the link below:

<http://www.zensar.com/media/system/pdf/Investors/FAMILIARISATION%20PROGRAMMES%20FOR%20INDEPENDENT%20DIRECTORS.pdf>

FORMAL ANNUAL EVALUATION OF BOARD AND ITS COMMITTEES

Pursuant to provisions of Section 134 of the Companies Act, 2013 and clause 49 of the Listing Agreement, the Nomination and Remuneration Committee laid down a criteria for evaluating Board effectiveness by assessing performance of the Board as a whole, performance of individual Director and Committees of the Board namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Banking Committee and Corporate Social Responsibility Committee. The Board approved the criteria laid down by Nomination and Remuneration Committee for

Directors' Report (Contd.)

evaluating Board effectiveness and engaged a third party agency to conduct Board effectiveness survey during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis in terms of Clause 49 of the Listing Agreement forms a part of this Report and is annexed to this Report as "Annexure G".

AUDITORS

Statutory Auditor:

M/s Price Waterhouse, Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for re-appointment as Statutory Auditors of the Company. As required under Clause 49 of the Listing Agreement, the Statutory Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s SVD & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit in Form MR – 3 is annexed herewith as "Annexure H".

The Board has reappointed M/s SVD & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2015-16.

Internal Auditors

The Board had appointed Ernst and Young LLP as Internal

Auditors for the financial year 2014-15 under Section 138 of the Companies Act, 2013 and they have completed the internal audit as per scope given by the Audit Committee for the financial year 2014-15.

The Board has reappointed Ernst & Young LLP as Internal Auditors for the financial year 2015-16.

CORPORATE GOVERNANCE

Your Company continues to benchmark itself with the best-of-the-breed practices as far as 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 at "Annexure I"

EMPLOYEES STOCK OPTION PLAN

Currently, the Company has two Employees Stock Option Schemes in force namely, "2002 Employees Stock Option Scheme" (2002 ESOS) and "2006 Employees Stock Option Scheme" (2006 ESOS) for granting term based and performance based Stock Options to employees and these schemes are being implemented as specified by Securities Exchange Board of India in this regard.

In the financial year 2014-15, 63,854 equity shares were allotted under "2002 Employees Stock Option Scheme" and 495,426 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 read with Clause 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 in this respect are stated in "Annexure J" to this report.

Disclosures for the financial year ended 31st March, 2015 regarding 2002 ESOS and 2006 ESOS in terms of Companies (Share Capital and Debentures) Rules, 2014 are as below:

| Particulars | 2002 ESOS | 2006 ESOS |
|---|-----------|-----------|
| Options Granted | Nil | 2,45,000 |
| Options vested | 1,24,690 | 4,47,017 |
| Options exercised | 63,854 | 495,426 |
| The total no of shares arising as a result of exercise of options | 63,854 | 495,426 |
| Options lapsed/cancelled during the year | 6,174 | 198,304 |

Directors' Report (Contd.)

| Particulars | 2002 ESOS | 2006 ESOS |
|---|---|---|
| The exercise price | Exercise Price for each grant is different and decided by the Nomination and Remuneration Committee as per the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 prevailing at the time of grant. | Exercise Price for each grant is different and decided by the Nomination and Remuneration Committee as per the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 prevailing at the time of grant. |
| Variation of terms of options | No variation in the terms of options during the year under review | No variation in the terms of options during the year under review |
| Money realized by exercise of options | ₹ 51,38,878 | ₹ 5,66,17,294 |
| Total no of options in force | 1,24,690 | 10,67,830 |
| Employee wise details of options granted to: | | |
| Key Managerial Personnel (KMP) | No new options were granted to KMPs during the year under review | No new options were granted to KMPs during the year under review |
| any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year | Nil | Prameela Kalive -20,000, Prasad Deshpande -15,000, Harish Lala -15,000, Srinivas Polsani -15,000, Stacey Shulman - 15,000, Santosh Panapaliya -15,000, Syed Azfar Hussain-15,000, Chaitanya Rajebahadur-15,000 |
| identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant | Dr. Ganesh Natarajan - 5,00,000 (All of these options have been exercised) | — |

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Particulars of employees pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed with this report as "Annexure K".

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress

complaints. The following is the summary of complaints received and disposed off during the year under review:

| | |
|--|-----|
| Number of complaints received and disposed off | One |
|--|-----|

MATERIAL TRANSACTIONS WITH RELATED PARTIES

The Company has not entered in to any transaction with related parties during the year under review which requires reporting in Form AOC 2 in terms of Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

ACKNOWLEDGEMENTS

The Board places on record its 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: 28th April, 2015

Annexure A to the Directors' Report

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|------|---|---|
| i) | CIN | L72200PN1963PLC012621 |
| ii) | Registration date | 29.03.1963 |
| iii) | Name of the Company | Zensar Technologies Limited |
| iv) | Category/Sub category of the Company | Company Limited by Shares Indian Non-Government Company |
| v) | Address of the Registered office and contact details | Zensar Knowledge Park, Plot#4, MIDC, Kharadi, Off Nagar Road Pune – 411014 Tel. No. 020 66057500 Fax No. 020 66057888 Email Address: investor@zensar.com |
| vi) | Whether listed company | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Sharepro Services (I) Pvt. Ltd. 13 A B Samhita Warehousing Complex Off. Andheri Kurla Road, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri East, Mumbai - 400072 Tel. No. 022 67720300/400 Fax No. 022 28591568 Email Address: sharepro@shareproservices.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

| Sl. No. | Name and Description of main products/services | NIC Code of the product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1 | Software Development and allied services | 620 | 94.19 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---|----------------|--------------------------------|------------------|--------------------|
| 1 | Zensar Technologies Inc., USA | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 2 | Professional Access Limited, USA | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 3 | PSI Holding Group Inc., USA | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 4 | Zensar Technologies IM Inc., USA (erstwhile Akibia Inc.) | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 5 | Zensar Technologies IM B.V., Netherlands (erstwhile Akibia B. V.) | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 6 | Aquila Technology Corp., USA | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 7 | Zensar Technologies (Shanghai) Co. Ltd, China | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 8 | Zensar Technologies (Singapore) Pte. Ltd, Singapore | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 9 | Zensar (South Africa) Proprietary Limited, South Africa | Not Applicable | Subsidiary | 75% | 2(87)(ii) |
| 10 | Zensar (Africa) Holdings Proprietary Limited, South Africa | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 11 | Zensar Technologies (UK) Limited, UK | Not Applicable | Subsidiary | 100% | 2(87)(ii) |

Annexure A to the Directors' Report (Contd.)

IV) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as of March 31, 2015

| Category of Shareholders | No. of shares at the beginning of the year | | | No of shares at the end of the year | | | % change during the year |
|---|--|----------|--------------------|-------------------------------------|----------|--------------------|--------------------------|
| | Demat | Physical | Total | Demat | Physical | Total | |
| A. Promoters | | | | | | | |
| (1) Indian | | | | | | | |
| a) Individual/ HUF | 1 | - | 1 | 774 | - | 774 | - |
| b) Central Govt. | - | - | - | - | - | - | - |
| c) State Govt(s). | - | - | - | - | - | - | - |
| d) Bodies Corp. | 2,00,99,092 | - | 2,00,99,092 | 2,00,99,092 | - | 2,00,99,092 | -0.58 |
| e) Banks/ FI | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - |
| Sub-total (A) (1) :- | 2,00,99,093 | - | 2,00,99,093 | 2,00,99,866 | - | 2,00,99,866 | -0.58 |
| (2) Foreign | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - |
| b) Others - Individuals | - | - | - | - | - | - | - |
| c) Bodies Corp. | 10,30,922 | - | 10,30,922 | 10,30,922 | - | 10,30,922 | -0.03 |
| d) Banks/ FI | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - |
| Sub- total (A) (2):- | 10,30,922 | - | 10,30,922 | 10,30,922 | - | 10,30,922 | -0.03 |
| Total Shareholding of Promoter (A) = (A)(1) + (A)(2) | 2,11,30,015 | - | 2,11,30,015 | 2,11,30,788 | - | 2,11,30,788 | -0.61 |

| Category of Shareholders | No. of shares at the beginning of the year | | | No of shares at the end of the year | | | % change during the year |
|----------------------------------|--|--------------|------------------|-------------------------------------|--------------|------------------|--------------------------|
| | Demat | Physical | Total | Demat | Physical | Total | |
| B. Public Shareholding | | | | | | | |
| 1. Institutions | | | | | | | |
| a) Mutual Funds | 2,23,412 | 800 | 2,24,212 | 2,21,560 | 750 | 2,22,310 | -0.01 |
| b) Banks/ FI | 7,000 | 1,687 | 8,687 | 8,494 | 1,685 | 10,179 | 0.01 |
| c) Central Govt. | - | - | - | - | - | - | - |
| d) State Govt(s). | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - |
| f) Insurance Companies | 1,000 | 500 | 1,500 | 1,000 | 500 | 1,500 | - |
| g) FIs | 53,87,175 | 2,700 | 53,89,875 | 57,70,551 | 1,350 | 57,71,901 | 0.71 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - |
| Sub -total (B) (1) :- | 56,18,587 | 5,687 | 56,24,274 | 60,01,605 | 4,285 | 60,05,890 | 0.71 |

Annexure A to the Directors' Report (Contd.)

| Category of Shareholders | No. of shares at the beginning of the year | | | | No of shares at the end of the year | | | | % change during the year |
|---|--|-----------------|--------------------|-------------------|-------------------------------------|-----------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 8,80,874 | 14,946 | 8,95,820 | 2.05 | 10,32,015 | 11,648 | 10,43,663 | 2.35 | 0.30 |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual Shareholders holding nominal share Capital upto ₹ 1 lakh | 33,20,177 | 7,32,830 | 40,53,007 | 9.26 | 36,04,409 | 6,30,010 | 42,34,419 | 9.55 | 0.29 |
| ii) Individual shareholders holding nominal share Capital in excess of ₹ 1 lakh | 14,71,480 | - | 14,71,480 | 3.36 | 12,52,453 | - | 12,52,453 | 2.83 | -0.53 |
| c) Others (specify) | | | | | | | | | |
| (c-i) Overseas Corporate Bodies | 1,03,01,294 | - | 1,03,01,294 | 23.54 | 1,03,01,294 | - | 1,03,01,294 | 23.24 | -0.30 |
| (c-ii) Non Resident Individuals | 2,89,696 | 1,908 | 2,91,604 | 0.67 | 3,56,409 | 1,858 | 3,58,267 | 0.81 | 0.14 |
| Sub -total (B) (2):- | 1,62,63,521 | 7,49,684 | 1,70,13,205 | 38.88 | 1,65,46,580 | 6,43,516 | 1,71,90,096 | 38.78 | -0.10 |
| Total Public Shareholding (B) = (B)(1) + (B)(2) | 2,18,82,108 | 7,55,371 | 2,26,37,479 | 51.72 | 2,25,48,185 | 6,47,801 | 2,31,95,986 | 52.33 | 0.61 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 4,30,12,123 | 7,55,371 | 4,37,67,494 | 100 | 4,36,78,973 | 6,47,801 | 4,43,26,774 | 100 | - |

Annexure A to the Directors' Report (Contd.)

ii) Shareholding of Promoters:

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in the shareholding during the year |
|---|---------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total shares of the company | % of shares pledged/encumbered to total shares | No. of Shares | % of total shares of the company | % of shares pledged/encumbered to total shares | |
| 1 | Swallow Associates LLP | 1,20,48,606 | 27.53 | - | 1,20,48,606 | 27.18 | - | -0.35 |
| 2 | Summit Securities Limited | 47,63,576 | 10.88 | - | 47,63,576 | 10.75 | - | -0.14 |
| 3 | Instant Holdings Limited | 30,96,800 | 7.08 | - | 30,96,800 | 6.99 | - | -0.09 |
| 4 | Pedriano Investments Limited | 10,30,922 | 2.36 | - | 10,30,922 | 2.32 | - | -0.04 |
| 5 | Instant Holdings Limited | 1,10,019 | 0.25 | - | 1,10,019 | 0.25 | - | - |
| 6 | Chattarpati Investments Limited | 45,700 | 0.10 | - | 45,700 | 0.10 | - | - |
| 7 | Swallow Associates LLP | 28,691 | 0.07 | - | 34,391 | 0.08 | - | 0.01 |
| 8 | Swallow Associates Limited | 5,700 | 0.01 | - | - | - | - | -0.01 |
| 9 | Mr. Harsh Vardhan Goenka* | 1 | - | - | 774 | - | - | - |
| | Total | 2,11,30,015 | 48.28 | - | 2,11,30,788 | 47.66 | - | -0.61 |
| *holds shares as a Trustee of Crystal India Trust | | | | | | | | |

iii) Change in Promoters' Shareholding:

| Sl. No. | | Shareholding at the beginning of the year 1.4.14 / end of the year 31.3.15 | | Date | Increase / decrease in shareholding | Reason | Cumulative shareholding during the year | |
|---|--|--|----------------------------------|---------|-------------------------------------|-----------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 2,11,30,015 | 48.28 | 1.4.14 | - | - | 2,11,30,015 | 48.28 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | # | # | # | # | # | # | # |
| 1 | Mr. Harsh Vardhan Goenka | 1 | - | 11.9.14 | Increase | Market Purchase | 774 | - |
| | | 774 | - | 31.3.15 | | | | |
| | At the end of the year * | 2,11,30,788 | 47.66 | 31.3.15 | | | 2,11,30,788 | 47.66 |
| Note : * The decrease in percentage of shareholding of the Promoters from 48.28% to 47.66% is due to allotments of 5,59,280 equity shares under ESOP Schemes during the financial year 2014-15. | | | | | | | | |
| # There is no change in the total shareholding of Promoters between 01.04.2014 and 31.03.2015 except for Mr. Harsh Vardhan Goenka (holds shares as a Trustee of Crystal India Trust) and except ESOP as per note at (*) above. | | | | | | | | |

Annexure A to the Directors' Report (Contd.)

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year 1.4.14 / end of the year 31.3.15 | | Date | Increase / decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|---------|--|--|-----------------------------------|----------|-------------------------------------|------------------------------|---|------------------------------------|
| | | No. of shares | % of total shares of the Company* | | | | No. of shares | % of total shares of the Company * |
| 1) | ELECTRA PARTNERS MAURITIUS LIMITED | 1,03,01,294 | 23.54 | 1.4.14 | - | Nil movement during the year | 1,03,01,294 | 23.24 |
| | | 1,03,01,294 | 23.24 | 31.3.15 | | | | |
| 2) | FIDELITY MANAGEMENT AND RESEARCH COMPANY A/C | 35,00,000 | 8.00 | 1.4.14 | - | Nil movement during the year | 35,00,000 | 7.90 |
| | | 35,00,000 | 7.90 | 31.3.15 | | | | |
| 3) | FIDELITY PURITAN TRUST-FIDELITY LOW-PRICED | 7,33,500 | 1.68 | 1.4.14 | | | | |
| | | | | 11.4.14 | 5,000 | Market Purchase | 7,38,500 | 1.69 |
| | | | | 16.1.15 | 23,377 | Market Purchase | 7,61,877 | 1.73 |
| | | | | 23.1.15 | 38,123 | Market Purchase | 8,00,000 | 1.82 |
| | | 8,00,000 | 1.80 | 31.3.15 | | | | |
| 4) | VIVOG COMMERCIAL LIMITED | 3,64,034 | 0.83 | | | | | |
| | | | | 20.2.15 | -9,148 | Market Sale | 3,54,886 | 0.81 |
| | | | | 6.3.15 | -4,051 | Market Sale | 3,50,835 | 0.80 |
| | | 3,50,835 | 0.79 | 31.3.15 | | | | |
| 5) | SUNITA KABRA | 1,78,000 | 0.41 | 1.4.14 | - | Nil movement during the year | | |
| | | 1,78,000 | 0.40 | 31.3.15 | | | 1,78,000 | 0.40 |
| 6) | PREMIER INVESTMENT FUND LIMITED | 1,76,352 | 0.40 | 1.4.14 | | | | |
| | | | | 30.9.14 | 850 | Market Purchase | 1,77,202 | 0.40 |
| | | | | 10.10.14 | 500 | Market Purchase | 1,77,702 | 0.40 |
| | | | | 30.1.15 | -865 | Market Sale | 1,76,837 | 0.40 |
| | | | | 6.2.15 | -101 | Market Sale | 1,76,736 | 0.40 |
| | | | | 20.3.15 | 3,580 | Market Purchase | 1,80,316 | 0.41 |
| | | | | 27.3.15 | 1,420 | Market Purchase | 1,81,736 | 0.41 |
| | | 1,81,736 | 0.41 | 31.3.15 | | | | |
| 7) | UTI - RETIREMENT BENEFIT PENSION FUND | - | - | 1.4.14 | | | | |
| | | 1,68,172 | 0.38 | 6.6.14 | -22,000 | Market Sale | 1,46,172 | 0.33 |
| | | | | 13.6.14 | -10,000 | Market Sale | 1,36,172 | 0.31 |
| | | | | 22.8.14 | -10,000 | Market Sale | 1,26,172 | 0.29 |
| | | | | 12.9.14 | -15,000 | Market Sale | 1,11,172 | 0.25 |
| | | | | 14.11.14 | -18,394 | Market Sale | 92,778 | 0.21 |
| | | | | 5.12.14 | -32,500 | Market Sale | 60,278 | 0.14 |
| | | | | 12.12.14 | -37,494 | Market Sale | 22,784 | 0.05 |
| | | | | 19.12.14 | -22,784 | Market Sale | - | - |
| | | - | - | 31.3.15 | | | | |
| 8) | FIDELITY SELECT PORTFOLIOS IT SERVICES | - | - | 1.4.14 | | | | |
| | | 1,38,123 | 0.32 | 19.9.14 | -1,38,123 | Market Sale | - | - |
| | | - | - | 31.3.15 | | | | |

Annexure A to the Directors' Report (Contd.)

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year 1.4.14 / end of the year 31.3.15 | | Date | Increase / decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|---------|--|--|-----------------------------------|----------|-------------------------------------|-----------------|---|------------------------------------|
| | | No. of shares | % of total shares of the Company* | | | | No. of shares | % of total shares of the Company * |
| 9) | SLG INTERNATIONAL OPPORTUNITIES, L.P | 1,28,800 | 0.29 | 1.4.14 | | | | |
| | | | | 11.4.14 | -1,812 | Market Sale | 1,26,988 | 0.29 |
| | | | | 25.4.14 | -3,832 | Market Sale | 1,23,156 | 0.28 |
| | | | | 6.6.14 | -13 | Market Sale | 1,23,143 | 0.28 |
| | | | | 13.6.14 | -943 | Market Sale | 1,22,200 | 0.28 |
| | | | | 19.9.14 | 17,000 | Market Purchase | 1,39,200 | 0.32 |
| | | 1,39,200 | 0.31 | 31.3.15 | | | | |
| 10) | THE EMERGING MARKETS SMALL CAP SERIES OF THE | - | - | 1.4.14 | | | | |
| | | 1,04,999 | 0.24 | 17.10.14 | 1,692 | Market Purchase | 1,06,691 | 0.24 |
| | | | | 24.10.14 | 1,367 | Market Purchase | 1,08,058 | 0.25 |
| | | | | 7.11.14 | 1,277 | Market Purchase | 1,09,335 | 0.25 |
| | | 1,09,335 | 0.25 | 31.3.15 | | | | |
| 11) | WISDOMTREE TRUST A/C WISDOMTREE INDIA INVESTMENT PORTFOLIO, INC. | - | - | 1.4.14 | | | | |
| | | | | 30.09.14 | 2,11,100 | Market Purchase | 2,11,100 | 0.48 |
| | | | | 31.10.14 | 4,660 | Market Purchase | 2,15,760 | 0.49 |
| | | | | 7.11.14 | 3,934 | Market Purchase | 2,19,694 | 0.50 |
| | | | | 14.11.14 | 10,248 | Market Purchase | 2,29,942 | 0.52 |
| | | | | 21.11.14 | 1,196 | Market Purchase | 2,31,138 | 0.53 |
| | | | | 5.12.14 | -3,733 | Market Sale | 2,27,405 | 0.52 |
| | | | | 12.12.14 | -1,398 | Market Sale | 2,26,007 | 0.51 |
| | | | | 9.1.15 | -8,854 | Market Sale | 2,17,153 | 0.49 |
| | | | | 23.1.15 | 4,660 | Market Purchase | 2,21,813 | 0.50 |
| | | | | 30.1.15 | 6,616 | Market Purchase | 2,28,429 | 0.52 |
| | | | | 6.2.15 | 1,772 | Market Purchase | 2,30,201 | 0.52 |
| | | | | 27.2.15 | 4,203 | Market Purchase | 2,34,404 | 0.53 |
| | | | | 6.3.15 | 6,058 | Market Purchase | 2,40,462 | 0.55 |
| | | | | 20.3.15 | 2,796 | Market Purchase | 2,43,258 | 0.55 |
| | | | | 27.3.15 | 936 | Market Purchase | 2,44,194 | 0.55 |
| | | 2,44,194 | 0.55 | 31.3.15 | | | | |
| 12) | DSP BLACKROCK 3 YEARS CLOSE ENDED EQUITY FUND | - | - | 1.4.14 | | | | |
| | | | | 27.3.15 | 1,81,961 | Market Purchase | 1,81,961 | 0.41 |
| | | 1,81,961 | 0.41 | 31.3.15 | | | | |

Notes:

- 1) In case of joint holding, the name of first holder has been considered.
- 2) The changes in shareholding (increase / decrease) are given based on weekly beneficiary position, as datewise increase / decrease in shareholding is not ascertainable.
- 3) The shareholding details are given on the legal ownership and not beneficial ownership.

* The increase / decrease in percentage of shareholding is due to allotments of 5,59,280 equity shares under ESOP Schemes and due to market purchase / sale of shares during the financial year 2014 -15 .

Annexure A to the Directors' Report (Contd.)

v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Directors and KMP | Shareholding | | Date | increase/ decrease in shareholding | Reason | Cumulative shareholding during the year | |
|---------|---|--|---|---------|------------------------------------|------------------------------|---|----------------------------------|
| | | No. of shares at beginning 1.4.14 /end of the year 31.3.15 | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | Shareholding of Directors: | | | | | | | |
| 1) | Mr. Harsh Vardhan Goenka - Non Executive Chairman | 1 | - | 1.4.14 | | | | |
| | | | | 11.9.14 | 773 | Market Purchase | 774 | - |
| | | 774 | - | 31.3.15 | | | | |
| 2) | Dr. Ganesh Natarajan, Vice Chairman & Managing Director | 6,27,058 | 1.43 | 1.4.14 | | | | |
| | | | | 9.3.15 | -95,000 | Market Sale | 5,32,058 | 1.21 |
| | | | | 9.3.15 | -30,000 | Market Sale | 5,02,058 | 1.14 |
| | | | | 10.3.15 | -2,53,000 | Market Sale | 2,49,058 | 0.57 |
| | | | | 10.3.15 | -7,000 | Market Sale | 2,42,058 | 0.55 |
| | | | | 11.3.15 | -60,000 | Market Sale | 1,82,058 | 0.41 |
| | | | | 11.3.15 | -6,000 | Market Sale | 1,76,058 | 0.40 |
| | | | | 13.3.15 | -2,452 | Market Sale | 1,73,606 | 0.39 |
| | | | | 13.3.15 | -11,842 | Market Sale | 1,61,764 | 0.37 |
| | | | | 18.3.15 | 3,56,000 | ESOP allotment | 5,17,764 | 1.17 |
| | | 5,17,764 | 1.17 | 31.3.15 | | | | |
| | | 3) | Mr. P.K.Choksey, Independent & Non-Executive Director | 800 | - | 1.4.14 | - | Nil movement during the year |
| 800 | - | | | 31.3.15 | | | | |
| 4) | Mr. Ajit Vaswani, Independent & Non-Executive Director | 9,000 | 0.02 | 1.4.14 | - | Nil movement during the year | 9,000 | 0.02 |
| | | 9,000 | 0.02 | 31.3.15 | | | | |
| | Shareholding of Key Managerial Personnel: | | | | | | | |
| 1) | Mr. S. Balasubramaniam, Chief Financial Officer | 12,484 | 0.03 | 1.4.14 | | | | |
| | | | | 5.9.14 | 5,750 | ESOP allotment | 18,234 | 0.04 |
| | | 18,234 | 0.04 | 31.3.15 | | | | |
| | | | | | | | | |

Notes:

1. Apart from above no other Director and Key Managerial Personnel holds any shares at the beginning and end of the Financial year 2014-15 in the Company.
2. Further apart from above there was no increase / decrease in shareholding of any other Director and Key Managerial Personnel.

Annexure A to the Directors' Report (Contd.)

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

| Indebtedness at the beginning of the financial year - 1.4.14 | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| i) Principal Amount | Nil | Nil | Nil | Nil |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i + ii + iii) | | | | |
| Change in Indebtedness during the financial year | | | | |
| * Addition | Nil | Nil | Nil | Nil |
| * Reduction | Nil | Nil | Nil | Nil |
| Net Change | Nil | Nil | Nil | Nil |
| Indebtedness at the end of the financial year 31.3.15 | | | | |
| i) Principal Amount | Nil | Nil | Nil | Nil |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i + ii + iii) | Nil | Nil | Nil | Nil |

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particulars of Remuneration | Name of the Managing Director | Total Amount ₹ |
|---------|--|--|--|
| | | Dr. Ganesh Natarajan | |
| 1 | Gross salary | (Amount in ₹) | |
| | a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 5,35,99,452 | 5,35,99,452 |
| | b. Value of perquisites u/s 17(2) Income-tax Act, 1961* | - | - |
| | c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Option | No new stock options were granted during the year under review | No new stock options were granted during the year under review |
| 3 | Sweat Equity | - | - |
| 4 | Commission: | - | - |
| | - As a % of Profit | - | - |
| | - Others, specify | - | - |
| 5 | Others, please specify | | |
| | Contribution to PF | 7,72,740 | 7,72,740 |
| | Contribution to Gratuity | - | - |
| | Contribution to Superannuation Fund | 9,65,925 | 9,65,925 |
| | Consolidated Allowances | - | - |
| | Car Perquisite | 39,600 | 39,600 |
| | Total (A) | 5,53,77,717 | 5,53,77,717 |
| | Ceiling as per the Act - ₹ 12,78,91,206 (being 5% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013) | 12,78,91,206 | 12,78,91,206 |

Note :

*Excludes the value of employee stock options exercised and provision for compensated absences/Gratuity in respect of separate actuarial valuation reports for key managerial personnel

Annexure A to the Directors' Report (Contd.)

B. Remuneration to other directors: (Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | | | Total |
|---------|---|-------------------|-------------------|---------------------|-----------------------------|-----------------|-----------------------|--------------------|--------------------|--------------------|
| | | Mr. A. T. Vaswani | Mr. P. K. Choksey | Mr. P. K. Mohapatra | Mr. Venkatesh Kasturirangan | Mr. Niraj Bajaj | Ms. Madhabi Puri Buch | Mr. H. V. Goenka | Mr. Arvind Agrawal | Mr. John Levack |
| 1 | Independent Directors | | | | | | | | | |
| | - Fees for attending Board/Committee Meetings | 8,05,000 | 7,70,000 | 6,85,000 | 3,00,000 | - | 3,00,000 | - | - | 28,60,000 |
| | - Commission | 6,00,000 | 6,00,000 | 6,00,000 | 6,00,000 | 4,50,000 | 3,00,000 | - | - | 31,50,000 |
| | - Others | - | - | - | - | - | - | - | - | - |
| | Total (1) | 14,05,000 | 13,70,000 | 12,85,000 | 9,00,000 | 4,50,000 | 6,00,000 | - | - | 60,10,000 |
| 2 | Other Non- Executive Directors | | | | | | | | | |
| | - Fees for attending Board/Committee Meetings | - | - | - | - | - | - | 5,45,000 | 5,05,000 | 4,00,000 |
| | - Commission | - | - | - | - | - | - | 2,18,50,000 | - | 6,00,000 |
| | - Others | - | - | - | - | - | - | - | - | - |
| | Total (2) | - | - | - | - | - | - | 2,23,95,000 | 5,05,000 | 10,00,000 |
| | Total (B) = (1 + 2) | 14,05,000 | 13,70,000 | 12,85,000 | 9,00,000 | 4,50,000 | 6,00,000 | 2,23,95,000 | 5,05,000 | 2,99,10,000 |
| | Total Managerial Remuneration* | | | | | | | | | 8,52,87,717 |
| | Overall Ceiling as per the Act ** ₹. 15,34,69,447 calculated as per Section 198 of the Companies Act, 2013) | | | | | | | | | |

Notes:

* Total remuneration to Managing Director and other Directors (being the total of A and B).

**Sitting fees have not been considered as a component for reckoning overall ceiling as per Companies Act, 2013.

Annexure A to the Directors' Report (Contd.)

(Amount in ₹)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total |
|---------|---|--|--|------------------|
| | | Mr. S. Balasubramaniam Chief Financial Officer | Mr. Nilesh Limaye Company Secretary | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 59,42,209 | 27,66,005 | 87,08,214 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961* | 2,12,172 | 5,400 | 2,17,572 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | No new stock options were granted during the year under review | No new stock options were granted during the year under review | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - As % of profit | - | - | - |
| | - Others, , specify | - | - | - |
| 5 | Others, , please specify | None | None | None |
| | Total | 61,54,381 | 27,71,405 | 89,25,786 |

Note:

*Excludes the value of employee stock options exercised and provision for compensated absences/Gratuity in respect of separate actuarial valuation reports for key managerial personnel

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty /Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| B. Directors | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| C. Other Officers in Default | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |

Annexure B to the Directors' Report

NOMINATION AND REMUNERATION POLICY

1. Introduction:

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and the Listing Agreement in order to pay equitable remuneration to Directors, Key Managerial Personnel and other employees of the Company.

2. Objective:

- I. Formulate the criteria for determining qualifications, positive attributes and independence for appointment of a Director (Executive/Non-Executive) and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- II. To formulate the criteria for performance evaluation of all Directors.
- III. Formulate Board diversity policy.

3. Constitution of the Nomination and Remuneration Committee:

The Board has constituted the Nomination and Remuneration Committee (NRC) on 8th April, 2014 as per Companies Act, 2013.

4. Definitions:

"Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

"Board" means Board of Directors of the Company.

"Company" means Zensar Technologies Limited

"Directors" means Directors of the Company.

"Independent Director" (ID) means a Director referred to in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder.

"Key Managerial Personnel" (KMP) means

1. Chief Executive Officer or the Managing Director or the Manager; and in their absence, a Whole time Director;
2. Chief Financial Officer; and
3. Company Secretary

"Senior Management Personnel" (SMP) means the employees of the Company who are directly reporting to the

Managing Director/Chief Executive Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. Matters to be dealt with and recommended by NRC to the Board

The following matters shall be dealt by the Committee:

a) Directors

Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrants the appointment of a new Director, having regard to the variety of skills, experience and expertise on the Board and who will best complement the Board.

b) Evaluation of performance

Making recommendations to the Board on appropriate performance criteria for the Directors. Formulate criteria and framework for evaluation of every Director's performance. Identifying familiarization and training programs for the Board to ensure that Non- Executive Directors are provided adequate information regarding the operations of the business, the industry and their duties and legal responsibilities

c) Board diversity

NRC is to assist the Board in ensuring Board nomination process with diversity of gender, thought, experience, knowledge and perspective in the Board in accordance with the Board diversity.

d) Remuneration framework and policies

NRC is responsible for reviewing and making recommending to the Board on the following:

- i. The remuneration of MD/CEO and KMPs.
- ii. Remuneration of Non-Executive Directors and chairman.
- iii. Remuneration Policy for all employees including KMPs and SMPs which requires to take note of need to:

Annexure B to the Directors' Report (Contd.)

- a. Attract and motivate talent to accomplish Company's long term growth.
- b. Demonstrate a clear link between executive compensation and performance.

e) Company's stock option schemes.

6. Policy for appointment and retirement or removal of Director, KMP and SMP:

A. Appointment criteria and qualifications

NRC shall identify person and criteria for the qualification, expertise and experience of the person for appointment as Director, KMP or SMP and recommend to the Board his/her appointment.

B. Retirement

The Director, KMP and SMP shall retire as per the provisions of the applicable Act, and the prevailing policy of the Company. On the recommendation of the NRC, the Board if it considers to be in the Company's interest, shall have the discretion to retain, Director, KMP and SMP even after attaining the retirement age.

C. Removal

In case any Director or KMP incurs any disqualification as provided under the Act or Rules made thereunder or is in breach of Code of Governance and Ethics adopted by the Company, the NRC may recommend to the Board removal of such Director or KMP.

7. Policy for remuneration to Directors, MD/CEO, KMP, SMP MD/CEO:

Remuneration to the MD/CEO shall be proposed by the NRC and subsequently approved by the Board of Directors and the shareholders of the Company, whenever required.

NEDs:

- i. NEDs shall be entitled to sitting fees as may be decided by the Board of Directors from time to time for attending the meeting of the Board and sub Committees of the Board.
- ii. Commission as may be recommended by NRC and subsequently approved by the Board of Directors and shareholders whenever required.
- iii. The NEDs shall be eligible for remuneration of such professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services.

KMPs & SMPs:

The remuneration to be paid to the KMPs and SMPs, shall be recommended by the NRC considering relevant qualification and experience of the individual as well as the prevailing market condition. The remuneration shall be combination of fixed and variable pay.

8. NRC may consider to grant Stock Options to MD/CEO, KMPs, SMPs and other employees pursuant to any Stock Option Plan adopted by the Company.

9. General:

This policy is framed based on the provisions of the Companies Act, 2013 and Rules thereunder and the requirements of Clause 49 of the Listing Agreement with Stock Exchanges. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other Regulations which makes any of the provisions in the policy inconsistent with the Act or Regulations, then the provisions of the Act or Regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

Annexure C to the Directors' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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:

Digital Enterprise Showcase

SMAC (Social, Mobility, Analytics and Cloud) is increasingly paving the model for businesses in the future. Over more than a year ago, your company had begun work to explore and research the trends in the industry in this context. Your company has leveraged this learning, experience and its domain expertise to then develop SMAC-based vertical focused solutions. These solutions are part of your company's "Digital Enterprise Strategy" for its customers.

Your company has developed the "Social Command Center" solution to enable businesses (clients) to tap into the structured and unstructured data that originates within and outside the enterprise, to provide key insights and intelligence to improve their business operations. The solution has been developed based on top-of-the-class technologies and components, and is expected to evolve through progressive stages of adoption. The solution is also showcased in its Digital Experience Center within its campus in Kharadi, Pune.

API Strategy and API Gateways

Your company continues to focus on API (Applicable Programming Interface) which is now backbone of sharing the information within and outside enterprise. Many mobility strategies are dependent on the API to consume the required data.

APIs brings new challenges and opportunities for enhanced communication for an enterprise.

The API gateways plays critical role in the overall API strategy along with API design for any enterprise.

Your Company is happy to report that the expertise developed has been applied in multiple projects for customers across US and Europe. Your Company is helping customers to create the APIs and implementation that includes API Gateway.

Zensar Solutions Market Place

Your company has built its own "solutions app store" – the Zensar Solutions Marketplace, based on Open Source technologies. This Marketplace provides a stable and secure web platform for Zensar's Technology and Vertical focused solutions.

Your company is happy to report that the Solutions Market Place continues to attract worldwide Java community enthusiasts in increasing numbers all through the year for its JProject Analyzer, JArchive Explorer and other solutions.

Global Delivery Platform/Solution Blue Print Development

Your Company conceptualized and developed Solution Blue Print (SBP) – a Framework for leveraging automated software development, which continues to be a framework of choice for our associates in leveraging automation and model-driven approaches in the software delivery life cycle based on software engineering practices prevalent within the industry.

The framework and tools therein continue to be enhanced to include enhanced and innovative capabilities applicable during software design, forward or reverse engineering, platform-specific and platform-agnostic considerations, accelerators and visualization.

SOA (Service-Oriented Architecture) Technologies

Service-Oriented Architecture (SOA), an architectural style that has matured in the industry over the past decade, is a key enabler for many enterprises, as well as for the emerging technologies including Cloud and Mobility.

Your company continues to focus on Service-oriented Analysis and Design-centric work, with a methodology driven solution and is developing a toolkit to support the same. Your company's experience in Object-Oriented Design, Model-driven Approaches and Modeling Technologies through years of exploration is behind such innovative approaches.

Use of Emerging Technologies (Big Data/Hadoop and NoSQL, Data Visualization)

Your Company continues to develop the competencies in the area of Big Data and analytics.

Annexure C to the Directors' Report (Contd.)

The generation of large unstructured data across multiple platforms within and outside enterprise creates unique opportunity for data analysis and helps to take informed decisions.

Your company is focusing on open source data processing engines for large data processing that can run on Hadoop, standalone or in the cloud. Apache Spark, one of the popular processing engines, has core libraries like Spark SQL, Spark Streaming, MLlib (Machine learning) and GraphX (graph).

Your company focuses on data visualization technologies. Data visualization is key element in any analytics engagement. Your company continues to work with multiple customers for data visualization engagements.

Automation Technologies

With ever increasing pressure to deliver more with less, your Company is focusing on entire automation technologies to improve the productivity and provide value to the customers. Your Company has established two partnerships in the area of automation and end user experience management.

The automation framework developed by your company has helped manufacturing customer in US to reduce the operations cost significantly and also improved the quality of delivery. The automation framework developed by your company is based on principles of identifying the candidates for automation, implementing the automation solutions and measuring the benefits after implementation. Your Company is building integrated support platform for seamless and centralized management of IT operations and its impact on overall business.

B. TECHNOLOGY ADOPTION AND ASSIMILATION

Creation of Tech Circles

Your company is keeping abreast of the rapid advancements in the technology landscape by formation of Tech Circles within the Company. Each of these Tech Circles focuses on a specific upcoming technology, with the goal of conducting research into the technology, identifying use cases for the technology within customer projects as well as for the use of your Company for improving internal systems.

Tech Circles continue to provide a participative engagement model to enable technology-centric research across the company and the current Tech Circles focus on technologies relating to Big Data & Analytics, NoSQL Databases, Modern Web Frameworks, functional programming and Next Generation languages.

Internal Project League (IPL)

Your Company has also established the "Internal Project League (IPL) to encourage seamless cooperation and collaboration amongst Project teams across technology and business domain areas. This initiative enables teams to explore, learn and adapt best practices, new approaches, experience and innovative & proven solutions from within the industry, and showcase the same through a technology and business-centric review by a panel of experts. The initiative encourages re-skilling and rewards the best teams, thus providing recognition and motivating teams to innovate and contribute to the organization's growth.

The initiative, launched this year, witnessed participation in large numbers, with ideas spanning across Analytics & Reporting, Mobility, Automation, Training and Customer-oriented Business Process Optimization.

Annexure D to the Directors' Report

ANNUAL REPORT ON CSR ACTIVITIES

| | | |
|---|--|--|
| 1 | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programs | CSR Policy of the Company is enclosed herewith. Further, the details of CSR policy and activities of the Company are hosted on website of the Company on the link below: http://www.zensar.com/about-us/corporate-profile |
| 2 | The Composition of the CSR Committee. | In accordance with Section 135 of the Companies Act, 2013 and the Rules thereunder, CSR Committee, a sub-Committee of the Board of Directors has been constituted comprising of Dr. Ganesh Natarajan, Mr. Arvind Agrawal and Mr. P. K. Mohapatra with Dr. Ganesh Natarajan as the Chairman of the CSR Committee. |
| 3 | Average net profit of the company for last three financial years | ₹ 19718 Lacs |
| 4 | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | ₹ 394 Lacs |
| 5 | Details of CSR spent during the financial year. | |
| | (a) Total amount to be spent for the financial year | ₹ 394 Lacs |
| | (b) Amount unspent, if any | ₹ 237 Lacs |
| | (c) Manner in which the amount spent during the financial year is given below | |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---------|---|---|----------------------|--|--------------------------------------|---|---|
| Sl. No. | CSR Project or Activity Identified | Sector in Which the Project is Covered | Projects or Programs | Amount Outlay (Budget) Project or Program wise | Amount Spent on Projects or Programs | Cumulative Expenditure up to the reporting period | Amount Spent: Direct or through implementing agency |
| | | | Local Area or Other | | Direct Expenses | Overheads | |
| 1 | Donation to Zensar Foundation | Sectors covered under Schedule VII appended to the Companies Act, 2013. Brief details of programs are mentioned in Table A below as well as in the Board's Report | Local Area | Pune, Maharashtra & Hyderabad, Andhra Pradesh | 2,32,00,000 | 1,15,00,000 | Not Applicable |
| | | | | | | | Amount paid directly by the Company to Zensar Foundation, An implementing agency and spent by Zensar Foundation |
| 2 | Training programmes for Employability & Skill Development | Employability Enhancement | Local Area | Pune, Maharashtra | 1,62,00,000 | 41,94,257 | Not Applicable |
| | | | | | | | Directly |
| | Total | | | 3,94,00,000 | 1,56,94,257 | - | 1,56,94,257 |
| | Grand Total | | | | | | 1,56,94,257 |

Annexure D to the Directors' Report (Contd.)

- 6 The reasons for not to spend the two per cent of the average net profit of the last three financial years are stated in Directors' report
- 7 CSR Committee hereby states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

Table A

| Sr No | Programme Details | Sector in which covered |
|-------|---|---------------------------|
| 1 | Udaan English program, IT education, National Digital Literacy Mission, Health programs, Community mobilization., Slum Area Development | Community development |
| 2 | Training programmes for Employability & Skill Development, Unnati employability program, Akanksha (Promoting education especially among children) | Employability enhancement |
| 3 | Udaan Biodiversity Park | Environment Sustenance |

Dr. Ganesh Natarajan

Vice Chairman, Managing Director and
Chairman of the Corporate Social
Responsibility Committee

Corporate Social Responsibility Policy – Zensar Technologies Limited

Zensar Foundation, a trust established by Zensar Technologies Limited (Zensar), leads Zensar's social outreach programs.

As a responsible business corporation, we take pride in being socially committed and focused on building sustainable and effective Corporate Social Responsibility (CSR) initiatives by focusing on three pillars - Community Development, Employability Enhancement and Environment Sustenance. The management has a strong belief in the merits of participation in CSR by the employees of Zensar and therefore places much emphasis on employee volunteering for CSR activities. We choose to work in the neighbourhood of Zensar locations, so as to engage in an interactive and harmonious relationship with the communities around.

Partnerships

Zensar Foundation is an 'implementing organization' and is directly involved in the CSR projects being undertaken. Collaborative partnerships are formed with both, Government &

Non-Government Organisations (NGOs) for example, Pune Municipal Corporation (PMC), Unnati Foundation, Connecting NGO, Equal Community Foundation (ECF), and other like-minded stakeholders. This helps widen the Company's reach and leverages the collective expertise, wisdom and experience that these partnerships bring to the issues that Zensar is committed to.

Budget

For the year 2014-15, the budget for CSR spend is in line with the provisions under the Companies Act, 2013 in this regard. The budget is project driven and approved by the CSR Committee. Any surplus arising out of CSR programs shall not form part of the business profit of Zensar and would be ploughed back to the CSR corpus for spent on CSR projects only.

Annexure D to the Directors' Report (Contd.)

Projects

The following projects are being undertaken in each of the 3 focus areas, in the year 2014-15:

| CSR Focus Pillars | SR. No | Name of Project / Program | Modalities of execution | Implementation Schedule |
|---------------------------|--------|---|--|---|
| Community Development | 1 | UDAAN English centre; Zensar campus, Pune | Executed by Zensar Foundation | Started Feb 2012; ongoing program |
| | 2 | UDAAN English program; Chandan Nagar and Kharadi Municipal School, Pune | Executed by Zensar Foundation | Started Jan 2014 (CN) and June 2014 (Kharadi); |
| | 3 | Akshar school program for English proficiency, Hyderabad | Executed by Zensar Foundation | Started July 2012; ongoing program |
| | 4 | Computer literacy classes in Municipal schools in Pune and Hyderabad | Executed by Zensar Foundation | Started June 2005 (Pune) and July 2010 (Hyd); ongoing program |
| | 5 | Digital literacy through NDLM (National Digital Literacy Mission) centres -Pune and Hyderabad | Executed by Zensar Foundation | To start in July 2014; ongoing program |
| | 6 | Support to Akanksha for bridge program for slum children in Pune | Executed by Zensar Foundation | Started 2005; ongoing program |
| | 7 | Healthcare (Treatment of illnesses and reduction of malnutrition) - Pune and Hyderabad | Executed by Zensar Foundation | Started 2005 (Pune) and 2010 (Hyd); ongoing program |
| | 8 | Community Mobilization in slum communities -Pune | Executed by Zensar Foundation | Started Aug 2013; ongoing program |
| | 9 | Gender sensitisation programme in slum communities, in partnership with Equal Community Foundation - Pune | Executed by Zensar Foundation | Started Aug 2013; ongoing program |
| Employability Enhancement | 10 | Unnati Skills Development Centre, Pune | Executed by Zensar Foundation in collaboration with Thermax Foundation | Started Jan 2014; ongoing program |
| | 11 | Employability Skills Development Program, Pune and Hyderabad | Executed by Zensar Foundation | Started June 2014; ongoing program |
| Environment Sustenance | 12 | UDAAN Biodiversity park, Pune | Executed by Zensar Foundation | Started Sep 2012; ongoing program |
| Volunteering Activities | 13 | Volunteering for the above Projects and also additional initiatives such as Blood Donation Camps, participation in the Joy of Giving Week, Collection Drives (for clothes, books), etc. | Executed by Zensar Foundation | Ongoing program |

Monitoring mechanism and responsibilities

Zensar has a CSR team comprising of personnel having adequate experience and passion for CSR activities. CSR team is responsible for implementation and execution of CSR projects/programs. All projects are reviewed once every 6 months against targets and approved budgets by CSR Committee and wherever necessary, midcourse corrections are initiated.

CSR strategy and details about CSR Committee are given in Appendix 1 & 2 respectively.

Annexure D to the Directors' Report (Contd.)

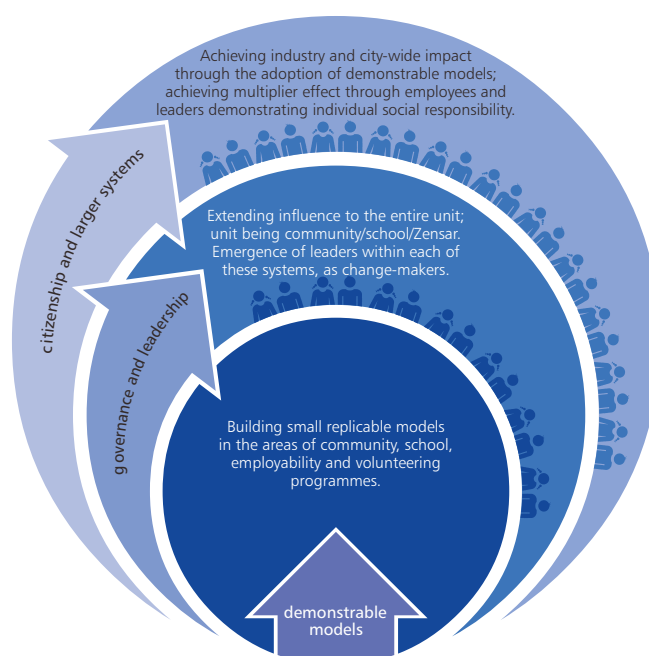
Appendix 1: CSR Strategy

A core tenet of the CSR strategy is the creation of demonstrable, scalable and replicable models of operation, which can be taken up by other corporates, thus expanding the circle of influence both within and across cities.

Zensar aspires to expand its circle of influence through:

Circles of Influence

Zensar aspires to expand its circle of influence outwards



ZenSār
Foundation

current location: Zensar Foundation is entering the second circle

Appendix 2: CSR Committee

Corporate Social Responsibility (CSR) Committee:

In accordance with Section 135 of the Companies Act, 2013 and the Rules thereunder, CSR Committee, a sub-Committee of the Board of Directors has been constituted comprising Dr. Ganesh Natarajan, Mr. Arvind Agrawal and Mr. P. K. Mohapatra with Dr. Ganesh Natarajan as the Chairman of the CSR Committee.

The CSR Committee shall act in accordance with following terms of reference:

1. Formulate and recommend a Corporate Social Responsibility Policy to the Board.
2. Recommend the amount of expenditure to be incurred on the activities.
3. Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activates undertaken by the company which would form a part of CSR Policy.
4. Monitor CSR Policy and interventions periodically.

Annexure E to the Directors' Report

AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ in Lakhs)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | | |
|---------|---|------------------------------|----------------------------------|-----------------------------|---|---|------------------------------|--|--|---|--|--------------------------------------|
| Sl. No. | Name of the subsidiary | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | Zensar Technologies Inc, USA | Professional Access Limited, USA | PSI Holding Group Inc, USA | Zensar Technologies IM Inc, USA (erstwhile Akibia Inc.) | Zensar Technologies B.V., Netherlands (erstwhile Akibia B. V) | Aquila Technology Corp., USA | Zensar Technologies (Shanghai) Co. Ltd, China ** | ZENSAR Technologies (SINGAPORE) PTE LTD. | Zensar (South Africa) Proprietary Limited, South Africa | Zensar (Africa) Holdings Proprietary Limited, South Africa | Zensar Technologies (UK) Limited, UK |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | April 2014 - March 2015 | April 2014 - March 2015 | April 2014 -March 2015 | April 2014 - March 2015 | April 2014 - March 2015 | April 2014 - March 2015 | January 2014 - December 2014 | April 2014 - March 2015 | April 2014 - March 2015 | April 2014 - March 2015 | April 2014 - March 2015 |
| 4 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign Subsidiaries | USD Closing Rate 62.5050 | USD Closing Rate 62.5050 | USD Closing Rate 62.5050 | USD Closing Rate 62.5050 | EUR Closing Rate 67.3050 | USD Closing Rate 62.5050 | CNY Closing Rate 10.0830 | SGD Closing Rate 45.5440 | ZAR Closing Rate 5.1290 | ZAR Closing Rate 5.1290 | GBP Closing Rate 92.4940 |
| 5 | Share capital | 290 | 0.08 | * | * | * | * | 505 | 78 | 449 | 61 | 39 |
| 6 | Reserves & surplus | 24,034 | 880 | 353 | 13,516 | 1,051 | 760 | -607 | 670 | -40 | -7 | 7,203 |
| 7 | Total assets | 86,307 | 10,608 | 370 | 27,964 | 10,007 | 896 | 312 | 975 | 534 | 57 | 11,995 |
| 8 | Total Liabilities | 61,983 | 9,728 | 18 | 14,448 | 8,956 | 136 | 414 | 227 | 534 | 57 | 4,754 |
| 9 | Investments | 53,033 | - | - | - | - | - | - | - | - | 44 | - |
| 10 | Turnover | 1,21,302 | 18,991 | 186 | 49,788 | 8,549 | 2,034 | 464 | 2,854 | 193 | - | 27,507 |
| 11 | Profit before taxation | 6,136 | 561 | 33 | -344 | 1,038 | 126 | -111 | 305 | 19 | -3 | 3,156 |
| 12 | Provision for taxation | 1,944 | 218 | - | 17 | 196 | 49 | - | -31 | 5 | - | 633 |
| 13 | Profit after taxation | 4,192 | 343 | 33 | -361 | 842 | 77 | -111 | 274 | 14 | -3 | 2,523 |
| 14 | Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - |
| 15 | % of shareholding | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 75% | 100% | 100% |

* above companies have nominal amount of ₹ 450 as Share Capital

** Zensar Technologies (Shanghai) Co. Ltd, China local reporting period is from 1st January 2014 to 31st December 2014, However it has been consolidated from 1st April 2014 to 31st March 2015.

tenent:

- Names of subsidiaries which are yet to commence operations : There are no subsidiaries which are yet to commence the operations
- Name of subsidiaries which have been liquidated or sold during the year : During the year Zensar Advanced Technologies Limited, a wholly owned subsidiary of the Company incorporated in Japan was liquidated

Part "B": Associates and Joint Ventures is not applicable to the Company as the Company does not have any Associate Companies and Joint Ventures

For and on behalf of the Board of Directors of Zensar Technologies Limited

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Amit Borkar
Partner
Membership No. 109846
Place: Mumbai
Date: April 28, 2015

H.V. Goenka
Chairman
Place: Mumbai
Date: April 28, 2015

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Annexure F to The Directors' Report

Annexure "F-1"

| Sr. No. | Name of the Director | Ratio of remuneration of each director to the median remuneration of the employees of the Company |
|---------|-----------------------------|---|
| 1 | Mr. H. V. Goenka | 31.99 |
| 2 | Dr. Ganesh Natarajan | 76.57 |
| 3 | Mr. A. T. Vaswani | 2.01 |
| 4 | Mr. P. K. Choksey | 1.96 |
| 5 | Mr. P. K. Mohapatra | 1.84 |
| 6 | Mr. Arvind Agrawal | 0.72 |
| 7 | Mr. Venkatesh Kasturirangan | 1.29 |
| 8 | Mr. John Levack | 1.43 |
| 9 | Ms. Madhabi Puri Buch | 0.86 |
| 10 | Mr. Niraj Bajaj* | 0.64 |

Notes:

- Median remuneration of the employees is calculated on the basis of remuneration details permanent employees on India payroll excluding Managing Director.
- Mr. Niraj Bajaj resigned from the directorship with effect from 8th January 2015

Annexure "F-2"

| Sr. No. | Name of the Director/ Key Managerial Personnel | Name of the Director/ Key Managerial Personnel | % Increase in the Remuneration |
|---------|--|--|--------------------------------|
| 1 | Mr. H. V. Goenka | Chairman | -10.96 |
| 2 | Dr. Ganesh Natarajan | Vice Chairman and Managing Director | 17.54 |
| 3 | Mr. A. T. Vaswani | Director | 116.15 |
| 4 | Mr. P. K. Choksey | Director | 114.06 |
| 5 | Mr. P. K. Mohapatra | Director | 97.69 |
| 6 | Mr. Arvind Agrawal | Director | 461.11 |
| 7 | Mr. Venkatesh Kasturirangan | Director | 55.17 |
| 8 | Mr. John Levack | Director | 69.49 |
| 9 | Ms. Madhabi Puri Buch | Director | Refer Note No. 1 |
| 10 | Mr. Niraj Bajaj* | Director | -13.46 |
| 11 | Mr. S Balasubramaniam | Chief Financial Officer | 15.15 |
| 12 | Mr. Nilesh Limaye | Company Secretary | 10.00 |

Notes:

- Ms. Madhabi Puri Buch is appointed on the Board of Directors in Financial year 2014-15 and therefore comparable amount of remuneration was not available for determination of percentage increase in the remuneration.
- Mr. Niraj Bajaj resigned from the directorship with effect from 8 January 2015

Annexure G to the Directors' Report

Management Discussion And Analysis

Corporate Profile

Zensar is a leading software and infrastructure services and solutions provider with industry expertise across Manufacturing, Retail, Insurance, Utilities, Banking, Financial Services and Government. The Company delivers comprehensive services for mission-critical applications, enterprise applications, business intelligence and analytics, business process management and digital services. Combining, core IT expertise with new technology capabilities, Zensar helps customers make a seamless transformation towards growth and profitability.

Zensar has operations across US, UK, Europe, Middle East, Africa, India and Asia Pacific. The Company has demonstrated consistent track-record of innovation and growth, backed by its 8000 + associates and a footprint in more than 29 global locations. Zensar's comprehensive range of software services and solutions enable its 400+ forward-looking customers to cross new thresholds of business performance. Zensar helps companies transform their business through innovative software services and solutions to their business problems and through transformational digital initiatives. The Company has reinvented itself in terms of service offerings to remain customer centric and relevant to the customer's business across all a wide variety of industry verticals.

Geographic Spread

Zensar operates in the US, Europe, Africa, Middle East, Singapore and Australia regions and has delivery centres in India (Pune, Hyderabad, New Delhi, Mumbai and Bangalore), China, UK, Africa (Johannesburg), Amsterdam and US (Westborough).

Zensar derives 76 per cent of its revenue from the US and 10 per cent from Europe. While the US economy is expected to be on the upswing, the Company's exposure in Europe is to the UK, which has been relatively resilient compared with several other countries in the region. Africa is another key geography where growth has been robust.

Your Company has shown significant successes globally. The US region continued to be the growth driver for the organisation as has been traditionally. Europe has shown significant growth this year with a number of new client additions in the public sector that has been a significant growth driver in the region. UK continued to show moderate results. South Africa continues as a growth region for Zensar showing robust performance.

Your Company is one of the top three IT players in South Africa and is well recommended in the region by customers and industry analysts. The Learnership Development program has been acknowledged for its focus on developing local talent and empowerment of previously disadvantaged people, aiming at training, transferring global knowledge and integrating the local South African team with global teams via its near shore centre in Johannesburg. Zensar has also set up its operations in East Africa with Headquarters in Nairobi, Kenya.

Middle East and India are emerging markets for Zensar, and with the new strategies and leadership in place for these businesses they have been showing a sharp uptick in performance and new logo acquisition promising to show stable growth in the next financial year.

Services and Capability

Zensar has a services portfolio that ranges from the traditional to the transformational - across service lines of Consulting, Business Application Services, Enterprise Solutions, Enterprise Collaboration Services, Testing and Assurance Services, BPM, Infrastructure Management Services and Digital Enterprise. Zensar's experience across industries of Retail, Manufacturing, Banking, Financial Services, Insurance, and a few other industries translate into a differentiated value proposition and faster time-to-market for clients. Our capability in infrastructure-oriented services ranges from remote infrastructure management to end-user computing to data centre services and security and compliance. Zensar is now leading the way in powering next-generation enterprises with its social media, mobility, analytics and cloud solutions. Zensar enjoys valuable partnerships across the globe with both customers and leading technology partners that helps it to provide cutting edge solutions and high level of service excellence.

Clients and Partners

Zensar's universe of partners and customers has been constantly on the rise in terms of the kind of work as well as the length of the partnerships. Your Company is proud to enjoy long standing and result oriented relationships with some of the most well recognized business leaders/ brands across a vast spectrum of industries. Your Company continues to build deep engagements and celebrate significant partnerships - building and growing existing relationships as also creating new ones across the regions.

Annexure G to the Directors' Report (Contd.)

Zensar works with companies that are global leaders in their industry verticals, creating shared value. Our client base is spread evenly across some of the most dynamic and promising verticals of retail, manufacturing, banking and insurance, utilities and government.

Today, Zensar's Oracle expertise is one of the largest in the Company's segment with a very credible track record, having grown to include more than 2200 professionals globally and with over 150 successful implementations. The Company is equipped to help enterprises in their quest to build and optimize their enterprise applications and to even move to the cloud, which very few players have expertise in today – including areas like Customer Experience, Sales and Service on the cloud. Zensar's Oracle practice delivers Oracle enterprise and digital commerce solutions to retailers and manufacturers globally. Today, 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.

Zensar is a certified SAP Gold partner with proven expertise in helping enterprises looking for customized solutions. Your Company is focused on working closely with its technology partners to deliver value and outcome based initiatives. The Company has also been recognized by SAP as a Gold Partner.

The Company is focusing on building better expertise to generate maximum value for its customers through its technology partnerships.

At the forefront of innovative client engagement and service delivery

Strong client engagement is at the centre of Zensar's strategies and it invests in building partnerships with clients on helping them with their transformation journey, by delivering the best of technology solutions to help them with their business objectives.

Innovation and a partnership led approach makes Zensar unique, drawing from its core values around continuous innovation and excellence, and customer centricity. Zensar celebrates its long standing partnerships with leading companies globally by delivering world class solutions, and developing expertise in keeping with specific needs of each industry vertical it operates in. Bringing strategic and consistent business value for its clients is what drives its teams and approach to client management.

Your Company is always looking for new avenues to grow,

innovate and excel in. This is propagated by the open culture inherent across Zensar that helps push people beyond their boundaries. All associates are encouraged to voice their ideas in the area of better customer service or people initiatives to bring in freshness and bright ideas to the fore to make it intrinsic to the culture. Your Company is lauded for its culture of participative management with specific initiatives created to integrate associates and the management on the same platform.

The Company's Global Delivery Model, defined by robust service capabilities and the ability to source best talent from across the world, and is backed by its 24x7x365 support. The result: Superior value for clients.

Current Strength and Future Projections

All the strategic initiatives undertaken during FY 15 around specialized vertical solutions approach, new strategic acquisitions and hiring across locations has made the outlook promising and very robust. Your Company has a singular focus on adding value and outcome based results for its customers.

Your Company has streamlined its processes with the consolidation of the vertical approach to its business operations. We are well poised to deliver across the emerging platforms of both, digital and the cloud.

The strategic acquisition of Professional Access (PA), a US based e-commerce Company is another significant step in this direction. PA is one of the largest Oracle ATG and Endeca partners in the world. It is an Oracle Platinum partner with presence in US, UK, Latin America, Middle East and Africa. The Company works with several large and mid-sized retailers in these geographies to build and implement their e-Commerce strategies. This acquisition furthers Zensar's mission to strengthen its dominant position in the critical and fast growing Oracle e-Commerce space by combining Zensar's Oracle EBS, Oracle Retail and Fusion Middleware solutions for global clients. With this acquisition, Zensar will be well positioned to deliver solutions that can transform the future of e-Commerce around the world.

The past year has also seen increased focus towards propelling growth in large maintenance accounts and a strategic reduction in areas that were not very lucrative for Zensar. Manufacturing, Retail and Insurance will continue to drive our business growth, along with ramped up capabilities across the cloud and digital enterprise space. Zensar will continue focusing on Oracle with emphasis on Oracle Cloud.

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Zensar has a strong Infrastructure Management practice with focus around data centre management, security and compliance, network and end user computing. Zensar's proven capabilities and expertise in end user computing and infrastructure management fit seamlessly with its partner Aternity's mission to optimize the productivity of the tech-dependent workforce. Using Aternity, Zensar provides real-time visibility into the end user's experience, ensuring service levels and IT infrastructure supports increased workforce productivity. Our partnership with Aternity provides us a distinct edge and advantage in the area of end user experience which is the need of the hour across multiple businesses.

The Company is making significant investments in software automation for accelerated time to market. DevOps is an essential enterprise capability for continuous software delivery that enables organizations to seize market opportunities and reduce time to customer feedback. DevOps is a methodology that unites the often separate functions of software development (Dev) and production and operations (Ops) into a single, integrated, and continuous process. DevOps is about breaking down the barriers between development and operations. It leverages people, processes, and technology to stimulate collaboration and innovation across the entire software development and release process. Dev and Ops must act and feel like they are a single team. There are concerted efforts towards creating DevOps leading to integrated offerings across the application services business and adding more value to customers.

Digital is the preferred mode to connect with customers, employees and partners today. Social conversations not only give a peek into customer behavior but also give a glimpse into competition. However, the journey doesn't end here. 97% of the social is chatter and only the remaining 3% is useful for businesses. Therefore there is a large untapped opportunity in converting these conversations into business insights that helps in driving strong customer relationship and seamless service experience.

ZenSocial enables businesses to 'listen and respond', 'analyse and interpret', and 'connect and engage' with all their stakeholders. With 'ZenSocial' companies can use social to go 'beyond listening', that is beyond just monitoring brand health – and can manage complaints and support customers, improve products and services through social data and improve target segmentation and personalization. Insights gained from

ZenSocial can be used across various departments within an enterprise – Marketing, Product Development and Human Resources.

With a strong foundation in its core values on customer centricity, continuous innovation and excellence, and commitment to people and community, Zensar has been able to demonstrate extraordinary growth and excellence in business results. In the past year, the Company has been restructured to provide specialised 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 age technologies, social media, mobility, analytics and cloud computing are expected to provide significant avenues for growth.

Procuring the best fit in terms of talent and building a culture of transparency and accountability across teams and regions helps your Company remain agile and customer driven. Zensar enjoys significantly low levels of attrition as per industry standards, due to the quality of work and constant spirit of motivation amongst teams.

One Zensar

This year saw a significant new initiative in bringing together sharper business focus in specific industry verticals - Integrating all Zensar services and initiatives towards satisfying the stated and latent needs of our customers – the One Zensar initiative. This initiative brought together the various units of the organization together under the shared agenda of creating a unified and integrated value proposition for our end clients, bringing the best of breed technologies and services to specific industry verticals to give sharper solutions to clients in their individual business transformation journeys.

The Industry Landscape in 2015 – 16

The global sourcing market grew by 9-10% over 2013, amounting to nearly twice the global technology spend growth. In this context, the worldwide IT BPM spend accounted for nearly 2.3 trillion USD. Digital transformation is driving the market as witnessed with the global e-commerce market growing at 20 % reporting revenues in 2014 totaling 1.3 trillion USD.

With digitization, technology is emerging as a dual-anchor to growth - one which will be used for traditional applications to bring operational efficiencies and stability, and other for the modern systems that focuses on emerging applications and

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flexible adaptation to growing demands. This trend is likely to drive the enterprise digital transformation that maintains the millennial customer at its core.

Worldwide IT-BPM Spend

Worldwide IT-BPM spend was approximately to the tune of USD 2.3 trillion; accounting for a visible growth of 4.6 per cent since 2013 figures. Within the sectors displaying the most prominent growth rates was IT, software products and BPM. These three sectors alone accounted to almost 55 percent of the total spend.

There was a 9-10 percent growth in overall demand for global sourcing in comparison to 2013. One of the highlights was that India continued to lead this area with an impressive 55 percent share. This growth rate was mainly due to the sheer volume of delivery centres added in 2014. Verticals like media and communication, the government and healthcare fuelled this renewed demand for IT.

| USD billion | 2013 | 2014 |
|-----------------------------|--------------|--------------|
| Worldwide Services | 635 | 657 |
| Worldwide BPM | 167 | 177 |
| Worldwide Software | 395 | 420 |
| Worldwide Hardware | 979 | 1022 |
| Total | 2,176 | 2,275 |
| Worldwide Engineering Spend | 1,400 | 1,440 |

- BFSI and manufacturing contributing to more than ~60 per cent of vertical spend
- Emerging verticals – healthcare, retail, government and utilities – contributing 12 per cent of spend
- Analytics, cloud implementation-growth drivers

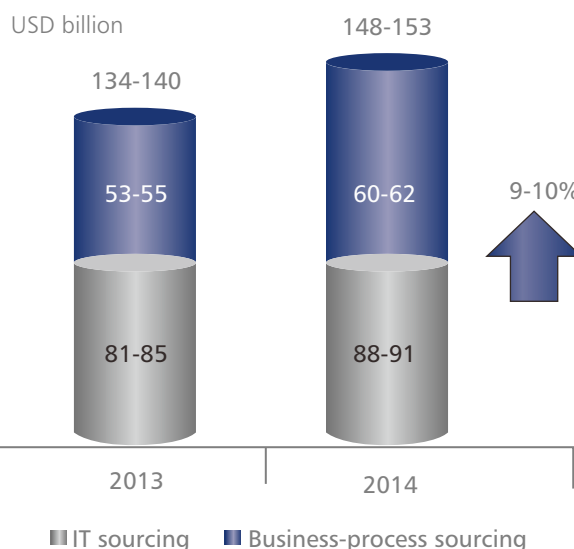
One of the leading factors impacting this sector and its growth was the volatility prevailing across the global economy like the fluctuation in oil prices etc. The IT-BPM sector was impacted to some extent as there were adverse effects due to changes in regulations, customer sentiments etc. across the globe.

Emerging technologies like SMAC, IoT (Internet of Things), wearable devices; all focused around improving customer

experiences is changing the face of the industry. This has led to a dynamic value ecosystem digitally connecting products and services that combine to meet customer needs and deliver more business value.

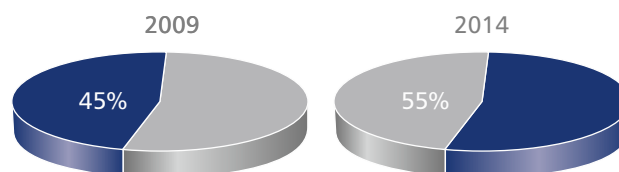
While there were some signs towards economic revival in pockets worldwide, there was a dip in the overall contracting activities. In 2014, the total contract deal values was pegged at USD 113 billion, which was significantly lower by 23 percent than 2013. There was a visible drop in the overall number of deals in the industry too. While there was a decline by 7 percent in the M&A sizes, there was an increase of 44 percent growth across the offshore focused providers.

Global Sourcing growing 2X faster than global IT spend



>27 percent of new delivery centres
In 2014 set up in India

India: Remains the leading destination
for global sourcing



>1.2X increase in the last 5 years

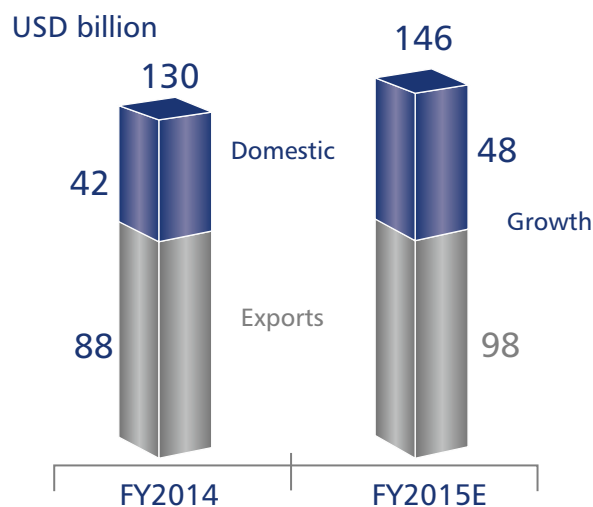
Source: Everest, Forrester, Gartner, IDC, NASSCOM

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There is a promising growth trend within the Indian IT-BPM sector, as it weathered the trends pertaining to volatility and still stayed on the growth curve. The FY2015 revenue including exports and domestic is projected to surpass USD 146 billion, which is a clear 13 percent growth rate, and an overall Y-o-Y addition of USD 17 billion.

Exports, which also includes the hardware is expected to witness an impressive 12.3 per cent growth to surpass USD 98 billion. The contribution to India's GDP is expected to be around 9.5 percent, with the domestic market set to grow further than the exports. This part is expected to grow at 14 percent, mainly due to the increase in the eCommerce business potential. This will lead to anticipated domestic revenues at USD 48 billion which is a clear increase by USD 6 billion since last year.

Revenue: Added - USD 17 billion over last year

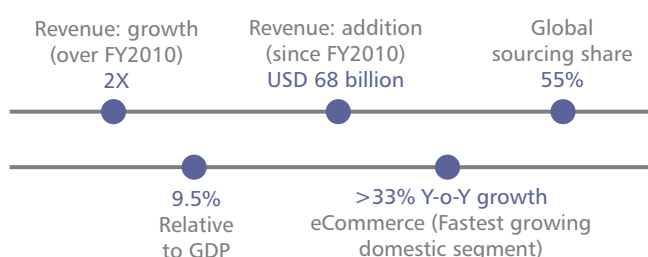


(Source: Nasscom Strategic Review 2015)

Notes:

E: Estimate

1) Includes hardware; domestic market numbers include eCommerce market



Consolidation of the vertical approach

Zensar was restructured around the verticals of Manufacturing, BFSI, and Retail to develop and deliver end-to-end services keeping the customer's need in focus. These verticalised business units now act as a hub of innovation and development of proof of concept solutions for specific verticals and sub-verticals. Over the last year, the company has created propositions around the crafted ecosystem of each vertical addressing specific business requirements and expected outcomes in each of the industry areas. Manufacturing and Retail continues to drive near 70% of the business in Zensar while Insurance as an emerging vertical continues to record fast growth with demonstrated success.

Service lines

Your company has maintained its advantage of being a full service player across the broad spectrum with its acquisitions and other strategic initiatives. Your company continues to maintain its steady growth across the traditional space with 70 % of its revenues from delivering application management services and 20 per cent from infrastructure services. Your Company has made a successful foray into the emerging areas like the digital space with some significant wins as well as focusing on emerging areas like cloud based offerings. This robust mix has helped your Company navigate through any volatility that may have emerged. With increasing focus on retail and the digital enterprise space. Zensar is well positioned to increase its relevance in today's context as well as remain competitive.

Zensar has benefitted from consistent growth due to better operational efficiency as well as customer additions. In FY 15, your company was able to add a significant client in the 10 million USD, 5 customers in the 5 million USD segment and the total number of customers in the 1 million USD to a healthy 24. Currently, fixed price contracts which are more profitable contributes to a significant 40 % of the company's revenues. This is an increase by 4 % over last year. Zensar also holds a clear distinction of being one of the few mid-tier companies deriving 67 % of its revenue from on-site projects compared to an industry average of 45-50%.

Your Company has the distinction of being both, a pure play IT service provider, along with demonstrated capabilities in emerging areas like cloud, social, mobility and analytics too. Offering vertical specific relevant services makes it an agile, flexible and robust technology partner of choice of its customers. The new service offerings are designed to integrate proven expertise with the evolving needs across enterprises. In this

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context, innovative practices and new models of offerings have been introduced to offer relevant solutions to enterprises. Your Company's digital enterprise venture has been well received by customers.

Enhanced Partnership

Zensar today is a key global service integrator and has dedicated centres 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 optimised levels of business performance, through assessment, advisory services as well as application integration and migration services through platforms such as force.com, Microsoft Azure and a number of other partnerships. The Cloud Services Charter in the organisation will enable our customers redefine the way they deliver value to their customers.

Zensar is also a recognised leader in Oracle deployments, having executed a number of joint implementation projects with Oracle worldwide. The Company provides a broad set of Oracle specialisations with a large number of certified Oracle specialists. Currently the company has renewed its Platinum Partner status, and is already moving towards enhancing its position as a leading expert in Oracle technologies by becoming a Diamond Partner.

Zensar's SAP Gold Partner status, several acknowledgements for successful implementations, preconfigured solutions for select verticals like Dairy, Pharma, Retail and Life Sciences, the company is well positioned for leadership in SAP. Your Company has also launched a centre of excellence for new areas like HANA with a complete learning and POC environment and Zensar is one of the first companies to have successfully implemented HANA for a leading US retailer. The Company is also working on areas like Actionable Analytics, SAP Mobility and Manufacturing Integration Intelligence (MII). Zensar has also recently been certified for a partner centre of expertise (PCoE) helping provide enterprise support to customers globally.

Zensar is also investing significantly in building an ecosystem of partnerships in the digital enterprise space, with niche providers in new technologies like social media, mobility, analytics and cloud.

Continued Focus on Optimal Cost Efficiency

Zensar ramped up its focus on operational efficiency and moved into the 'Industry Best in Class' category on key operational

metrics through its Organisational Excellence program. A number of initiatives were taken up to create higher productivity, improved resource fulfillment, maximised utilisation and enhanced fresher deployment. This was done through institutionalizing industry best practices in these areas. Zensar also implemented Lean Delivery Practices and has been acknowledged for rigorous and effective implementation of these practices.

Unique Customer Centricity

Customer centricity is one of the bedrock principles and values on which the Company operates and functions. Zensar has introduced multiple initiatives across service offerings and training techniques to build and foster this spirit across everyone connected with the Company. This approach has been further strengthened by enhancing the organisation design; focus on deeper verticalisation and enriching the company's capability to deliver and manage high-end complex engagements. The Company has grown multifold but has always kept its focus around the customer engrained as part of the culture.

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 initiatives as it gains further depth in its verticalised approach. 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. The vertical business focus, along with ramping up on capabilities around emerging avenues like social, cloud and digital, your Company has leveraged this diversification approach to create a growth oriented, sustainable model.

Transformation

Zensar with its decade-long experience, mature service capabilities, presence in key verticals, global footprint and high caliber talent pool has ventured into new and emerging services like cloud, social media and mobility. At the same time the Company has maintained its stronghold over traditional core services. The untapped opportunities in the new services are expected to drive the next phase of growth for the organization. As a Company we stride into the future armed with strategy, expertise and a clear direction.

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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.

ENTERPRISE RISK MANAGEMENT

The Enterprise Risk Management program at Zensar aims at protecting shareholder value and your company's business from potential risks from various environment Company operates in. The risk management program covers end to end Risk governance / management process including identification, prioritization, monitoring and reporting of risks affecting various business units and geographies. The program covers potentials risk area in various economic, social and industry environments Zensar operates. The risks are identified along with Key risk indicators which are periodically monitored by Risk council of Zensar and periodic assessment of existing risks as well emerging risks are reviewed. The Company routinely reassesses its Risk

governance framework, seeking professional advice from experts in risk advisory field to ensure the framework is updated and effective at all times.

Risk management is viewed as key aspect of Zensar's strategy in competitive market place and is very much linked to plan of achieving its long term goals and overall governance under the supervision of the Board of directors. Your Company has set up Risk Management Council which is responsible for identifying various risks, prioritize them and monitoring potential threats and occurrences based on various key indicators. This council works in consultation with the Board of Directors, Management Council Members, Function and Country heads. Following is the process undertaken for Risk management at Zensar:



| 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, Audit Committee and Board to review Risk Management Process on periodic basis. Risk Council to collate and review information on new and existing risks. |

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

Client Risk

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

Information Security and Disaster Recovery

The nature of business of the IT industry as well as Company, around client data and technology poses a potential risk of breach of security of Company's network and possible impact on its operations as well delivery work for its customers. The Company takes security of customer data, it's infrastructure and network as well as Company's assets very seriously. The information security team has developed and implemented

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elaborate security measures using latest technology and tools available. The Company also has created detailed business continuity plan and disaster recovery plan for mission critical infrastructure to avoid any disruption of service and operations.

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 also makes significant contribution to the aggregate.

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 solutions and services, resources and processes so as to avoid technology obsolescence of a Company's expertise and services, posing a serious threat to the predictability of its revenues and loss of market share. The Company continuously makes investments in new technologies, looks for suitable acquisitions to with a view to keep pace with the latest developments in the technology space augment portfolio of services to clients. 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, operating environment and offers the wide range of technology options to clients to choose from, for their business 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 the company. 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. Also the Company has robust quality controls in place to ensure regular monitoring and tracking of delivery operations. In addition, Zensar has taken sufficient insurance cover for protection from such professional liability as well as errors and omissions.

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 potential non-compliance of local laws of the country company conducts business. In order to mitigate this risk, Company's management understands the local country environments systematically, with the help from experts and professional agencies, which has helped reduce exposure to these risks.

Human Resource Risk

Global economy has made available more and more opportunities to the skilled human resource. Due to resource intensive business model, IT service organizations are heavily impacted by this inherent risk. In India, there is uptick in attrition in companies operating in IT Industry. Better opportunities in Market place 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 industry, imparting efficient & effective training, blending them into productive resources by creating challenging opportunities on projects. The Company endeavors to provide career options of its employees in order to groom them to assume larger roles and increased responsibilities. Zensar's performance management systems aim at measuring competencies and create a transparent performance-led incentive system. The Company also undertakes surveys and feedback from employees to create better working environment as well as number of initiatives are taken to make Zensar a great place to work.

Foreign Currencies Risk

Global economic situation continues to remain volatile with and since India IT industry is largely focused on markets outside India, fluctuations in major currencies due to unstable economic conditions impact revenue and profits of 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 Company's 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

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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 and Africa for generating business, which not only insulates from dependency on a particular economy but also ensures that the revenue streams are denominated in multiple currencies thereby partially de-risking the currency fluctuations.

Internal Financial Control and their Adequacy

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.

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 2015 is as under:

A. BY SEGMENTS

| ₹ Crores | | |
|------------------------------------|-----------|-----------|
| SEGMENT | 2014-2015 | 2013-2014 |
| Application Management Services | 1860.63 | 1546.64 |
| Infrastructure Management Services | 534.97 | 527.08 |
| Products & Licences | 232.08 | 241.88 |
| Total | 2627.68 | 2315.60 |

B. BY GEOGRAPHY

| ₹ Crores | | |
|--------------------------|-----------|-----------|
| Geography | 2014-2015 | 2013-2014 |
| United States of America | 2000.52 | 1745.85 |
| United Kingdom | 268.49 | 220.33 |
| Rest of the World | 358.67 | 349.41 |
| Total | 2627.68 | 2315.60 |

C. BY LOCATION

| Location | 2014-2015 | 2013-2014 |
|----------|-----------|-----------|
| Onsite | 66% | 68% |
| Offshore | 34% | 32% |

2. OTHER INCOME

Other Income comprises dividends from mutual fund investments, interest on bank deposits and others. Other income during the current year was ₹ 5 Crores as against ₹. 8.41 Crores in the previous year.

3. SHARE CAPITAL

During the year, Company has allotted total 559,280 equity shares fully paid up of ₹.10/- each. Out of these, 63,854 equity shares were allotted under "2002 Employees Stock Option Scheme" and 495,426 numbers of equity shares were allotted under "2006 Employees Stock Option Scheme".

4. RESERVES AND SURPLUS

The Company's reserves and surplus as on 31st March 2015 were ₹ 1112.65 Crores as against ₹. 901.73 Crores in 2013-14.

5. LONG TERM BORROWINGS

As of 31st March 2015, Long term borrowings were ₹ 1.49 Crores (Previous year ₹ 74.58 Crores) out of which Finance lease liabilities were ₹ 1.49 Crores (Previous year ₹.2.68 Crores) and Term loan taken from Standard Chartered Bank of ₹. NIL (Previous year ₹ 71.90 Crores).

The portion of current maturities of long term loan amounting to ₹ 76.92 Crores (Previous year: ₹ 74.14 Crores) which is payable within twelve months, is shown under Other Current Liabilities.

6. SHORT TERM BORROWINGS

As of 31st March 2015, Short term borrowings of ₹ 97.16 Crores (₹ 75.01 crores taken by Zensar Technologies Inc. and ₹ 22.15 Crores taken by PSI Holding Inc.) Previous year it was ₹ 21.39 Crores.

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7. FIXED ASSETS

There was increase in Net Gross Block of Fixed Assets by ₹ 152.73 Crores as compared to previous year. Out of which, ₹ 119.24 Crores is on account of acquisition of subsidiary/ purchase of business and balance ₹ 33.49 Crores due to purchase of assets for ordinary business.

8. RETURN ON CAPITAL EMPLOYED

The return on capital employed (ROCE) for the year 2014-15 is 28.34%.

9. DEBTORS

The position of outstanding debtors was:

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--------------------------------------|---------------------------|---------------------------|
| Outstanding for less than six months | 454.02 | 360.99 |
| Outstanding for more than six months | 19.90 | 28.36 |
| Provision for doubtful debts | (20.04) | (31.23) |
| Total Sundry Debtors | 453.88 | 358.12 |

10. 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 excluding unpaid dividend) of ₹195.93 Crores as on 31st March, 2015.

11. OTHER CURRENT ASSETS

Other Current Assets of ₹170.41 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 2015.

12. LOANS AND ADVANCES

The Loans and Advances largely comprise advances recoverable in cash or in kind for value to be received amounting to ₹ 133.42 Crores (Previous Year: ₹111.42 Crores) as on 31st March, 2015 out of which Long term was ₹ 46.67 Crores (Previous Year: ₹ 29.68 Crores) and Short Term was ₹ 86.75 Crores (Previous year: ₹ 81.74 Crores), against which a provision for doubtful advances is ₹ 0.02 Crores (Previous year was ₹ 0.02 Crores).

13. OTHER CURRENT LIABILITIES & PROVISIONS

Other Current liabilities & Provisions amounting to ₹ 359.86 Crores (Previous year ₹ 333.84 Crores) represent payments due to suppliers and advances from customers. Provisions consist mainly of accrual for expenses and provision for tax and dividend.

14. PROVISION FOR TAXATION

The Company's income-tax expense is ₹ 101.28 Crores (Previous year ₹ 102.33 Crores).

15. CONTINGENT LIABILITIES

Contingent Liabilities have been disclosed in Note 31 in the "Notes to the Accounts".

H. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Talent Management practices at ZENSAR focus on engaging, developing and retaining the talent pool. We at Zensar strive towards providing a conducive environment to sustain high performance. Our retention rate was 87.3% for FY14-15.

The following is a summary of our key talent initiatives:

One Zensar:

In FY14-15, Zensar embarked on the 'One Zensar' Journey. The industry in which we operate in is rapidly changing. A significant focus on business outcomes, the need for integrated solutions and digital technologies etc is expected. These changes require us as an organization to gear up and reenergize the pillars of Zensar - the vision, the strategy and the values. To this end, the One Zensar initiative was launched which entailed the re-articulation of the Vision, Mission and Values for Zensar.

Vision:

Leaders in Business Transformation

Mission:

We will be the best in delivering innovative industry-focused solutions with measurable business outcomes. We will partner customers for their success

Values:

- Customer Centricity
- Commitment to People and Community
- Continuous Innovation and Excellence

Annexure G to the Directors' Report (Contd.)

Extensive initiatives such as global webcasts, workshops, e-mail campaigns and other activities have been undertaken across our global locations to disseminate the re-articulated Vision, Mission and Values.

Organization and Management Review (OMR):

OMR is our comprehensive process to review the organization structure and incumbents of key roles in the structure to ensure alignment to the overall strategy of the Company. This process also includes succession planning and development planning for high potential associates.

Making Zensar a Great Place to Work:

Having an engaged workforce is a building block for organization's success. The organization's value of 'Commitment to People and Community' is embodied in every effort to make Zensar a great place to work - a workplace where employees trust who they work for, take pride in what they do and enjoy the Company of the people they work with. Over the last few years, we have taken significant steps towards this. In continuation of this journey, this year we launched the 'Great Place to Work Survey' to measure associate engagement. Great Place to Work is a globally recognized and widely used platform from Great Place to Work® Institute, to measure associate engagement. The Great Place to Work model measures engagement levels of associates through the levels of Trust, Pride and Camaraderie prevalent in the organization. The survey witnessed extensive participation from associates globally.

Apart from the survey, we are also participating in the Great Place to Work Culture Audit. The culture audit will benchmark our practices vis-à-vis the industry.

Open Culture: Transparency and Openness

Zensar provides multiple platforms for management and associate communication.

The **Everybody Meetings (EBM)** are held to share Business updates, Technology trends and future road map. The Pizza and Coke is an informal meeting of Senior Management with associates over lunch for sharing perspectives and ideas.

Zensar has a very vibrant platform for virtual collaboration – our Intranet called ZenLounge+ which is actively used by our associates for sharing views, technical collaboration as well as information sharing. This is a collaborative platform that combines the power of social networking, content collaboration, and real time enhanced communication.

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 **Vision Community** is ZENSAR's signature D&I initiative where cross-functional teams across the levels in the organization contribute to the strategy building exercise of the organization. The success of Vision Community has been documented in Harvard Journals as a case study.

WE (Women for Excellence) is another key D&I initiative which aims to develop women Zensarians take leadership positions.

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

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.

Annexure H to the Directors' Report

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Zensar Technologies Limited
Zensar Knowledge Park, Plot # 4
Kharadi MIDC off Nagar Road,
Pune - 411014

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Zensar Technologies Limited**. (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder **(in so far as they are made applicable)**;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct

Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(**not applicable to the company during the Audit Period**);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**not applicable to the company during the Audit Period**); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**not applicable to the company during the Audit Period**);
- (vi) Special Economic Zone Act, 2005 and the Rules made thereunder.
- (vii) Trade Mark Act 1999 and the Rules made thereunder.
- (viii) Information Technology Act, 2000 and the Rules made thereunder.
- (ix) Policy relating to Software Technology Parks of India and its Regulations.
- (x) The Export and Import Policy of India.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (**not applicable as on today**).
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

Annexure H to the Directors' Report (Contd.)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has

1. approved definitive agreement for the purchase of the business of Professional Access Software Development Private Limited, a company registered in India, and noted the signing of definitive agreement by Zensar Technologies Inc., its wholly owns subsidiary company in USA to acquire 100% of outstanding equity shares of Professional Access Limited, a company registered in USA. Both Professional Access Software Development Private Limited and Professional Access Limited are engaged in Software Technology Business with Specialization in the E commerce domain.

Place: Pune
Date: 28th April, 2015

For SVD & Associates
Company Secretaries

S. V. Deulkar
Partner
FCS No: 1321
C P No: 965

Annexure I to the Directors' Report

Corporate Governance Report

The Company's Corporate Governance Philosophy

Corporate Governance is a set of systems, policies and practices deep-rooted in the Company to ensure that the affairs are being managed in a way which ensures accountability, transparency, fairness in all its transactions with all its stakeholders. Zensar believes that good governance practices stem from the culture and mind-set of the organization. Effective corporate governance is the strong foundation on which commercial enterprises are built and succeed. The Company's philosophy of Corporate Governance that of timely disclosures, transparent accounting policies and a strong and Independent Board goes a long way in preserving all stakeholders' interest, while maximizing long-term shareholder worth. Strong leadership and effective corporate governance practices have been the Company's plus point.

A report, in line with the requirements of the Listing Agreement executed with Stock Exchanges for the year ended 31st March, 2015 is given below:

1. Board of Directors:

A. Size and Composition of Board:

The composition of the Board of Directors of the Company represents an optimum combination of professionalism, knowledge and experience.

At Zensar, we believe Good Governance cannot be imposed from the outside. It must come also from within hence the Board of Directors, at the apex of a company's corporate governance structure, is the key factor to ensure highest standards of corporate governance. Their contribution is immensely

important for ensuring appropriate directions with regard to leadership, vision, strategy, policy making, monitoring and achieving greater levels of performance. The Company's Board of Directors' is characterised in Independence, professionalism, transparency in decision making and accountability. It comprises combination of Executive and Non-Executive Directors, each of whom adds value and brings independent view in the decision-making process. As per statutory requirements, Company has duly constituted Board consisting an optimum mix of Executive, Non-Executive and Independent Directors.

As on 31st March, 2015, 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.

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all Companies in which he is a Director. Further, none of the Independent Directors on the Board is serving as an Independent Director in more than seven listed companies. The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors is related to another.

B. Board Meetings:

The Board of Directors of the Company met Eight times during the Financial Year 2014-15 on 8th April, 2014, 22nd April, 2014, 24th July, 2014, 14th August, 2014, 21st October, 2014, 24th November, 2014, 19th January, 2015 and 27th February, 2015. Composition of the Board and other Directorship/Membership of Committees held as on 31st March, 2015 along with Attendance of Board Meeting/AGM during the year are given below:

Annexure I to the Directors' Report (Contd.)

| Sr. No. | Name of Director | Category | Date of Appointment | Attendance in Board Meetings during 2014-15 | Attendance in last AGM | Other Boards / Committees | | |
|---------|-----------------------------|--|---------------------|---|------------------------|---------------------------|------------|----------|
| | | | | | | Director -ships* | Committee* | |
| | | | | | | | Member | Chairman |
| 1 | Mr. H.V. Goenka | Chairman Non- Independent Non- Executive Director | 04.09.2001 | 8 | No | 7 | Nil | Nil |
| 2 | Dr. Ganesh Natarajan | Vice Chairman and Managing Director Non- Independent | 04.09.2001 | 6 | Yes | 3 | Nil | Nil |
| 3 | Mr. A.N. Agrawal | Non Independent Non- Executive Director | 29.01.2002 | 7 | No | 3 | Nil | Nil |
| 4 | Mr. P.K. Choksey | Independent Non- Executive Director | 24.04.1980 | 8 | No | 1 | Nil | 1 |
| 5 | Mr. Venkatesh Kasturirangan | Independent Non- Executive Director | 28.01.2008 | 4 | Yes | 1 | Nil | Nil |
| 6 | Mr. John Levack | Non- Independent Non- Executive Director | 16.01.2003 | 5 | Yes | 1 | 1 | Nil |
| 7 | Mr. P.K. Mohapatra | Independent Non- Executive Director | 31.01.2001 | 6 | Yes | 10 | Nil | Nil |
| 8 | Mr. A.T. Vaswani | Independent Non- Executive Director | 09.02.1996 | 8 | Yes | 5 | 1 | 1 |
| 9 | Ms. Madhabi Puri Buch | Independent Non -Executive Director | 30.09.2014 | 4 | No | 6 | Nil | Nil |
| 10 | Mr. Niraj Bajaj** | Independent Non- Executive Director | 21.10.2010 | - | No | NA | NA | NA |

* This number excludes the directorships / committee memberships held in Private Limited Companies, Companies registered under Section 8 of the Companies Act, 2013. In accordance with Clause 49 of the Listing Agreement, Memberships/ Chairmanships of only Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies (excluding Zensar Technologies Limited) have been considered.

**Resigned with effect from 8th January, 2015.

Note:

In compliance with the provisions of Companies Act, 2013, Mr. P.K. Choksey, Mr. A.T. Vaswani, Mr. P.K. Mohapatra, Mr. Venkatesh Kasturirangan and Ms. Madhabi Puri Buch were appointed as Independent Directors for a term of five years from 1st April, 2015 upto 31st March, 2020.

- Information placed before the Board:

Agenda papers along with detailed notes are being circulated in advance of each meeting of the Board. Information pursuant to Corporate Governance practices, as required under Annexure X to Clause 49 have been made available to the Board from time to time.

The Company periodically places Compliance Reports with respect to all applicable laws before the Board of Directors for its review.

- Directors with material pecuniary or business relationship with the Company:

The Company did not have any pecuniary relationship or transactions with its Non-Executive and/or Independent Directors during the year under review except payment of sitting fees and commission as disclosed in this report.

Annexure I to the Directors' Report (Contd.)

2. Audit Committee:

A. Composition:

The composition of the Committee complies with the requirements of Clause 49 of Listing Agreement and Section 177 of the Companies Act, 2013. 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. Mr. A. T. Vaswani, Independent Non-Executive Director is the Chairman of the Committee. All the members have relevant finance and audit exposure.

B. Meetings:

During the Financial Year 2014-15, Nine meetings of the Committee were held on 22nd April, 2014, 24th June, 2014, 24th July, 2014, 12th August, 2014, 14th October, 2014, 21st October, 2014, 12th December, 2014, 19th January, 2015 and 26th February, 2015.

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) | 9 |
| Mr. P. K. Choksey | 9 |
| Mr. P. K. Mohapatra | 8 |

The Chairman of the Audit Committee was present at the 51st Annual General Meeting held on 23rd July, 2014.

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:

During the year under review, Audit Committee's terms of reference were changed to include the role, powers and functions of the Audit Committee in conformity with Section 177 of the Companies Act, 2013 and guidelines stated in Clause 49 of the Listing Agreement. The revised terms of reference are as follows.

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, remuneration and terms of appointment of

auditors of the Company and, if required, their replacement or removal.

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 subsection 5 of section 134 of the Companies Act, 2013.
 - 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, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, the Statement of uses/application of funds raised through an issue (Public issue, rights issue, preferential issue etc.), the statement of funds utilised for purpose other than those stated in the offer document/prospectus/notice and the Report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. Monitoring the end use of funds raised through public offers and related matters.
7. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividends) and creditors.
8. Approval of appointment of Chief Financial Officer.
9. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
10. Reviewing with the management adequacy of the internal control systems.
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department,

Annexure I to the Directors' Report (Contd.)

staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

12. Discussion with internal auditors regarding any significant findings and follow up there on.
13. 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.
14. 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.
15. Approval or any subsequent modification of transactions of the company with related parties.
16. Scrutiny of inter-corporate loans and investments.
17. Valuation of undertakings or assets of the company, wherever it is necessary.
18. Evaluation of internal financial controls and risk management systems.
19. Establish a vigil mechanism for the directors and employees to report their genuine concerns or grievances and provide mechanism for adequate safeguards against victimisation.
20. To oversee Risk Management functions

3. Nomination and Remuneration Committee:

During the year under review, the Company has changed nomenclature of Compensation Committee to Nomination and Remuneration Committee in terms of Section 178 of the Companies Act, 2013.

A. Composition:

The Nomination and Remuneration Committee is comprised of Mr. P. K. Mohapatra, Mr. A. T. Vaswani, Mr. Arvind Agrawal and Mr. John Levack. Mr. Arvind Agrawal was Chairman of the Committee till 30th September, 2014. In compliance with revised Clause 49 of Listing Agreement, Mr. P. K. Mohapatra, Independent Non-Executive Director had been appointed as the Chairman of the Committee with effect from 1st October, 2014.

B. Meetings:

During the Financial Year 2014-15, Seven meetings of the Committee were held on 22nd April, 2014, 22nd July, 2014, 21st October, 2014, 24th November, 2014, 19th January, 2015, 27th February, 2015 and 18th March, 2015.

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) | 6 |
| Mr. A. T. Vaswani | 7 |
| Mr. John Levack | 5 |
| Mr. Arvind Agrawal | 7 |

C. Terms of Reference:

During the year under review, Nomination and Remuneration Committee's terms of reference were changed to include the role, powers and functions in conformity with Section 178 of the Companies Act, 2013 and guidelines stated in Clause 49 of the Listing Agreement. The revised terms of reference are as follows.

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
2. Evaluate every director's performance.
3. To recommend appointment and removal of directors and senior management.
4. Determining the remuneration packages for Executive Director, the direct reports to the Managing Director /Chief Executive Officer.
5. Determine the quantum of commission payable to Non-Executive Directors.
6. Implementation of the Employees Stock Option Plan.
7. Allotment of shares consequent upon exercise of stock options.

D. Nomination and Remuneration Policy:

The Board has approved Nomination and Remuneration Policy as recommended by Nomination and Remuneration Committee which forms part of Directors' Report.

E. Details of remuneration to all Directors:

1. Details of Remuneration of Managing Director:

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

Annexure I to the Directors' Report (Contd.)

Shareholders of the Company.

The summary of remuneration paid to Dr. Ganesh Natarajan during year under review was as follows:

| | Particulars | Amount in ₹ Lacs* |
|-----|------------------------------|-------------------|
| (A) | Salary | 64.40 |
| (B) | Allowances | 157.17 |
| (C) | Annual Performance Incentive | 314.43 |

* Excludes the value of employees stock options granted / exercised by Dr. Ganesh Natarajan.

As on 31st March, 2015, Dr. Ganesh Natarajan held 5,17,764 Equity Shares of the Company and 60,000 unvested stock options granted to him in pursuance of Employees Stock Options Scheme, 2006.

The details of service contracts and notice period are as under:

| Name | Service contracts | Notice period |
|---|---|---------------------|
| Dr. Ganesh Natarajan, Vice Chairman and Managing Director | Period of service contract – 1st February, 2015 to 30th April, 2016 | Four months' notice |

2. Details of Remuneration of Non- Executive Directors:

Non-Executive Directors are paid sitting fees for attending the meetings of the Board/ Committee within the limits as prescribed under the Companies Act, 2013.

The Non-Executive Directors are paid sitting fees of ₹ 75,000/- for each meeting of the Board, ₹ 25,000/- for each meeting of Audit Committee, ₹ 5,000/- for each meeting of Nomination and Remuneration Committee and ₹ 5,000 for each meeting of Corporate Social Responsibility committee attended by them.

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 not exceeding one percent of Company's net profit. This approval is expiring in July, 2015 and Company shall be seeking approval from Members in the ensuing Annual General Meeting for payment of commission to Non-Executive Directors in terms of Companies Act, 2013.

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 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 Nomination and Remuneration Committee and approved by the Board of Directors.

| Sr. No. | Name of the Director | Sitting fees paid during 2014-15 (In Rupees) | Commission paid in 2014-15 for the year 2013-14 (In Rupees) |
|---------|-----------------------------|--|---|
| 1. | Mr. H. V. Goenka | 5,45,000 | 2,50,71,000 |
| 2. | Mr. P.K. Choksey | 7,70,000 | 5,00,000 |
| 3. | Mr. Venkatesh Kasturirangan | 3,00,000 | 5,00,000 |
| 4. | Mr. John Levack | 4,00,000 | 5,00,000 |
| 5. | Mr. P.K. Mohapatra | 6,85,000 | 5,00,000 |
| 6. | Mr. A.T. Vaswani | 8,05,000 | 5,00,000 |
| 7. | Mr. Arvind Agrawal | 5,05,000 | - |
| 8. | Ms. Madhabi Puri Buch* | 3,00,000 | - |
| 9. | Mr. Niraj Bajaj | - | 5,00,000 |

*Ms. Madhabi Puri Buch was appointed as Independent and Non-Executive Director with effect from 30th September, 2014.

Shareholding of Non-Executive Directors:

Mr. Harsh Goenka*, Mr. A. T. Vaswani and Mr. P. K. Choksey, the Non-Executive Directors, holds 774, 9,000 and 800 nos. of equity shares of ₹ 10/- each respectively of the Company and doesn't hold convertible instruments of the Company. Apart from the above, other non-Executive Directors does not holds any equity shares or convertible instruments of the Company.

* Mr. Harsh Goenka holds shares as a Trustee of Crystal India Trust

4. Stakeholders Relationship Committee:

During the year under review, the Company has changed nomenclature of Investor's Grievance and Share Transfer Committee to Stakeholders Relationship Committee in terms of Section 178 of the Companies Act, 2013.

A. Composition:

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

The Committee meets at regular intervals in order to facilitate prompt and effective redressal of Shareholders' complaints, to

Annexure I to the Directors' Report (Contd.)

effect transfers, transmissions and give approval for issue of duplicate share certificates/name deletion etc. 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.

B. Meetings:

During the Financial Year 2014-15, thirteen Stakeholders Relationship Committee meetings were held on 22nd April, 2014, 28th May, 2014, 30th June, 2014, 23rd July, 2014, 26th August, 2014, 14th September, 2014, 21st October, 2014, 24th November, 2014, 26th December, 2014, 19th January, 2015, 14th February, 2015, 27th February, 2015 and 30th March, 2015.

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) | 13 |
| Mr. P. K. Choksey | 13 |
| Dr. Ganesh Natarajan | 12 |

C. Terms of Reference:

The Terms of Reference of the Stakeholders Relationship Committee envisage the following:

1. To approve share/security transfer, transmission and deal with all incidental matters thereto.
2. To approve name rectification, deletion and consequent issuance of share/security certificates and deal with all incidental matters thereto.
3. To approve issuance of duplicate share/security certificate and deal with all incidental matters thereto.
4. To approve issuance of share/security certificate on consolidation, sub division, split.
5. To delegate authority with respect to all the above matters to officials of the Company, provided that this authority to approve shall not exceed 500 shares/security per transaction.

6. Review the system of dealing with and responding to correspondence from Shareholders/security holders.
7. Review, resolve and deal with complaints, grievances and responses to letters received from Stock Exchanges, SEBI and Ministry of Corporate Affairs and security holders.
8. To approve format of share/security certificate as and when required. The details of Shareholders Complaints received so far and attended during the Financial Year 2014-15 are as follows:-

| Nature of Complaint | 2014-15 | |
|--|------------|-------------|
| | Received | Attended to |
| Non- receipt of share certificates | 70 | 70 |
| Letters from Stock Exchanges, SEBI etc. | 2 | 2 |
| Non-receipt of Dividend / Debenture interest / Redemption warrants | 54 | 54 |
| Non- receipt of Annual Report | 14 | 14 |
| TOTAL | 140 | 140 |

There were no pending complaints as on 31st March, 2015.

5. Corporate Social Responsibility Committee:

During the year under review, the Company has constituted the 'Corporate Social Responsibility Committee (CSR Committee)' under Section 135 of the Companies Act, 2013

A. Composition:

The Corporate Social Responsibility Committee consists of Dr. Ganesh Natarajan, Mr. Arvind Agrawal and Mr. P. K. Mohapatra with Dr. Ganesh Natarajan as the Chairman of the CSR Committee.

B. Meetings:

During the Financial Year 2014-15 one meeting of the Corporate Social Responsibility Committee was held on 23rd July, 2014.

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

| Name | No. of Meetings Attended |
|---------------------------------|--------------------------|
| Dr. Ganesh Natarajan (Chairman) | 1 |
| Mr. Arvind Agrawal | - |
| Mr. P. K. Mohapatra | 1 |

Annexure I to the Directors' Report (Contd.)

C. Terms of Reference:

The Terms of Reference of the Corporate Social Responsibility Committee envisage the following:

- Formulate and recommend a Corporate Social Responsibility Policy to the Board.
- Recommend the amount of expenditure to be incurred on the activities.
- Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company which would form a part of CSR Policy.
- Monitor CSR Policy of the Company.

6. Meeting of Independent Directors:

During the year under review, the Independent Directors met on 26th February, 2015, inter alia, to discuss matters as prescribed under the Companies Act, 2013 and Listing Agreement executed by the Company with the stock exchanges. All the Independent Directors were present at the Meeting.

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 2014-15. A declaration from the Vice Chairman and Managing Director confirming the above is annexed to this report.

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

| Particulars | Financial Year 2011-12 | Financial Year 2012-13 | Financial Year 2013-14 |
|---------------|--|--|--|
| Date and Time | 24th July, 2012 at 12.00 Noon | 16th July, 2013 at 12.00 Noon | 23rd July, 2014 at 12.00 Noon |
| Venue | 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 | Registered Office of the Company at Zensar Knowledge Park, Plot # 4, Kharadi MIDC, Off Nagar Road, Pune 411014 |

The following Special Resolutions were passed by Shareholders of the Company at the previous three Annual General Meetings:

- In the Annual General Meeting held on 24th July, 2012.
 - Amendment to ESOP Scheme 2006.
- In the Annual General Meeting held on 16th July, 2013.
 - Grant of additional Stock options under 2006 Employees Stock Options Plan to the employees of Company's subsidiaries.
- In the Annual General Meeting held on 23rd July, 2014
 - None

No Special Resolution was passed during the last year 2014-15. However, the Company conducted postal ballot to obtain approval of its Shareholders as stated in table below which were passed by Ordinary Resolutions pursuant to Section 110 and

other applicable provisions, if any, of the Companies Act, 2013 read together with the Companies (Management and Administration) Rules, 2014. (the Rules)

In compliance with Clause 35B of the Listing Agreement and provisions of Section 108, Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Rules, the Company had offered e-voting facility to all its Members as an alternate mode to exercise their right to vote. For this purpose, the Company had entered into an agreement with National Securities Depository Limited (NSDL) for facilitating e-voting.

The Company had appointed Mr. S. V. Deulkar of SVD & Associates, Company Secretaries, as Scrutinizer for conducting the postal ballot process (which includes e-voting) in fair and transparent manner.

Annexure I to the Directors' Report (Contd.)

The result of the postal ballot was declared on 23rd March, 2015 wherein these Ordinary Resolutions were declared passed with overwhelming majority by the Shareholders. Details of Voting Pattern are as under:

| Particulars / Description of item No. | No. of votes polled | Total votes rejected | Total valid votes | votes in favour | Votes Against | |
|--|---------------------|----------------------|-------------------|-----------------|---------------|-------|
| | | | | | No. | % |
| Re-appointment of Dr. Ganesh Natarajan (DIN: 00176393), as Vice Chairman and Managing Director of the Company with effect from 1st February, 2015 for a further term up to 30th April, 2016. | 36445431 | 4961 | 36440470 | 36439368 | 99.997 | 1102 |
| Appointment of Mr. Pesi K. Choksey (DIN: 00060508) as an Independent Director not liable to retire by rotation to hold office from 1st April, 2015 up to 31st March, 2020 | 36445431 | 6235 | 36439196 | 36418316 | 99.943 | 20880 |
| Appointment of Mr. Ajit T. Vaswani (DIN: 00057953) as an Independent Director not liable to retire by rotation to hold office from 1st April, 2015 up to 31st March, 2020. | 36445431 | 6495 | 36438936 | 36418345 | 99.943 | 20591 |
| Appointment of Mr. Pradipta K. Mohapatra (DIN: 00066239) as an Independent Director not liable to retire by rotation to hold office from 1st April, 2015 up to 31st March, 2020. | 36445431 | 6395 | 36439036 | 36418053 | 99.942 | 20983 |
| Appointment of Mr. Venkatesh Kasturirangan (DIN: 00804869) as an Independent Director not liable to retire by rotation to hold office from 1st April, 2015 up to 31st March, 2020. | 36445431 | 6300 | 36439131 | 36437669 | 99.996 | 1462 |
| Appointment of Ms. Madhabi Puri Buch (DIN: 00016299) as an Independent Director not liable to retire by rotation to hold office from 1st April, 2015 up to 31st March, 2020. | 36445431 | 6025 | 36439406 | 36437548 | 99.995 | 1858 |

8. Disclosures:

A. Related Party Transactions:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are repetitive in nature. The actual transactions entered into pursuant to the omnibus approval so granted are placed at quarterly meetings of the Audit Committee.

The transactions with the related parties are disclosed in the Note No. 27 of the Annual Accounts in compliance with Accounting Standard 18 relating to "Related Party Disclosures" and Companies Act, 2013 read with Rules thereunder and Listing

Agreement. The Board has approved a 'Policy on Related Party Transactions' weblink of which forms part of Directors' Report.

There are no materially significant related party transactions that may have potential conflict with the interests 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 Board of Directors have adopted Whistle Blower Policy. All Associates of the Company are free to access the Audit

Annexure I to the Directors' Report (Contd.)

Committee of the Company and none of them has been denied access to the Audit Committee during the year under review. The Whistle Blower Policy's weblink forms part of Directors' Report.

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 Clause 49 of the Listing Agreement. The Company has also complied with some of the Non Mandatory requirements such as updating Shareholders about the financial performance of the Company including summary of the significant events on quarterly basis, Separate posts of Chairman and Managing Director, Reporting of Internal Auditor directly to the Audit Committee.

9. Means of Communication

- The quarterly, half-yearly and Annual Consolidated Financial Results are published in widely circulated newspapers such as Business Standard, Prabhat, etc. 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 transcripts of the same are uploaded on the Company's website namely www.zensar.com
- Official Press releases are also hosted on Company's website www.zensar.com
- 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.

10. General Shareholder information:

1. **Annual General Meeting:** The Annual General Meeting of the Company will be held on 14th July, 2015, at the registered office of the Company at 12.00 Noon.
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 7th July, 2015 to 14th July, 2015 (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 end of business day of 6th July, 2015.
5. **Financial calendar** (tentative and subject to change)

| Event | Due Date |
|--|--------------------------|
| Financial reporting for the quarter ending 30th June, 2015 | 14th August, 2015 |
| Financial reporting for the quarter ending 30th September, 2015 | 15th November, 2015 |
| Financial reporting for the quarter ending 31st December, 2015 | 15th February, 2016 |
| Financial reporting for the quarter ending 31st March, 2016 | 30th May, 2016 (Audited) |
| 53rd Annual General Meeting for the year ending 31st March, 2016 | 13th September, 2016 |

6. **Listing on Stock Exchanges:** The Company's Equity Shares are listed on the following Stock Exchanges:
 - a. The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001. (BSE)
 - b. 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)

Annexure I to the Directors' Report (Contd.)

Stock Code:

| | |
|-----------------------|--------------|
| BSE | 504067 |
| NSE | ZENSARTECH |
| ISIN in NSDL and CDSL | INE520A01019 |

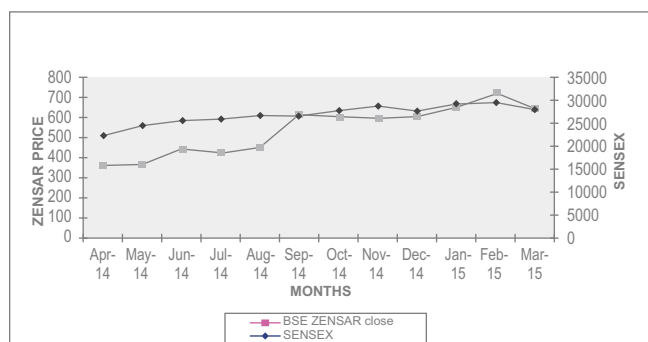
Listing fees have been paid for the Financial Year 2015-16.

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

| Bombay Stock Exchange Limited | | | | | | National Stock Exchange of India Limited | | | | |
|-------------------------------|-----------|----------|------------|-----------------------------|----------|--|----------|------------|-----------------------------|---------|
| Period | High ₹ | Low ₹ | Close ₹ | Total Traded Quantity | Sensex | High ₹ | Low ₹ | Close ₹ | Total Traded Quantity | Nifty |
| Apr -2014 | 396.00 | 357.00 | 360.05 | 150896 | 22417.80 | 397.00 | 350.00 | 361.55 | 636772 | 6696.40 |
| May-2014 | 370.00 | 332.00 | 366.10 | 137716 | 24217.34 | 370.00 | 332.15 | 365.35 | 598132 | 7229.95 |
| June -2014 | 445.00 | 367.00 | 439.25 | 243199 | 25413.78 | 443.00 | 367.20 | 438.40 | 760038 | 7611.35 |
| July -2014 | 473.55 | 410.00 | 422.85 | 245498 | 25894.97 | 473.80 | 411.25 | 421.35 | 862221 | 7721.30 |
| Aug-2014 | 462.00 | 409.35 | 444.00 | 133003 | 26638.11 | 470.00 | 410.00 | 444.30 | 552300 | 7954.35 |
| Sep -2014 | 685.00 | 443.35 | 615.00 | 572692 | 26630.51 | 685.00 | 444.35 | 615.85 | 2629394 | 7964.80 |
| Oct -2014 | 646.00 | 578.00 | 604.50 | 345596 | 27865.83 | 646.00 | 577.95 | 607.25 | 815487 | 8322.20 |
| Nov-2014 | 633.60 | 587.25 | 590.25 | 167640 | 28693.99 | 634.90 | 587.00 | 590.55 | 431426 | 8588.25 |
| Dec-2014 | 646.90 | 563.90 | 604.60 | 316539 | 27499.42 | 647.50 | 565.00 | 604.40 | 1179675 | 8282.70 |
| Jan -2015 | 685.80 | 584.10 | 653.20 | 213163 | 29182.95 | 686.95 | 585.00 | 652.40 | 840741 | 8808.90 |
| Feb-2015 | 755.20 | 623.00 | 720.95 | 170509 | 29361.50 | 754.00 | 620.00 | 723.05 | 619755 | 8901.85 |
| Mar -2015 | 774.60 | 606.00 | 641.70 | 394749 | 27957.49 | 774.00 | 606.00 | 643.10 | 1874579 | 8491.00 |

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

A performance chart showing Share Price of the Company in comparison with BSE SENSEX during the year 2014-15 is as below:



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 A B Samhita Warehousing Complex
Off. Andheri Kurla Road
Sakinaka Telephone Exchange Lane
Sakinaka, Andheri East
Mumbai 400 072

Annexure I to the Directors' Report (Contd.)

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

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

9. Share Transfer System: To expedite the transfer in physical mode, authority has been delegated to Stakeholders Relationship 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 lodgment 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.

10. Distribution Schedule: As of 31st March, 2015 the distribution of the Company's shareholding was as follows:

| No. of equity Shares held | As on 31st March, 2015 | | | |
|---------------------------|------------------------|--------------------|--------------------|--------------------|
| | No. of Share holders | % of Share holders | No. of Shares held | % of Share-holding |
| 1-500 | 23666 | 92.684 | 2284966 | 5.16 |
| 501-1000 | 1015 | 3.975 | 750930 | 1.69 |
| 1001-2000 | 449 | 1.758 | 656282 | 1.48 |
| 2001-3000 | 144 | 0.564 | 367593 | 0.83 |
| 3001-4000 | 65 | 0.255 | 231740 | 0.52 |
| 4001-5000 | 46 | 0.18 | 212263 | 0.48 |
| 5001-10000 | 67 | 0.262 | 468881 | 1.06 |
| 10001 & above | 82 | 0.321 | 39354119 | 88.78 |
| Total | 25534 | 100 | 44326774 | 100 |

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, 2015 is as under:

| Particulars | No. of shares | % of total capital issued |
|-------------------------------------|-----------------|---------------------------|
| Held in dematerialized form in CDSL | 1399691 | 3.16 |
| Held in dematerialized form in NSDL | 42279282 | 95.38 |
| Physical | 647801 | 1.46 |
| Total | 44326774 | 100.00 |

12. Shareholding pattern:

Details of Shareholding as on 31st March, 2015 was as under:

| Category | As on 31st March, 2015 | | | |
|---|------------------------|-----------------|--------------------|-----------------|
| | No. of Share holders | % Share holders | No. of Shares held | % Share holding |
| Promoters | 8 | 0.03 | 21130788 | 47.67 |
| Mutual Funds, Financial Institutions, Banks Insurance Companies & FIs | 85 | 0.33 | 6005890 | 13.55 |
| Individual Shareholders | 24276 | 95.07 | 5486872 | 12.38 |
| Bodies Corporate | 619 | 2.42 | 1043663 | 2.35 |
| NRI's OCBs | 546 | 2.14 | 10659561 | 24.05 |
| Total | 25534 | 100.00 | 44326774 | 100.00 |

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

As of 31st March 2015, 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 which is also available on the website of the Company under the Investor's section.

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

Annexure I to the Directors' Report (Contd.)

Other Shareholders related information:

Clause 5A of the Listing Agreement with respect to Unclaimed Shares

- In compliance with the amendment to Clause 5A of the Listing Agreement issued by SEBI, the Company has opened a demat account in the name of "Zensar Technologies Limited- Unclaimed Securities Suspense Account" for the purpose of transferring the unclaimed shares. As per the said circular, the shares which remained unclaimed even after three reminders, were dematerialized and transferred to the above said demat account in FY 2014-15.
- As and when any shareholder approaches the Company or the Registrar and Transfer Agent (RTA) to claim the above said shares, after proper verification, the shares lying in the Unclaimed suspense account shall either be credited to the demat account of the shareholder or the physical certificates shall be delivered after rematerialising the same, depending on what has been opted by the Shareholder.

- Disclosure with respect to shares lying in suspense account:

| Particulars | Shareholders | Shares |
|--|--------------|--------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1st April, 2014 | Nil | Nil |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the period | Nil | Nil |
| Number of shareholders to whom the shares were transferred from the suspense account during the period | Nil | Nil |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2015 | 1353 | 76425 |

The voting rights on such shares shall remain frozen till the rightful owner claims the shares.

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 uploaded 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 2014-15.

Dr. Ganesh Natarajan

Vice Chairman and Managing Director

Mumbai

Dated 28th April, 2015

Annexure I to the Directors' Report (Contd.)

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 2015 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.

Ganesh Natarajan
Vice Chairman and Managing Director
Dated 28th April, 2015

S. Balasubramaniam
Chief Financial Officer

Practicing Company Secretary's Certificate

To,
The Members of Zensar Technologies Limited
Zensar Knowledge Park, Kharadi, Plot # 4, MIDC,
Off Nagar Road, Pune 411 014, India.

We have examined the compliance of conditions of Corporate Governance, by Zensar Technologies Limited, for the year ended 31st March, 2015 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 Stakeholders Relationship 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.

Pune
Dated 28th April, 2015

For SVD & Associates
Company Secretaries.

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

Annexure J to the Board's Report

DISCLOSURES IN COMPLIANCE WITH CLAUSE 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEES STOCK OPTION SCHEME), 2014 AND CLAUSE 12 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 | 25,68,631 | 30,00,000 |
| 3 | Options Granted during the year | Nil | 2,45,000 |
| 4 | Pricing formula | The Nomination and Remuneration 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 Nomination and Remuneration Committee Meeting held for granting of Stock Options. Nomination and Remuneration Committee may determine the Exercise Price at a premium or discount of a maximum of 20% on the market price. | The Nomination and Remuneration 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 2015 | 1,24,690 | 4,47,017 |
| 6 | Options exercised during the year | 63,854 | 4,95,426 |
| 7 | Total number of shares arising as a result of exercise of options till 31st March 2015 | 10,16,176 | 8,56,700 |
| 8 | Options lapsed / cancelled during the year ¹ | 6,174 | 1,98,304 |
| 9 | Variation of terms of options | Nil | Nil |
| 10 | Money realized by exercise of options during the year. | ₹. 51,38,878 | ₹. 5,66,17,294 |
| 11 | Total number of options in force at the end of the year | 1,24,690 | 10,67,830 |

Annexure J to the Board's Report (Contd.)

| Sr. No | Description | | | | | | | | | | | | | | | | | | |
|-----------------------|--|--|--|-----------------|--------|------------------|--------|-------------|--------|------------------|--------|----------------|--------|--------------------|--------|--------------------|--------|-----------------------|--------|
| 12 | Employee-wise details of Stock Options granted to Senior Managerial Personnel as on 31st March 2015. | 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*; Prameela Kalive - 1575; J Pardhasaradhi - 2100; Krishna Ramaswamy- 1575 *Of these, certain stock options have been exercised | Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan – 400000*; Mr. Vivek Gupta – 1,10,000; Mr. Nitin Parab – 110,000*; S Balasubramanian – 9,000*; Prameela Kalive – 6000*, Krishna Ramaswamy – 6000 *Of these, certain stock options have been exercised | | | | | | | | | | | | | | | | |
| 13 | Employees who were granted options amounting to 5% or more of the options granted during the year. | Nil | <table><tr><td>Prameela Kalive</td><td>20,000</td></tr><tr><td>Prasad Deshpande</td><td>15,000</td></tr><tr><td>Harish Lala</td><td>15,000</td></tr><tr><td>Srinivas Polsani</td><td>15,000</td></tr><tr><td>Stacey Shulman</td><td>15,000</td></tr><tr><td>Santosh Panapaliya</td><td>15,000</td></tr><tr><td>Syed Azfar Hussain</td><td>15,000</td></tr><tr><td>Chaitanya Rajebahadur</td><td>15,000</td></tr></table> | Prameela Kalive | 20,000 | Prasad Deshpande | 15,000 | Harish Lala | 15,000 | Srinivas Polsani | 15,000 | Stacey Shulman | 15,000 | Santosh Panapaliya | 15,000 | Syed Azfar Hussain | 15,000 | Chaitanya Rajebahadur | 15,000 |
| Prameela Kalive | 20,000 | | | | | | | | | | | | | | | | | | |
| Prasad Deshpande | 15,000 | | | | | | | | | | | | | | | | | | |
| Harish Lala | 15,000 | | | | | | | | | | | | | | | | | | |
| Srinivas Polsani | 15,000 | | | | | | | | | | | | | | | | | | |
| Stacey Shulman | 15,000 | | | | | | | | | | | | | | | | | | |
| Santosh Panapaliya | 15,000 | | | | | | | | | | | | | | | | | | |
| Syed Azfar Hussain | 15,000 | | | | | | | | | | | | | | | | | | |
| Chaitanya Rajebahadur | 15,000 | | | | | | | | | | | | | | | | | | |
| 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. | Dr. Ganesh Natarajan : 500000 All these options have been exercised. | Nil | | | | | | | | | | | | | | | | |
| 15 | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS 20) | ₹. 41.04 | ₹. 41.04 | | | | | | | | | | | | | | | | |
| 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 ₹ Nil for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is Re. Nil and Re. Nil 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 ₹ 1.85 Crores for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is ₹ 1.85 Crores and Re. 0.42 respectively. | | | | | | | | | | | | | | | | |

Annexure J to the Board's Report (Contd.)

| Sr. No | Description | | |
|--------|--|---|---|
| 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 ₹ 37.37 Weighted average fair value of the options is ₹ 35.85 | Weighted average exercise price of the options is ₹ 59.35 Weighted average fair value of the options is ₹ 125.45 |
| 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 : 7.80% - 8.70 % 2. Expected life : 96 months 3. Weighted average of expected volatility : 40.80% - 41.40% 4. Expected dividends : 1.60% - 2.30% 5. The weighted average price of the underlying share in market at the time of option grant: ₹ 574.25 | 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 : 7.80% - 8.70 % 2. Expected life : 96 months 3. Weighted average of expected volatility : 40.80% - 41.40% 4. Expected dividends : 1.60% - 2.30% 5. The weighted average price of the underlying share in market at the time of option grant: ₹ 574.25 |

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.

Annexure K to the Directors' Report

STATEMENT UNDER SECTION 197 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE FINANCIAL YEAR 2014-15

| Sr no | Name | Designation | Remuneration received in INR | Nature of employment whether contractual or otherwise | Qualifications | Experience (in yrs) | Date of commencement of employment | Age (in Yrs) | Last Employment held before joining | Percentage of equity shares held | Whether any such employee is relative of any Director and if so name of such Director |
|-------|---------------------------------------|--------------------------------|------------------------------|---|-----------------------------------|---------------------|------------------------------------|--------------|-------------------------------------|----------------------------------|---|
| 1 | Dr. Ganesh Natarajan | Vice Chairman & CEO | 5,53,77,717 | Contractual | BE(Mech.),P.G.(Ind Engg.),Phd. | 35 | 01-Mar-01 | 57 | Aptech Limited | NA | NO |
| 2 | Mr. Balasubramaniam S. | Executive Vice President - CFO | 61,54,381 | Contractual | CA & CWA | 33 | 01-Oct-05 | 57 | RPG Life Sciences Ltd | NA | NO |
| 3 | Ms. Prameela Nagamalati Kalive | Executive Vice President | 62,81,810 | Contractual | ME & MBA | 27 | 17-Nov-00 | 49 | Athena Consulting Private Ltd. | NA | NO |
| 4 | Mr. Harish Gala | Sr. Vice President | 76,76,603 | Contractual | Master of Management Studies, BHU | 28 | 04-Jun-12 | 51 | Deloitte India | NA | NO |
| 5 | Mr. Yogesh Patgaonkar* | Executive Vice President - HR | 39,14,419 | Contractual | MMS(HR) | 22 | 11-Jul-11 | 45 | Raychem - RPG | NA | NO |
| 6 | Mr. Shrikant Bhalchandra Aphale* | Group Manager Projects | 13,20,532 | Contractual | Bachelor Of Engineering (BE) | 29 | 05-May-98 | 58 | Mahindra Network services Ltd. | NA | NO |
| 7 | Mr. Shrinivas Rathnakar Rawale* | Principal Consultant | 18,95,666 | Contractual | ME | 19 | 24-Jun-96 | 42 | - | NA | NO |
| 8 | Mr. Rahul Vadayandalli Siddalingaiah* | Solution Architect | 9,56,973 | Contractual | Bachelor Of Engineering (BE) | 16 | 06-Sep-99 | 37 | - | NA | NO |
| 9 | Mr. Milind Digambar Arjun* | Delivery Manager | 15,86,401 | Contractual | BE & MBA | 19 | 04-Jan-99 | 40 | Mahindra & Mahindra Ltd. | NA | NO |
| 10 | Mr. Satish Rajaram Joshi* | Associate Vice President | 41,18,541 | Contractual | BSC | 27 | 13-Oct-03 | 49 | Mahindra Consulting Limited | NA | NO |
| 11 | Mr. Kumar Gaurav* | Vice President | 38,46,207 | Contractual | BE & MBA | 17 | 01-Mar-00 | 38 | SAIL | NA | NO |

*Employed for part of the year

- 1 Remuneration as shown above includes salary, allowances, bonus, company's contribution to the provident fund, gratuity and superannuation fund and other perquisite value calculated as per Income Tax Rules wherever applicable and excludes value of stock options exercised during the year
- 2 The above details are only of employees located in India
- 3 Percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub Rule 2 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

By Order of the Board

H. V. Goenka
Chairman



FINANCIAL STATEMENTS



Independent Auditor's Report

To the members of Zensar Technologies Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Zensar Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards

and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter

Independent Auditor's Report (Contd.)

referred to as the "Order"), 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 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and 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 it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015, on its financial position in its standalone financial statements – Refer Note 31;
- ii. The Company has long-term contracts including derivative contracts as at March 31, 2015 for which there were no material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Amit Borkar
Partner

Place: Mumbai
Date: April 28, 2015

Membership Number: 109846

Annexure to Independent Auditors' Report

[Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Zensar Technologies Limited on the standalone financial statements as of and for the year ended March 31, 2015]

- i. (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 have been noticed on such verification.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has granted unsecured loans, to two companies covered in the register maintained under Section 189 of the Act. The Company has not granted any secured/unsecured loans to firms or other parties covered in the register maintained under Section 189 of the Act.
(a) Except for an amount aggregating ₹ 1,219.85 Lakhs in respect of a liquidated subsidiary, which has been completely provided for, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
(b) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
- iv. 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, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

Annexure to Independent Auditors' Report (Contd.)

[Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Zensar Technologies Limited on the standalone financial statements as of and for the year ended March 31, 2015]

(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, 2015 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount ₹ in lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|--|--------------------|-----------------------|---------------------------------------|--|
| Andhra Pradesh Sales tax Act | Sales tax | 1.96 | Financial Year 1996-97 to 1997-98 | Andhra Pradesh High Court |
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax | 53.98* | Financial Year 2009-10 | Joint Commissioner of Sales tax (Appeals) |
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax | 172.63 | Financial Year 2011-12 | Deputy Commissioner of Sales tax |
| Central Sales-tax Act, 1956 | Sales Tax | 0.62 | Financial Year 2011-12 | Deputy Commissioner of Sales tax |
| Finance Act, 1994 | Service tax | 1.72 | Financial Year 2005-06 | Commissioner of Central Excise (Appeal) |
| Finance Act, 1994 | Service tax | 9.57 | Financial Year 2005-06 | Commissioner of Central Excise (Appeal) |
| Wealth Tax Act | Wealth tax | 19.19 | Financial Year 2003-04 | Income tax Appellate Tribunal |
| Income Tax Act | Income tax | 1.13 | Financial Year 2007-08 | Income tax Appellate Tribunal |
| Income Tax Act | Income tax | 148.75 | Financial Year 2011-12 | Assistant Commissioner of Income tax |
| Income Tax Act | Income tax | 294.74 ^ | Financial Year 2010-11 | Assistant Commissioner of Income tax |
| Income Tax Act | Income tax Act | 262.55 | Financial Year 2009-10 | Income tax Appellate Tribunal |
| Income Tax Act | Income tax | 3.77 | Financial Year 2008-09 | Income tax Appellate Tribunal |
| Income Tax Act | Income tax | 0.09 | Financial Year 2006-07 | Commissioner of Income tax Appeal |

* Net of amount paid under protest.

^ A rectification application has been filed by the company for rectification of the intimation.

- c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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.

Annexure to Independent Auditors' Report (Contd.)

[Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Zensar Technologies Limited on the standalone financial statements as of and for the year ended March 31, 2015]

- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xii. 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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place: Mumbai
Date: April 28, 2015

Amit Borkar
Partner
Membership Number: 109846

Balance Sheet As at March 31, 2015

(₹ in Lakhs)

| | Note | 2015 | 2014 |
|-------------------------------------|------|-----------------|-----------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share capital | 3 | 4432.68 | 4376.75 |
| Reserves and surplus | 4 | 72603.64 | 60049.56 |
| | | 77036.32 | 64426.31 |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 5 | 149.49 | 268.10 |
| Long-term provisions | 6 | 1214.27 | 855.61 |
| | | 1363.76 | 1123.71 |
| CURRENT LIABILITIES | | | |
| Trade Payables | 7 | 1984.90 | 2039.46 |
| Other current liabilities | 8 | 5406.40 | 4671.13 |
| Short-term provisions | 9 | 5766.92 | 3728.49 |
| | | 13158.22 | 10439.08 |
| Total | | 91558.30 | 75989.10 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Tangible assets | 10 | 7749.41 | 7296.29 |
| Intangible assets | 11 | 2514.25 | 999.61 |
| Capital work-in-progress | | 55.58 | 27.97 |
| Intangible assets under development | | 78.99 | 179.10 |
| | | 10398.23 | 8502.97 |
| Non-current investments | 12 | 715.61 | 965.80 |
| Deferred tax asset (Net) | 13 | 913.43 | 1759.58 |
| Long-term loans and advances | 14 | 4012.38 | 2436.29 |
| | | 16039.65 | 13664.64 |
| CURRENT ASSETS | | | |
| Current investments | 15 | 9312.42 | 14784.65 |
| Trade receivables | 16 | 45137.22 | 27454.68 |
| Cash and bank balances | 17 | 5159.47 | 5661.87 |
| Short-term loans and advances | 18 | 4907.05 | 3950.59 |
| Other current assets | 19 | 11002.49 | 10472.67 |
| | | 75518.65 | 62324.46 |
| Total | | 91558.30 | 75989.10 |

Summary of significant accounting policies

2

The notes are an integral part of these 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 of Directors of
Zensar Technologies Limited

Amit Borkar
Partner
Membership No. 109846

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place: Mumbai
Date: April 28, 2015

Place: Mumbai
Date: April 28, 2015

Statement of Profit and Loss for the year ended March 31, 2015

(₹ in Lakhs)

| | Note | 2015 | 2014 |
|--|-----------|------------------|-----------------|
| Revenue from operations | | | |
| Software development and allied services | | 101720.08 | 90017.08 |
| Sale of licenses for software applications | | 3525.22 | 830.74 |
| Other operating revenue | 20 | 2747.88 | 1188.34 |
| | | 107993.18 | 92036.16 |
| Other income | 21 | 2079.44 | 4165.45 |
| Total Revenue | | 110072.62 | 96201.61 |
| Expenses: | | | |
| Employee benefits expense | 22 | 57714.87 | 46890.86 |
| Other expenses | 23 | 23620.71 | 20412.97 |
| Depreciation and amortization expense | 10 and 11 | 3276.43 | 2953.03 |
| Finance costs | 24 | 115.16 | 148.30 |
| Total Expenses | | 84727.17 | 70405.16 |
| Profit before taxation | | 25345.45 | 25796.45 |
| Tax Expense [See Note 2(o)] | | | |
| - Current Tax | | 6359.13 | 7591.41 |
| - Deferred Tax | | 846.15 | (517.31) |
| Provision for taxation in respect of earlier years (net) | | (171.28) | - |
| Profit for the year | | 18311.45 | 18722.35 |
| Earnings Per Equity Share | | ₹ | ₹ |
| [Face Value: ₹ 10 (See Note 25)] | | | |
| - Basic | | 41.69 | 42.88 |
| - Diluted | | 41.04 | 42.07 |

Summary of significant accounting policies

2

The notes are an integral part of these 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 of Directors of
Zensar Technologies Limited

Amit Borkar
Partner
Membership No. 109846

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place: Mumbai
Date: April 28, 2015

Place: Mumbai
Date: April 28, 2015

Cash Flow Statement for the year ended March 31, 2015

(₹ in Lakhs)

| | Year ended | |
|---|-------------------|-------------------|
| | March 31, 2015 | March 31, 2014 |
| A. Cash Flow from Operating Activities : | | |
| Profit before taxation | 25345.45 | 25796.45 |
| Adjustments for | | |
| Depreciation and amortisation | 3276.43 | 2953.03 |
| Unrealised foreign exchange (gain)/ loss | (556.66) | (265.12) |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | (1176.77) | (91.80) |
| Dividend Income | (476.84) | (2048.62) |
| Guarantee Commission | (109.64) | (144.11) |
| (Profit) / Loss on sale of investments (net) | (347.66) | (3.01) |
| Interest Income | (180.38) | (222.55) |
| Interest Expense | 115.16 | 148.30 |
| (Profit) / Loss on sale of tangible assets (net) | 7.13 | (14.56) |
| Employee stock compensation expense | 17.04 | 27.15 |
| Provision for doubtful debts | (1092.35) | 927.19 |
| Provision for doubtful loans and advances | 18.96 | 138.46 |
| Provision for Diminution in the value of Investments | 250.00 | 185.82 |
| | (255.58) | 1590.18 |
| Operating Profit before Working Capital Changes | 25089.87 | 27386.63 |
| Changes in Working Capital: | | |
| (Increase)/Decrease in long term loans and advances | 20.70 | (580.99) |
| (Increase)/Decrease in trade receivables | (6834.37) | (5311.92) |
| (Increase)/Decrease in short-term loans and advances | (139.61) | 72.43 |
| (Increase)/Decrease in other current assets | (529.82) | 107.36 |
| Increase/(Decrease) in long term provisions | 268.35 | 54.56 |
| Increase/(Decrease) in trade payables | (155.52) | (286.18) |
| Increase/(Decrease) in other current liabilities | 283.11 | 534.63 |
| Increase/(Decrease) in short-term provisions | 1301.93 | 224.73 |
| | (5785.23) | (5185.38) |
| Cash generated from Operations | 19304.64 | 22201.25 |
| Taxes Paid (net of refunds) | (7306.07) | (6878.55) |
| | (7306.07) | (6878.55) |
| Net Cash generated from Operating activities (A) | 11998.57 | 15322.70 |
| B. Cash Flow from Investing Activities | | |
| Purchase of tangible/intangible assets including capital work in progress | (3378.40) | (2827.86) |
| Sale of tangible assets | - | 53.31 |
| Sale of non-current investment | 0.19 | 0.20 |
| Consideration paid for business acquisition | (12236.00) | - |
| Investment in Subsidiaries | - | (60.50) |
| Purchase of current investments | (52152.74) | (37399.66) |
| Sale of current investments | 57972.63 | 26791.68 |
| Interest Income | 180.38 | 222.55 |
| Dividend Income | 476.84 | 2048.62 |
| Net Cash from Investing Activities (B) | (9,137.10) | (11171.66) |

Cash Flow Statement for the year ended March 31, 2015

(₹ in Lakhs)

| | Year ended | |
|---|------------------|------------------|
| | March 31, 2015 | March 31, 2014 |
| C. Cash Flow from Financing Activities | | |
| Proceeds from share allotment under Employee Stock Option Schemes | 55.93 | 18.65 |
| Securities Premium | 561.63 | 171.20 |
| Interest paid | (115.16) | (148.30) |
| Increase/(Decrease) in finance Lease liability | (150.87) | 2.19 |
| Guarantee Commission | 109.64 | 144.11 |
| Dividends paid on Equity Shares and Tax thereon | (5441.25) | (4130.78) |
| Net Cash used in Financing Activities (C) | (4980.08) | (3942.93) |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | 1176.77 | 91.80 |
| D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | (941.84) | 299.91 |
| Cash and Cash Equivalents taken over in business acquisition | 413.69 | - |
| | (528.15) | 299.91 |
| Cash & Cash Equivalents at the beginning of the year | 5562.87 | 5262.96 |
| Cash & Cash Equivalents at the end of the year | 5034.72 | 5562.87 |

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:

| | (₹ in lakhs) | (₹ in lakhs) | (₹ in lakhs) |
|---------------------|----------------|----------------|----------------|
| | 2014-15 | 2013-14 | 2012-13 |
| Cash on Hand | 3.84 | 3.13 | 3.17 |
| Balances with Banks | 5030.88 | 5559.74 | 5259.79 |
| Total | 5034.72 | 5562.87 | 5262.96 |

The notes are an integral part of these financial statements.

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

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

For and on behalf of the Board of Directors of
Zensar Technologies Limited

Amit Borkar
Partner
Membership No. 109846

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place: Mumbai
Date: April 28, 2015

Place: Mumbai
Date: April 28, 2015

Notes to the Financial Statements as at and for the year ended March 31, 2015

1. General Information

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 Technologies (Shanghai) Company Limited, PSI Holding Group Inc., Zensar Technologies IM Inc. (formerly known as Akibia, Inc.), Zensar Technologies IM B.V. (formerly known as Akibia B.V.), Aquila Technology Corp., Zensar (Africa) Holdings Pty Limited and Zensar (South Africa) Pty Limited and Professional Access Limited (effective from August 14, 2014) 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. The Company is public limited company and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

2. Summary of significant accounting policies

a. Basis of preparation

These Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis, except for certain forward contracts which are being carried at fair value. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. 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 in conformity

with Indian GAAP, 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 maintenance, 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. Other Income

- (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. Leases

As a lessee:

Finance Lease

Assets acquired under finance lease agreements are capitalised at the inception of lease, at lower of the fair

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

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 Finance 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 Finance cost is charged to the Statement of Profit and Loss over the lease period.

Operating Lease

As a lessee:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as 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.

f. Tangible Assets

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

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Tangible assets under construction are disclosed as capital work-in-progress.

g. Intangible Assets

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.

Goodwill arising on acquisition of business is presented as an intangible asset. Goodwill comprises the excess of purchase consideration over the carrying value of the net assets of the acquired business.

h. Depreciation and Amortisation

Depreciation on fixed assets is computed on a straight-line method as per the useful lives prescribed under Schedule II of the Companies Act, 2013 except in respect of the following assets (based on technical evaluation):

| Class of Asset | Useful life as prescribed in Schedule II | Useful life as followed by the Company |
|---------------------------------|--|--|
| Server and Networking Equipment | 6 years | 4 years |

The Company has during the year revised the estimated useful life of Computers from 4 years to 3 years as specified in Schedule II to the Companies Act, 2013. Accordingly, the written down value of the assets, where the remaining useful life as on April 1, 2014 is NIL, has been recognised in the opening balance of retained earnings, based on the transitional provision referred to in Schedule II to the Companies Act, 2013.

The impact on account of this change on the profit for the year, is not material.

ii. Intangible Assets

Intangible assets are amortised on straight line basis over their estimated useful lives:

| Class of Asset | Useful Life |
|------------------------------|-------------|
| Intangible Assets – Software | 1-3 years |
| Goodwill | 5 years |
| Technical Know-how | 3 years |

i. Impairment

The assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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, such reduction being determined and made for each investment individually.

k. Employee Retirement Benefits

i. Provident Fund:

Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

The contributions made to the trust are recognised as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

ii. Gratuity:

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Scheme. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially

determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

iii. Superannuation:

The Company has Defined Contribution Plans for Post-employment benefits for eligible employees in the form of Superannuation Fund administered by the Life Insurance Corporation of India.

The Company has Defined Contribution Plans for Post-employment benefits for all employees in the form of 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.

iv. Compensated Absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

l. Foreign Currency Transactions

- i) On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

reporting currency and the foreign currency at the date of the transaction.

- ii) As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- iii) Monetary 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.
- iv) Foreign operations are classified as either 'integral' or 'non-integral' operations. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses. The Financial statements of an integral foreign operation are translated using the principles and procedures as if the translations of the foreign operation are those of the Company itself.

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.

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. Employee Stock Option Schemes

Stock options granted to employees under Employee Stock Option 2002 Scheme and Employee Stock Option 2006 Scheme 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 and the guidance note on employee share based payment issued by ICAI. Accordingly, the intrinsic value of the option being 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".

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

The options that lapse are reversed by credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the un-amortised portion.

o. 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.

p. 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 present 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.

q. Earnings per share

The basic earnings per share is computed by dividing the net profit for the period attributable to equity shareholders 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.

r. Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|---|----------------|----------------|
| 3. Share Capital | | |
| Authorised | | |
| 4,75,00,000 (Previous year: 4,75,00,000) Equity Shares of ₹ 10 each | 4750.00 | 4750.00 |
| 250,000 (Previous year: 250,000) Preference Shares of ₹ 100 each | 250.00 | 250.00 |
| | 5000.00 | 5000.00 |
| Issued, Subscribed and fully paid up | | |
| 4,43,26,774 (Previous Year: 4,37,67,494) Equity Shares of ₹ 10 each fully paid-up | 4432.68 | 4376.75 |
| | 4432.68 | 4376.75 |

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

| | 2015 | | 2014 | |
|--|-----------------|----------------|-----------------|----------------|
| | Nos | (₹ in lakhs) | Nos | (₹ in lakhs) |
| At the beginning of the year | 43767494 | 4376.75 | 43580988 | 4358.10 |
| Add: Shares issued on exercise of Employee Stock Options | 559280 | 55.93 | 186506 | 18.65 |
| Outstanding at the end of the year | 44326774 | 4432.68 | 43767494 | 4376.75 |

(ii) Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 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 19, 2015 declared an interim dividend of ₹ 4.50 per equity share. The board of directors in their meeting on April 28 2015, proposed the final dividend of ₹ 6.50 per equity share. The total dividend appropriation for the year ended March 31, 2015 amounted to ₹ 5800.48 lakhs including corporate dividend tax of ₹ 940.73 lakhs.

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

| | As at March 31, 2015 | | As at March 31, 2014 | |
|--|----------------------|----------|----------------------|----------|
| | % Held | Nos | % Held | Nos |
| Electra Partners Mauritius Limited | 23.24% | 10301294 | 23.54% | 10301294 |
| Summit Securities Limited | 10.75% | 4763576 | 10.88% | 4763576 |
| Fidelity Management and Research Company | 7.90% | 3500000 | 8.00% | 3500000 |
| Swallow Associates LLP | 27.26% | 12082997 | 27.61% | 12082997 |
| Instant Holdings Limited | 7.24% | 3206819 | 7.33% | 3206819 |

(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 preceding 31st March, 2015.

| | 2011 | 2010 |
|---|--------------|--------------|
| Particulars | No of shares | 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 | - | 24,24,000 |

(v) For details of shares reserved for Issue under the Employee Stock Option Plan (ESOP) of the Company, please refer Note 26

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|---|----------|----------|
| 4. Reserves and Surplus | | |
| Capital Reserve | | |
| Balance at the beginning and end of the year | 10.18 | 10.18 |
| Capital Redemption Reserve | | |
| Balance at the beginning and end of the year | 442.40 | 442.40 |
| Securities Premium Account | | |
| Balance as at the beginning of the year | 535.07 | 360.04 |
| Add: Received during the year on exercise of stock options issued to employees | 616.67 | 175.03 |
| | 1151.74 | 535.07 |
| General Reserve | | |
| Balance as at the beginning of the year | 50598.05 | 40598.05 |
| Add : Transferred from Statement of Profit and Loss | 10000.00 | 10000.00 |
| | 60598.05 | 50598.05 |
| Hedging Reserve | | |
| Balance as at the beginning of the year | 316.29 | 551.11 |
| Add : Movement during the year | 51.53 | (234.82) |
| | 367.82 | 316.29 |
| Employee Stock Options | | |
| Employee Stock Options Outstanding | 106.17 | 162.11 |
| Less : Deferred Employee Compensation | 75.69 | 93.63 |
| | 30.48 | 68.48 |
| Foreign Currency Translation Reserve | | |
| Balance as at the beginning of the year | (426.75) | (161.63) |
| Foreign Currency Translation Reserve for the year | (556.66) | (265.12) |
| | (983.41) | (426.75) |
| Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | 8505.84 | 4687.37 |
| Add: Profit for the year | 18311.45 | 18722.35 |
| Less: Transitional effect of change in the useful life of assets, as per the provisions of schedule II of the Companies Act 2013. Refer Note 2(h) | 30.43 | - |
| | 26786.86 | 23409.72 |
| Less: Appropriations | | |
| Interim Dividend | 1978.51 | 1748.72 |
| Proposed Dividend | 2881.24 | 2626.05 |
| Dividend distribution tax on Interim and Proposed dividend on Equity Shares | 940.73 | 529.11 |
| Transfer to General Reserve | 10000.00 | 10000.00 |
| | 15800.48 | 14903.88 |
| Balance as at the end of the year | 10986.38 | 8505.84 |
| | 72603.64 | 60049.56 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|--|----------------|----------------|
| 5. Long-term Borrowings | | |
| Finance Lease Obligation (Secured) [See Note 39 (B)] | 149.49 | 268.10 |
| | 149.49 | 268.10 |
| 6. Long-term provisions | | |
| Provision for Compensated Absences | 1123.52 | 768.02 |
| Provision for Disputed statutory matters (See Note 28) | 27.25 | 32.25 |
| Other Obligations (See Note 28) | 63.50 | 55.34 |
| | 1214.27 | 855.61 |
| 7. Trade Payables | | |
| Dues to micro and small enterprises (See Note 37) | - | - |
| Dues to other than micro and small enterprises | 1984.90 | 2039.46 |
| | 1984.90 | 2039.46 |
| 8. Other Current liabilities | | |
| Current maturities of finance lease obligation (See Note 39 (B)) | 191.09 | 223.35 |
| Deferred Revenue | 407.74 | 296.40 |
| Unpaid Dividends | 124.76 | 99.17 |
| Employee benefits payable | 2837.54 | 2480.04 |
| Withholding and other taxes | 384.65 | 680.16 |
| Other Payables | 1460.62 | 892.01 |
| | 5406.40 | 4671.13 |
| 9. Short-term provisions | | |
| Taxation less payments there against (net of advance tax of ₹ 1774.68 lakhs) | 128.25 | - |
| Proposed Dividend on Equity Shares | 2881.24 | 2626.05 |
| Tax on proposed dividend | 576.08 | 446.30 |
| Provision for Gratuity | 1394.45 | - |
| Provision for Compensated Absences | 786.90 | 656.14 |
| | 5766.92 | 3728.49 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

10. Tangible Assets [See Notes 2(f), 2(g), 2(h) and 2(i)]

| Assets | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | | (₹ in lakhs) | |
|---|----------------------------|---|---------------------------|---------------------------|----------------------------|--|--|------------------------------|--|--|-----------------------|--------------|---------------------|
| | Cost as at 31st March 2014 | Additions on Acquisition Refer Note No 43 | Additions during the year | Deletions during the year | Cost as at 31st March 2015 | Accumulated Depreciation as at 31st March 2014 | Adjusted in surplus in Statement of Profit and Loss* | Depreciation during the year | Depreciation written back on deletions | Accumulated Depreciation as at 31st March 2015 | As at 31st March 2015 | | As at 31st Mar 2014 |
| Tangible assets: | | | | | | | | | | | | | |
| Land- | | | | | | | | | | | | | |
| - Leasehold | 264.25 | - | - | - | 264.25 | 33.56 | - | 2.79 | - | 36.35 | 227.90 | 230.69 | |
| - Freehold | 0.49 | - | - | - | 0.49 | - | - | - | - | - | 0.49 | 0.49 | |
| Buildings | 5348.89 | - | 20.21 | - | 5369.10 | 1279.07 | - | 178.24 | - | 1457.31 | 3911.79 | 4069.82 | |
| Improvement to Leasehold Premises | 622.19 | 68.46 | 268.91 | - | 959.56 | 410.55 | - | 136.87 | - | 547.42 | 412.14 | 211.64 | |
| Plant and Equipment | 4097.91 | - | 273.29 | 2.53 | 4368.67 | 3768.31 | - | 192.18 | 2.51 | 3957.98 | 410.69 | 329.60 | |
| Furniture and Fixtures | 2609.74 | 11.87 | 287.97 | 26.16 | 2883.42 | 1873.73 | - | 203.16 | 26.16 | 2050.73 | 832.69 | 736.01 | |
| Office Equipment | 1039.18 | 121.77 | 287.09 | 5.40 | 1442.64 | 876.28 | - | 108.57 | 5.39 | 979.46 | 463.18 | 162.90 | |
| Motor Vehicles | 305.30 | 25.95 | 42.35 | 30.24 | 343.36 | 181.16 | - | 40.46 | 30.10 | 191.52 | 151.84 | 124.14 | |
| Data Processing Equipment-Own use | 5260.59 | 76.46 | 672.94 | 1.36 | 6008.63 | 4340.46 | 30.43 | 530.62 | 1.36 | 4900.15 | 1108.48 | 920.13 | |
| Data Processing Equipments taken on Finance Lease | 897.56 | - | 91.75 | - | 989.31 | 386.69 | - | 372.41 | - | 759.10 | 230.21 | 510.87 | |
| T O T A L | 20446.10 | 304.51 | 1944.51 | 65.69 | 22629.43 | 13149.81 | 30.43 | 1765.30 | 65.52 | 14880.02 | 7749.41 | 7296.29 | |
| Previous year | 20477.86 | - | 1052.79 | 1084.55 | 20446.10 | 12569.90 | - | 1625.70 | 1045.79 | 13149.81 | 7296.29 | - | |

* ₹ 30.43 lakhs recognised in the opening balance of retained earnings, based on transitional provision referred to in Schedule II to the Companies Act, 2013.

11. Intangible Assets [See Notes 2(h) and 2(i)]

| Assets | GROSS BLOCK | | | | | AMORTISATION | | | | | NET BLOCK | | (₹ in lakhs) |
|---------------------|----------------------------|---|---------------------------|---------------------------|----------------------------|--|--|------------------------------|--|--|-----------------------|---------------------|--------------|
| | Cost as at 31st March 2014 | Additions on Acquisition Refer Note No 43 | Additions during the year | Deletions during the year | Cost as at 31st March 2015 | Accumulated Amortisation as at 31st March 2014 | Adjusted in surplus in statement of Profit and Loss* | Amortisation during the year | Amortisation written back on deletions | Accumulated Amortisation as at 31st March 2015 | As at 31st March 2015 | As at 31st Mar 2014 | |
| Intangible assets : | | | | | | | | | | | | | |
| Software | 4893.48 | 97.23 | 1072.91 | 357.68 | 5705.94 | 3893.87 | - | 1352.54 | 353.87 | 4892.54 | 813.40 | 999.61 | |
| Technical Know-how | - | - | 583.15 | - | 583.15 | - | - | - | - | - | 583.15 | - | - |
| Goodwill | - | - | 1276.29 | - | 1276.29 | - | - | 158.59 | - | 158.59 | 1117.70 | - | - |
| T O T A L | 4893.48 | 97.23 | 2932.35 | 357.68 | 7565.38 | 3893.87 | - | 1511.13 | 353.87 | 5051.13 | 2514.25 | 999.61 | |
| Previous year | 3677.90 | - | 1683.02 | 467.44 | 4893.48 | 3033.98 | - | 1327.33 | 467.44 | 3893.87 | 999.61 | - | |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|--|---------|---------|
| 12. 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 |
| 20 (Previous year: 20) Equity Shares of JPY 50,000 (Previous year: JPY 50,000) each fully paid-up in Zensar Advanced Technologies Limited [Refer Note No 42] | 185.82 | 185.82 |
| Shares of an aggregate cost of US\$ 1,000,000 (Previous year: US\$ 1,000,000) in Zensar Technologies (Shanghai) Company Limited | 498.08 | 498.08 |
| 100 (Previous year: 100) Shares of an aggregate cost of ZAR 1,000,000 (Previous year: ZAR 1,000,000) of the common stock of Zensar (Africa) Holdings Pty Limited, no par value | 60.50 | 60.50 |
| | 1151.23 | 1151.23 |
| Less : Provision for diminution in the value of investments | 435.82 | 185.82 |
| | 715.41 | 965.41 |
| (B) Non-Trade | | |
| Quoted | | |
| 100 (Previous year: 100) Equity Shares of ₹ 10 each fully paid-up in CFL Capital Financial Services Limited | 0.02 | 0.02 |
| 100 (Previous year: 100) Equity Shares of ₹ 10 each fully paid-up in CESC Limited | 0.05 | 0.05 |
| 100 (Previous year: 100) Equity Shares of ₹ 10 each fully paid-up in Harrisons Malayalam Limited | 0.04 | 0.04 |
| NIL (Previous year: 760) Equity Shares of ₹ 2 each fully paid-up in KEC International Limited | - | 0.19 |
| 100 (Previous year: 100) Equity Shares of ₹ 10 each fully paid-up in Saregama India Limited | 0.01 | 0.01 |
| 100 (Previous year : 100) Equity Shares of ₹ 10 each fully paid up in Stel Holdings Limited | - | - |
| | 0.12 | 0.31 |
| Unquoted | | |
| 100 (Previous year: 100) Equity Shares of ₹ 9 (Previous year: ₹ 10) each fully paid-up in Spencer & Company Limited consequent to the reduction in the paid up capital | 0.08 | 0.08 |
| | 715.61 | 965.80 |
| Aggregate amount of Quoted Investments | 0.12 | 0.31 |
| [Market Value ₹ 0.79 lakhs (Previous year: ₹ 1.14 lakhs)] | | |
| Aggregate amount of Unquoted Investments | 715.49 | 965.49 |
| | 715.61 | 965.80 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|--|-----------------|----------------|
| 13. Deferred Tax Asset | | |
| The major components of the deferred tax asset are | | |
| Depreciation | 172.99 | 194.63 |
| Provision for doubtful debts | 510.30 | 881.59 |
| Others | 700.23 | 683.36 |
| | 1383.52 | 1759.58 |
| Deferred Tax Liability | | |
| Exchange difference | 470.09 | - |
| | 470.09 | - |
| Net Deferred Tax Asset | 913.43 | 1759.58 |
| 14. Long-term Loans and Advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Capital Advances | 8.72 | 158.38 |
| Security and other deposits | 1,424.91 | 788.28 |
| Loans and advances to Related Parties (Subsidiaries) | | |
| - Considered good | - | 30.88 |
| - Considered doubtful | 1310.30 | 1240.08 |
| Maximum amount outstanding during the year: ₹ 1340.43 lakhs (Previous year: ₹ 1491.85 lakhs) | | |
| (Also refer Note No 27) | | |
| Other Loans and Advances | | |
| - Prepaid Expenses | 285.90 | 475.29 |
| - Balances with Government Authorities | 263.89 | 200.96 |
| - Taxes recoverable [taxes paid less provisions ₹ 19117.22 lakhs (Previous year: ₹ 16,698.45 lakhs) thereagainst] | | |
| | 2,028.96 | 782.50 |
| | 5322.68 | 3676.37 |
| Less : Provision for doubtful Loans and Advances | 1310.30 | 1240.08 |
| | 4012.38 | 2436.29 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|---|--------|--------|
| 15. Current Investments (valued at lower of cost or fair value) | | |
| Investments in Mutual Funds | | |
| Unquoted | | |
| NIL (Previous year: 28,952) units of Kotak Floater Short Term-Daily Div-Reinvestment | - | 292.88 |
| NIL (Previous year: 61,201) units of Axis Liquid Fund--Direct Plan-Daily dividend Reinvestment | - | 612.08 |
| NIL (Previous year: 27,978) units of Axis Treasury Advantage Fund-Direct -growth | - | 400.00 |
| NIL (Previous year: 484,995) units of Birla Sun Life Floating Rate Fund Short Term Plan- Daily Div Direct Plan-Reinvestment | - | 485.11 |
| NIL (Previous year: 44,614) units of IDBI Liquid Fund- direct plan-daily div-reinvestment | - | 446.60 |
| NIL (Previous year: 7,360) units of IDBI Ultra Short term Fund- direct plan-Growth | - | 100.00 |
| NIL (Previous year: 6,301,780) units of JM High Liquidity Fund (direct) daily dividend option Reinvest | - | 657.29 |
| NIL (Previous Year: 41,924) units of Religare Invesco Liquid Fund- Direct plan daily Dividend Reinvest | - | 419.57 |
| NIL (Previous Year: 724,869) units of Birla Sunlife Cash plus--Daily Dividend-Direct Plan- Reinvest | - | 726.28 |
| NIL (Previous Year: 1,192,784) units of BSL Interval Income Fund-quarterly plan-series I-growth direct plan | - | 200.00 |
| 259,022 (Previous Year: 259,022) units of Birla Sun Life Savings Fund - Growth Direct Plan | 635.68 | 635.68 |
| NIL (Previous Year: 27,240) units of LIC Nomura MF Liquid Fund -Direct - Dividend Plan-reinvest | - | 299.10 |
| 228,340 (Previous Year: 177,008) units of ICICI Prudential Flexible Income - Direct Plan Growth | 581.00 | 425.00 |
| NIL (Previous Year: 192,753) units of ICICI Prudential Flexible Income - Direct Plan daily div reinvest | - | 203.81 |
| NIL (Previous Year: 296,726) units of ICICI Prudential Money Market Fund- Direct Plan daily div- reinvest | - | 297.15 |
| 454,497 (Previous Year: 1,521,673) units of IDFC Money Manager Fund- Treasury Plan- Growth Direct Plan | 100.00 | 309.00 |
| 513,576 (Previous Year: 1,315,922) units of IDFC Ultra Short Term Fund -Growth- Direct Plan | 100.00 | 235.00 |
| NIL (Previous Year: 2,961,534) units of Kotak Floater Long Term-Direct Plan-Growth | - | 604.00 |
| NIL (Previous Year: 704,344) units of Kotak Banking & PSU Debt Fund-Direct -Growth | - | 200.00 |
| NIL (Previous Year: 1,815,162) units of ICICI Prudential Interval Fund II Quarterly Interval Plan B- Direct Plan-Growth | - | 200.00 |
| NIL (Previous Year: 1,460,163) units of ICICI Prudential Interval Fund Quarterly Interval Plan I- Direct Plan -growth | - | 200.00 |
| NIL (Previous Year: 52,160) units of Reliance Liquidity Fund -Direct Daily Dividend-Reinvestment option-reinvestment | - | 521.87 |
| 9,379 (Previous Year: 24,664) units of Reliance Money Manager Fund-Direct-Growth Plan growth option | 180.00 | 435.00 |
| NIL (Previous Year: 44,960) units of Reliance Liquid Fund -Treasury Plan-Direct -Daily Dividend option-Reinvestment | - | 687.32 |
| NIL (Previous Year: 1,997,243) units of Reliance Quarterly Interval Fund-Series II-Direct-Dividend plan-Payout | - | 200.00 |
| NIL (Previous Year: 1,904,925) units of Reliance Quarterly Interval Fund -Series III-Direct Growth Plan- Growth option | - | 200.00 |
| NIL (Previous Year: 33,713) units of Kotak Liquid Scheme Plan A-Direct Plan-Daily Dividend Reinvestment | - | 412.25 |
| NIL (Previous Year: 30,199) units of SBI Magnum Insta Cash Fund Direct Plan-Daily Dividend-Reinvestment | - | 505.85 |
| 4,214 (Previous Year: 9,127) units of SBI Magnum Insta Cash Fund Liquid Floater-Direct Plan - Growth | 100.00 | 200.00 |
| NIL (Previous Year: 650,301) units of ICICI Prudential Liquid -Direct Plan-Daily Dividend Reinvestment | - | 650.65 |
| NIL (Previous Year: 49,236) units of L&T Liquid fund-Direct Plan-Daily Dividend-Reinvestment Plan | - | 498.24 |
| NIL (Previous Year: 3,160,796) units of L&T Ultra Short term fund-Direct Plan-Growth | - | 658.00 |
| NIL (Previous Year: 40,058) units of Tata Liquid fund-Direct Plan-Daily Dividend Reinvestment | - | 446.46 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|--|----------|----------|
| NIL (Previous Year: 60,704) units of UTI Liquid Cash Plan-Institutional -Direct Plan- Daily dividend Reinvestment | - | 618.85 |
| NIL (Previous Year: 23,596) units of UTI Treasury Advantage fund-Institutional Plan- Direct Plan-Daily Dividend Reinvestment | - | 236.52 |
| NIL (Previous Year: 56,318) units of UTI Money Market Institutional Plan -Direct Plan- Daily Dividend Reinvestment | - | 565.09 |
| 19,610 (Previous year: NIL) units of Axis Banking Debt Fund- Direct -Growth | 250.00 | - |
| 722,678 (Previous year: NIL) units of HDFC High Interest Fund-Direct Plan- Short term Plan Growth | 200.00 | - |
| 2,113,582 (Previous year: NIL) units of ICICI Prudential Ultra Short term -Direct- Growth Plan | 300.00 | - |
| 30,075 (Previous year: NIL) units of Axis Liquid Fund- Direct Plan-Growth Plan | 465.00 | - |
| 189,978 (Previous year: NIL) units of Birla Sun Life Cash Plus Fund - Direct Plan- Growth Plan | 425.00 | - |
| 115,580 (Previous Year: NIL) units of Birla Sun Life Treasury Optimizer Plan -Direct Plan- Growth Plan | 200.00 | - |
| 1,952,388 (Previous Year: NIL) units of Franklin India Low Duration Fund Direct -Growth Plan | 300.00 | - |
| 151,415 (Previous Year: NIL) units of Birla Sun Life Cash Manager-Direct Plan-Growth Plan | 502.00 | - |
| 18,268 (Previous Year: NIL) units of LIC Nomura MF Liquid Fund -Direct Plan-Growth Plan | 458.00 | - |
| 33,986 (Previous Year: NIL) units of ICICI Prudential Money Market Fund- Direct Plan-Growth Plan | 65.00 | - |
| 15,352 (Previous Year: NIL) units of Kotak Floater Short Term-Direct Plan-Growth Plan | 352.00 | - |
| 6,188,018 (Previous Year: NIL) units of Kotak Floater Long Term-Direct Plan-Daily Dividend-Reinvestment | 623.74 | - |
| 451,045 (Previous Year: NIL) units of Kotak Treasury Advantage Fund-Direct Plan-Growth Plan | 100.00 | - |
| 20,955 (Previous Year: NIL) units of Reliance Liquid Fund -Treasury Plan- Direct Plan-Growth Plan | 705.00 | - |
| 1,211,980 (Previous year: NIL) units of Sundaram Money Fund Direct Plan-Growth Plan | 353.00 | - |
| 345,392 (Previous Year: NIL) units of Reliance Medium Term Fund Direct Plan- Growth Plan | 100.00 | - |
| 908,917 (Previous Year: NIL) units of UTI Banking & PSU Debt Fund-Direct Plan-Growth Plan | 100.00 | - |
| 12,992 (Previous Year: NIL) units of SBI Treasury Advantage Fund Direct Plan-Growth Plan | 200.00 | - |
| 39,271 (Previous Year: NIL) units of L&T Liquid fund-Direct Plan-Growth Plan | 743.00 | - |
| 8,903 (Previous Year: NIL) units of L&T Cash Fund-Direct Plan-Growth Plan | 100.00 | - |
| 743,959 (Previous Year: NIL) units of L&T Short Term Opportunities fund- Direct Plan- Growth Plan | 100.00 | - |
| 16,844 (Previous Year: NIL) units of Tata Floater fund-Direct Plan-Growth Plan | 343.00 | - |
| 28,897 (Previous Year: NIL) units of UTI Treasury Advantage fund-Institutional Plan- Direct Plan-Growth Plan | 531.00 | - |
| 593,718 (Previous Year: NIL) units of UTI Short Term Income fund-Institutional Plan- Direct Plan-Growth Plan | 100.00 | - |
| | 9312.42 | 14784.65 |
| 16. Trade Receivables | | |
| (Unsecured) | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment: | | |
| Considered good | - | - |
| Considered doubtful | 1501.32 | 2438.18 |
| | 1501.32 | 2438.18 |
| Less : Provision for doubtful debts | 1501.32 | 2438.18 |
| (A) | - | - |
| Other Debts | | |
| Considered good | 45137.22 | 27454.68 |
| Considered doubtful | - | 155.49 |
| | 45137.22 | 27610.17 |
| Less : Provision for doubtful debts | - | 155.49 |
| (B) | 45137.22 | 27454.68 |
| Total (A+B) | 45137.22 | 27454.68 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|--|----------|----------|
| 17. Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Cash on hand | 3.84 | 3.13 |
| Balances with Banks : | | |
| In current accounts | 4746.69 | 5060.81 |
| Deposit with original maturity of less than three months | 284.19 | 498.93 |
| | 5034.72 | 5562.87 |
| Other Bank Balances : | | |
| Unpaid dividend accounts | 124.75 | 99.00 |
| | 5159.47 | 5661.87 |
| 18. Short-term Loans and Advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Security and other deposits | 217.04 | 315.84 |
| Loans and advances to Related Parties (subsidiary) | | |
| - Considered good | - | 52.23 |
| - Considered doubtful | - | - |
| Maximum amount outstanding during the year: ₹ 1340.43 lakhs (Previous year: ₹ 1491.85 lakhs)] | | |
| (Also refer Note 27) | | |
| Other receivables from Related Parties (subsidiaries) | | |
| - Considered good | 1198.06 | 1056.75 |
| - Considered doubtful | 134.04 | 185.30 |
| Other Loans and Advances | | |
| - Prepaid Expenses | 973.26 | 1206.55 |
| - Balances with Government Authorities | 1045.42 | 300.00 |
| - MTM gain on forward contracts | 367.82 | 316.29 |
| Others | | |
| - Considered good | 1105.45 | 702.93 |
| - Considered doubtful | 2.26 | 2.26 |
| | 5043.35 | 4138.15 |
| Less : Provision for doubtful Loans and Advances | 136.30 | 187.56 |
| | 4907.05 | 3950.59 |
| 19. Other Current Assets | | |
| Accrued Income (Unbilled Services) | 10994.07 | 10464.47 |
| [Includes dues from subsidiary companies ₹ 8083 lakhs (Previous year: ₹ 7210.98 lakhs)] | | |
| Interest accrued on deposits | 8.42 | 8.20 |
| | 11002.49 | 10472.67 |
| 20. Other Operating Revenue | | |
| - Finders' fees | 862.68 | 827.10 |
| - Provisions no longer required and credit balances written back (net) | 1563.23 | 260.70 |
| - Miscellaneous Income | 321.97 | 100.54 |
| | 2747.88 | 1188.34 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|---|-----------------|-----------------|
| 21. Other Income | | |
| Guarantee Commission | 109.64 | 144.11 |
| Dividend Income : | | |
| - From Subsidiaries | 181.66 | 1408.03 |
| - On Current Investments | 295.18 | 640.59 |
| | 476.84 | 2048.62 |
| - Profit on sale of current investments - Non Trade (net) | 347.66 | 3.01 |
| - Profit on sale of fixed assets (net) | - | 14.56 |
| Interest Income : | | |
| -On Deposits with banks | 127.88 | 178.83 |
| -On Loans to subsidiaries | 4.02 | 30.72 |
| -On Income Tax refund | 39.36 | - |
| -On Others | 9.12 | 13.00 |
| | 180.38 | 222.55 |
| Exchange gain (net) [See Note 2(l) and (m)] | 964.92 | 1732.60 |
| | 2079.44 | 4165.45 |
| 22. Employee benefits expense | | |
| Salaries, Wages and Bonus | 52933.45 | 43863.19 |
| Contribution to Provident and other funds | 3352.04 | 1921.96 |
| Staff Welfare | 1412.34 | 1078.56 |
| Employee Stock Compensation Expense | 17.04 | 27.15 |
| | 57714.87 | 46890.86 |
| 23 Other Expenses | | |
| Traveling and conveyance | 4227.00 | 4290.41 |
| Cost of manpower hired | 2672.81 | 1693.78 |
| Recruitment Expenses | 294.63 | 177.81 |
| Training Expenses | 187.17 | 135.23 |
| Electricity and Power | 1008.54 | 940.60 |
| Rent | 3202.59 | 3461.63 |
| Repairs and Maintenance to : | | |
| -Plant and Machinery | 251.22 | 241.22 |
| -Building | 1412.34 | 1114.94 |
| -Others | 96.08 | 119.74 |
| | 1759.64 | 1475.90 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | 2015 | 2014 |
|---|-----------------|-----------------|
| Insurance | 1153.38 | 1153.86 |
| Rates and Taxes | 193.05 | 152.28 |
| Consumable Media | 575.08 | 394.25 |
| Legal and Professional Charges | 1704.87 | 1446.46 |
| Postage, Telephone and E-Mail | 941.55 | 790.48 |
| Stationery and Printing | 76.74 | 64.16 |
| Carriage, Freight and Octroi | 2.65 | 21.61 |
| Vehicle Running expenses | 160.30 | 137.19 |
| Advertisement and Publicity | 712.99 | 781.14 |
| Loss on sale of fixed assets | 7.13 | - |
| Purchases of Licenses for Software Applications | 2642.64 | 692.73 |
| Bad Debts written off | 464.88 | 372.66 |
| Directors' Fees | 43.10 | 7.80 |
| Directors' Commission | 256.71 | 280.00 |
| Claims/Deposits written off | 155.68 | 0.03 |
| Provision for Doubtful Debts | - | 1189.37 |
| Provision for Doubtful Loans and Advances | 208.55 | 138.46 |
| Provision for Diminution in the value of Investments | 250.00 | 185.82 |
| Expenditure towards Corporate Social Responsibility (CSR) | 156.94 | 30.00 |
| Miscellaneous Expenses (See Note 32) | 562.09 | 399.31 |
| [Includes Donations made to an electoral trust ₹134.00 lakhs (Previous year : ₹ NIL)] | | |
| | 23620.71 | 20412.97 |
| 24. Finance costs | | |
| Interest Expense | 65.16 | 77.76 |
| Bank Charges | 50.00 | 70.54 |
| | 115.16 | 148.30 |
| 25. Earnings Per Share (EPS) | | |
| (a) Profits attributable to equity shareholders (Rs. in lakhs) | 18311.45 | 18,722.35 |
| (b) Basic Earnings Per Share | | |
| Weighted Average No. of equity shares outstanding during the year | 43918334 | 43661715 |
| Basic EPS (₹) | 41.69 | 42.88 |
| (c) Diluted Earnings Per Share | | |
| Weighted Average No. of equity shares outstanding during the year | 43918334 | 43661715 |
| Effect of dilutive issue of stock options | 703648 | 838275 |
| Weighted Average No. of equity shares outstanding for Diluted EPS | 44621982 | 44499990 |
| Diluted EPS (₹) | 41.04 | 42.07 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

26. Employee Stock Option Schemes

- (i) 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:

(₹ in Lakhs)

| | 2014-15 | | 2013-14 | |
|-----------------------------|-------------------|---|-------------------|---|
| | Number of options | Weighted average exercise price in Rupees | Number of options | Weighted average exercise price in Rupees |
| Opening Balance | 194718 | 77.68 | 263854 | 76.84 |
| Exercised during the year | 63854 | 83.18 | 48530 | 76.70 |
| Cancelled during the year | 6174 | 52.92 | 20606 | 69.24 |
| Balance unexercised options | 124690 | 76.08 | 194718 | 77.68 |
| Exercisable at end of year | 124690 | 76.08 | 194718 | 77.68 |

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

| | 2014-15 | | 2013-14 | |
|-----------------------------|-------------------|---|-------------------|---|
| | Number of options | Weighted average exercise price in Rupees | Number of options | Weighted average exercise price in Rupees |
| Opening Balance | 1516560 | 158.00 | 1543372 | 142.57 |
| Granted during the year | 245000 | 478.24 | 238000 | 250.00 |
| Exercised during the year | 495426 | 113.93 | 137976 | 110.62 |
| Cancelled during the year | 198304 | 231.04 | 126836 | 194.45 |
| Balance unexercised options | 1067830 | 238.35 | 1516560 | 158.00 |
| Exercisable at end of year | 327081 | 185.23 | 713360 | 116.48 |

- (ii) Impact on the reported net profit and earnings per share by applying the fair value based method

Since the Company uses intrinsic value method as required by the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India, the impact on reported net profit and Earnings Per Share by applying the fair value method is set out as follows:

| | Year ended 31-Mar-15 | Year ended 31-Mar-14 |
|--|-------------------------|-------------------------|
| (a) Profit after taxation (Rs. in lakhs) | 18311.45 | 18722.35 |
| (b) Add: Employee stock compensation under intrinsic value method (₹ in lakhs) | 17.04 | 27.15 |
| (c) Less: Employee stock compensation under fair value method (₹ in lakhs) | 212.66 | 198.94 |
| (d) Profit after taxation as per fair value method | 18115.83 | 18550.56 |
| (e) Earnings Per Share | | |
| (i) Basic | | |
| -As reported | 41.69 | 42.88 |
| -Adjusted | 41.25 | 42.49 |
| (ii) Diluted | | |
| -As reported | 41.04 | 42.07 |
| -Adjusted | 40.60 | 41.69 |
| The following assumptions were used for calculation of fair value of grants: | | |
| | Year ended 31-Mar-15 | Year ended 31-Mar-14 |
| Risk-free interest rate (%) | 7.80% - 8.70% | 8.30% |
| Expected life of options | 96 months | 96 months |
| Expected volatility | 40.80% - 41.40% | 42.89% |
| Dividend yield | 1.60% - 2.30% | 3.41% |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

27. Related Party Disclosures as per Accounting Standard 18

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

(i) **Parties where control exists**

Subsidiaries:

Zensar Technologies, Inc., USA
Zensar Technologies (UK) Limited
Zensar Technologies (Singapore) Pte. Limited
Zensar Advanced Technologies Limited (upto January 07, 2015)
Zensar Technologies (Shanghai) Company Limited
PSI Holding Group Inc.
Zensar Technologies IM Inc.(formerly known as Akibia, Inc.)

Zensar Technologies IM BV (formerly known as Akibia, BV)

Aquila Technology Corp.

Zensar (Africa) Holdings Pty Limited

Zensar (South Africa) Pty Limited

Professional Access Ltd (from August 14, 2014)

(ii) **Key Management Personnel**

Dr. Ganesh Natarajan

Mr. S. Balasubramaniam

(iii) **Entity with common Key Management Personnel**
Zensar Foundation

Transactions with Related Parties

(₹ in Lakhs)

| Sr. No. | Description of the nature of the transactions | Volume of transactions during | | Amount Outstanding as on 31st March | | | |
|--|---|-------------------------------|-----------------|-------------------------------------|---------------|-----------------|--------------|
| | | 2014-15 | 2013-14 | 2015 | | 2014 | |
| | | | | Receivable | Payable | Receivable | Payable |
| A. Rendering of Software Services | | | | | | | |
| 1 | Wholly owned subsidiaries: | | | | | | |
| (i) | Zensar Technologies, Inc., USA | 50497.26 | 50214.74 | 35677.81 | - | 27769.54 | - |
| (ii) | Zensar Technologies (UK) Limited | 9710.79 | 8370.74 | 1672.05 | - | 1574.64 | - |
| (iii) | Professional Access Ltd.- USA | 8987.12 | - | 8098.82 | - | - | - |
| (iv) | Zensar Technologies IM Inc | 1160.01 | 1508.81 | 159.89 | - | 65.24 | - |
| (v) | Others | 1014.12 | 710.31 | ***297.47 | - | ***366.34 | - |
| | Total of rendering of Software Services | 71369.30 | 60804.60 | 45906.04 | - | 29775.76 | - |
| B. Receipt of Software Services | | | | | | | |
| 1 | Wholly owned subsidiaries | | | | | | |
| (i) | Zensar Technologies (Singapore) Pte. Limited | 95.05 | 69.05 | - | 9.16 | - | 5.54 |
| (ii) | Zensar Technologies (Shanghai) Company Limited | 160.43 | 179.37 | - | 21.88 | - | 13.05 |
| (iii) | Zensar Technologies IM Inc | 35.35 | - | - | 35.35 | - | - |
| | Total of Receipt from Software Services | 290.83 | 248.42 | - | 66.39 | - | 18.59 |
| C. Rendering of Other Services | | | | | | | |
| 1 | Wholly owned subsidiaries: | | | | | | |
| (i) | Zensar Technologies, Inc., USA (Finder's Fee) | 509.53 | 393.89 | 324.08 | - | 283.94 | - |
| (ii) | Zensar Technologies (UK) Limited (Finder's Fee) | 301.96 | 433.21 | 117.57 | - | 121.14 | - |
| (iii) | Professional Access Ltd.- USA (Finder's Fee) | 51.19 | - | 51.19 | - | - | - |
| | Total of rendering of Other Services | 862.68 | 827.10 | 492.84 | - | 405.08 | - |
| D. Reimbursement of expenses incurred | | | | | | | |
| 1 | Wholly owned subsidiaries: | | | | | | |
| (i) | Zensar Technologies, Inc., USA | 1788.71 | 1559.58 | 1037.62 | - | 659.48 | - |
| (ii) | Zensar Technologies (UK) Limited | 1299.68 | 1204.01 | 82.25 | - | 136.88 | - |
| (iii) | Zensar Technologies (Singapore) Pte. Limited | 57.77 | 74.22 | 1.59 | - | 1.62 | 31.43 |
| (iv) | Zensar Advanced Technologies Limited | - | 2.98 | *15.97 | - | 208.93 | - |
| (v) | Zensar Technologies (Shanghai) Co. Ltd | 25.09 | 23.32 | *120.93 | - | 97.33 | - |
| (vi) | Zensar Technologies IM Inc | 203.55 | 302.52 | 26.30 | - | 42.01 | - |
| (vii) | Zensar Technologies IM B.V. | - | 1.85 | - | - | - | - |
| (viii) | ZENSAR (SOUTH AFRICA) Proprietary Limited | 1.40 | - | 1.40 | - | - | - |
| (ix) | Professional Access Ltd.- USA (Net) | (129.90) | - | - | 210.56 | - | - |
| | Total reimbursement of expenses incurred (Net) | 3246.30 | 3168.48 | 1286.06 | 210.56 | 1146.25 | 31.43 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

Transactions with Related Parties

(₹ in Lakhs)

| Sr. No. | Description of the nature of the transactions | Volume of transactions during | | Amount Outstanding as on 31st March | | | |
|------------|--|-------------------------------|----------------|-------------------------------------|---------------|----------------|----------|
| | | 2014-15 | 2013-14 | 2015 | | 2014 | |
| | | | | Receivable | Payable | Receivable | Payable |
| E. | Reimbursement of cost with respect to Intangible Assets | | | | | | |
| (i) | Professional Access Ltd.- USA | 210.28 | - | - | 210.28 | - | - |
| | Total Reimbursement of cost with respect to Intangible Assets | 210.28 | - | - | 210.28 | - | - |
| F. | Other Income : | | | | | | |
| 1 | Guarantee commission : | | | | | | |
| (i) | Zensar Technologies, Inc., USA | 109.64 | 144.11 | 46.03 | - | 79.98 | - |
| | Dividend received : | | | | | | |
| (i) | Zensar Technologies (UK) Limited | - | 964.46 | - | - | - | - |
| (ii) | Zensar Technologies (Singapore) Pte. Limited | 181.66 | 443.58 | - | - | - | - |
| | Total Other Income | 291.30 | 1552.15 | 46.03 | - | 79.98 | - |
| G. | Equity Contribution | | | | | | |
| | Wholly owned subsidiaries: | | | | | | |
| | Zensar (Africa) Holdings Pty Limited | - | 60.50 | - | - | - | - |
| | Total of Equity Contributions | - | 60.50 | - | - | - | - |
| H. | Loans granted/ (repaid) | | | | | | |
| | Wholly owned subsidiaries: | | | | | | |
| (i) | Zensar Advanced Technologies Limited | - | - | **1013.53 | - | **1036.13 | - |
| (ii) | Zensar Technologies (Shanghai) Company Limited | - | - | **75.01 | - | 71.91 | - |
| | Total of loans granted/ (repaid) | - | - | 1088.54 | - | 1108.04 | - |
| I. | Interest on Unsecured Loans | | | | | | |
| 1 | Wholly owned subsidiaries: | | | | | | |
| (i) | Zensar Advanced Technologies Limited | - | 27.03 | **206.32 | - | **203.95 | - |
| (ii) | Zensar Technologies (Shanghai) Company Limited | 4.23 | 3.69 | **15.44 | - | 11.20 | - |
| | Total of interest on Unsecured Loan | 4.23 | 30.72 | 221.76 | - | 215.15 | - |
| J. | Donation to Zensar Foundation | 115.00 | 30.00 | - | - | - | - |
| | Total Donation | 115.00 | 30.00 | - | - | - | - |
| K. | Remuneration to Key Management Personnel**** | | | | | | |
| (i) | Dr. Ganesh Natarajan | 553.78 | 472.57 | - | - | - | - |
| (ii) | Mr. S. Balasubramaniam | 61.54 | 49.09 | - | - | - | - |
| | Total remuneration of Key Management Personnel | 615.32 | 521.66 | - | - | - | - |

* A provision of ₹134.03 lakhs (Previous year : ₹185.30 lakhs) has been made against the reimbursement of expenses incurred

** A provision of ₹1310.30 lakhs (Previous year : ₹ 1240.08 lakhs) has been made against the above loan and interest outstanding

*** A provision of ₹ 120.72 lakhs (Previous year : ₹ 139.39 lakhs) has been made on Inter-company receivables against the software services rendered.

**** Excludes the value of employee stock options granted/exercised and provision for compensated absences/gratuity in absence of separate actuarial valuation reports for Key Management Personnel

(₹ in Lakhs)

28. Disclosure as per Accounting Standard – 29

| Particulars | 2014-15 | | | 2013-14 | | |
|-----------------|----------------------------|-------------------|-------|----------------------------|-------------------|-------|
| | Disputed Statutory Matters | Other Obligations | Total | Disputed Statutory Matters | Other Obligations | Total |
| Opening Balance | 32.25 | 55.34 | 87.59 | 32.25 | 46.21 | 78.46 |
| Additions | - | 11.66 | 11.66 | - | 11.67 | 11.67 |
| Utilisations | 5.00 | 3.50 | 8.50 | - | 2.54 | 2.54 |
| Closing Balance | 27.25 | 63.50 | 90.75 | 32.25 | 55.34 | 87.59 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

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.

29. 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: (₹ in Lakhs)

| | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| (a) Contribution to Employees' Family Pension Fund | 584.14 | 301.22 |
| (b) Contribution to Employees' Superannuation Fund | 32.04 | 25.88 |
| | 616.18 | 327.10 |

(B) Defined Benefit Plans- Gratuity

(i) Present Value of Defined Benefit Obligation

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| (a) Balance as at the beginning of the year | 2928.39 | 2521.62 |
| (b) Interest Cost | 274.98 | 208.03 |
| (c) Past Service Cost | - | - |
| (d) Current Service Cost | 579.80 | 477.58 |
| (e) Liability transferred on acquisition (Refer Note No 43) | 245.46 | - |
| (f) Curtailment Cost/(Credit) | - | - |
| (g) Settlement Cost/(Credit) | - | - |
| (h) Benefits Paid | (378.99) | (265.04) |
| (i) Actuarial (Gain)/Loss | 987.12 | (13.80) |
| (j) Balance as at the end of the year | 4636.76 | 2928.39 |

(ii) Fair value of Plan Assets

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| (a) Balance as at the beginning of the year | 2982.12 | 2539.85 |
| (b) Expected Return on Plan Assets | 280.02 | 209.54 |
| (c) Actuarial Gain/(Loss) | (19.83) | 32.73 |
| (d) Contributions by the Company | 378.99 | 465.04 |
| (e) Benefits Paid | (378.99) | (265.04) |
| (f) Balance as at the end of the year | 3242.31 | 2982.12 |

(iii) Assets and Liabilities recognised in the Balance Sheet

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| (a) Present Value of Defined Benefit Obligation | 4636.76 | 2928.39 |
| (b) Less: Fair Value of Plan Assets | 3242.31 | 2982.12 |
| (c) Net (Asset)/Liability recognised in the Balance Sheet | 1394.45 | (53.73) |

Note: The Company maintains Gratuity Fund which is being administered by LIC. Fund value confirmed by LIC as at March 31, 2015 is considered to the fair value.

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| (iv) Expenses recognised in the Statement of Profit and Loss | | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
| (a) Current Service Cost | 579.80 | 477.58 |
| (b) Interest Cost | 274.98 | 208.03 |
| (c) Expected Return on Plan Assets | (280.02) | (209.54) |
| (d) Net actuarial (Gain)/Loss | 1006.95 | (46.53) |
| (e) Total Expenses recognised in the Statement of Profit and Loss | 1581.71 | 429.54 |

(v) As at 31st March, 2015 and 31st March, 2014, 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 | | |
|--|--------------|--------------|
| | 2014-2015 | 2013-2014 |
| | (₹ in lakhs) | (₹ in lakhs) |
| Actual return on plan assets | 260.19 | 242.26 |

(viii) Amounts recognised in current year and previous four years

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---------|----------|----------|---------|---------|
| (a) Defined Benefit Obligations | 4636.76 | 2928.39 | 2521.62 | 2309.32 | 1902.38 |
| (b) Plan Assets | 3242.31 | 2982.12 | 2539.85 | 2001.04 | 1634.05 |
| (c) (Surplus)/Deficit | 1394.45 | (53.73) | (18.23) | 308.28 | 268.33 |
| (d) Experience Adjustment on Plan Liabilities | 342.79 | (165.90) | (180.62) | 97.44 | 85.04 |
| (e) Experience Adjustment on Plan Assets | (19.83) | 32.73 | 60.43 | (40.24) | (29.13) |

(ix) Actuarial Assumptions

| | 2014-15 | 2013-14 |
|--|---------|---------|
| (a) Discount Rate | 7.92% | 9.39% |
| (b) Expected Rate of Return on Plan Assets | 7.92% | 9.39% |
| (c) Salary Escalation Rate | 7.00% | 7.00% |
| (d) Rate of Employee Turnover | | |
| -For services 4 years and below | 25% | 25% |
| -For services 5 years and above | 1% | 1% |
| (e) Mortality Rate During Employment | | |
| -Indian Assured Lives Mortality | 2006-08 | 2006-08 |

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

(x) Expected Contribution to the Funds in the next year

| | Year ended March 31, 2015 | Year ended March 31, 2014 |
|----------|------------------------------|------------------------------|
| Gratuity | 1314.50 | 526.08 |

(C) Defined Benefit Plans- Provident Fund

(i) Present Value of Defined Benefit Obligation

| | 2015 | 2014 |
|---|-------|-------|
| (a) Balance as at the beginning of the year | 14134 | 11941 |
| (b) Interest Cost | 1141 | 994 |
| (c) Current Service Cost | 1828 | 1003 |
| (d) Employee Contribution | 1043 | 1473 |
| (e) Liability Transferred In | 479 | 234 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | Year ended March 31, 2015 | Year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| (f) Liability Transferred Out | - | - |
| (g) Benefit Paid | (1525) | (1475) |
| (h) Actuarial (Gains)/Losses | - | (36) |
| (i) Balance as at the end of the year | 17100 | 14134 |
| (ii) Fair value of Plan Assets | | |
| | 2015 | 2014 |
| (a) Balance as at the beginning of the year | 14134 | 11941 |
| (b) Expected Return on Plan Assets | 1141 | 994 |
| (c) Contributions by the Company | 2872 | 2476 |
| (d) Transfer From Other Company | 479 | 234 |
| (e) Transfer to Other Company | - | - |
| (f) Benefit Paid | (1525) | (1475) |
| (g) Actuarial Gains/(Losses) | 175 | (36) |
| (h) Balance as at the end of the year | 17276 | 14134 |
| (iii) Assets and Liabilities recognised in the Balance Sheet | | |
| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
| (iii) Assets and Liabilities recognised in the Balance Sheet | - | - |
| (iv) Expenses recognised in the Statement of Profit and Loss | | |
| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
| (a) Current Service Cost | 1828 | 1003 |
| (c) Interest Cost | 1141 | 994 |
| (d) Expected Return on Plan Assets | (1141) | (994) |
| (e) Surplus Utilised | - | - |
| (f) Interest Shortfall | - | - |
| (g) Total Expenses recognised in the Income Statement | 1828 | 1003 |
| (v) As at 31st March, 2015 and 31st March, 2014, the plan assets have been primarily invested in securities of Central Government of India, State Government and Bonds. | | |
| (vi) Actuarial Assumptions | 2014-15 | 2013-14 |
| (a) Discount Rate | 7.92% | 9.39% |
| (b) Expected Rate of Return on Plan Assets | 8.75% | 8.75% |
| (c) Salary Escalation Rate | 7.00% | 7.00% |
| (d) Rate of Employee Turnover | | |
| -For services 4 years and below | 25% | 25% |
| -For services 5 years and above | 1% | 1% |
| (e) Mortality Rate During Employment | | |
| -Indian Assured Lives Mortality | 2006-08 | 2006-08 |
| The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market. | | |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| 30. Capital Commitments | 2015 | 2014 |
|---|----------|----------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances ₹ 8.72 lakhs (Previous year: ₹158.38 lakhs)]- Tangible assets | 558.14 | 1081.41 |
| 31. Contingent Liabilities | 2015 | 2014 |
| (a) Income Tax: | | |
| Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal. | 990.94 | 648.16 |
| Matters on which the Company is in appeal | 635.19 | 511.67 |
| (b) Sales Tax / Value Added Tax: | | |
| Claims against the Company regarding sales tax against which the Company has preferred appeals. | 253.03 | 79.78 |
| (c) Claims against the Company regarding service tax against which the Company has preferred appeal. | 14.73 | 14.73 |
| (d) Claim in respect of rented premises. | 211.94 | 200.27 |
| (e) Claims against the Company not acknowledged as debts. | 62.28 | 62.28 |
| (f) 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. | 7500.60 | 14380.80 |
| | | |
| | 2014-15 | 2013-14 |
| 32. Miscellaneous Expenses include Auditors' Remuneration and Expenses as under: | | |
| (a) As auditors | | |
| Audit Fee | 54.50 | 48.50 |
| Tax Audit Fee | 7.00 | 7.00 |
| (b) As advisors, or in any other capacity, in respect of | | |
| Other services | 18.00 | 18.55 |
| (c) Out of pocket expenses reimbursed [for (a) and (b) above] | 5.20 | 4.40 |
| | | |
| 33. Earnings in foreign exchange | | |
| Includes fees for technical services ,finder's fees, dividend, guarantee commission and other income | 85120.60 | 75198.36 |
| | 2014-15 | 2013-14 |
| 34. Expenditure in foreign currency | | |
| (subject to deduction of tax at source, where applicable) | | |
| (a) Traveling (including Salaries & allowances to staff on deputation to other countries) | 3669.93 | 3774.14 |
| (b) Professional and Consultation fees | 212.90 | 162.40 |
| (c) Link Charges | 2.86 | 7.75 |
| (d) Others | 302.15 | 258.39 |
| | | |
| 35. Value of imports calculated on C.I.F. basis | | |
| (a) Software | 51.79 | 55.15 |
| (b) Capital Goods | 833.17 | 357.70 |
| | | |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | | |
|---|---------|---------|
| 36. Remittance in foreign currency on account of dividend to non-resident shareholders | | |
| Final dividend | | |
| (a) Number of shareholders | 1 | 1 |
| (b) Number of shares on which dividend was paid | 1030922 | 1030922 |
| (c) Financials to which dividend relates | 2013-14 | 2012-13 |
| (d) Amount of dividend remitted (₹ in Lakhs) | 61.86 | 46.39 |
| Interim dividend | | |
| (a) Number of shareholders | 1 | 1 |
| (b) Number of shares on which dividend was paid | 1030922 | 1030922 |
| (c) Financials to which dividend relates | 2014-15 | 2013-14 |
| (d) Amount of dividend remitted (₹ in Lakhs) | 46.39 | 41.24 |

37. 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 2015, 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.

38. Research & Development

The Department of Scientific and Industrial Research had accorded the recognition as In-House R&D unit to the Company. The Company has incurred revenue expenditure amounting to ₹ 0.41 lakhs (Previous year : ₹ 2.09 lakhs) on development activities during the year.

39. Lease Obligations

(A) Operating leases

The Company has taken on lease certain facilities and equipment under operating lease arrangements that expire over the next five years. Rental expense incurred by the Company under operating lease agreements totalled approximately ₹ 3202.59 lakhs (Previous year ₹ 3461.63 lakhs)

Total minimum lease payments in respect of non-cancellable operating leases

(₹ in Lakhs)

| Particulars | 2015 | 2014 |
|--|---------------|---------------|
| Not later than one year | 1321.55 | 802.74 |
| Later than one year and not later than five years | 1137.84 | 1449.47 |
| (B) Finance lease: Company as lessee | | |
| The Company has taken laptops and desktops under finance lease for a period of four years. | | |
| (a) Minimum lease rentals payable | | |
| (i) not later than one year | 220.23 | 250.28 |
| (ii) later than one year but not later than five years | 167.44 | 311.60 |
| (iii) later than five years | - | - |
| Total | 387.67 | 561.88 |
| (b) Present value of minimum lease payments | | |
| (i) not later than one year | 191.09 | 223.35 |
| (ii) later than one year but not later than five years | 149.49 | 268.10 |
| (iii) later than five years | - | - |
| Total | 340.58 | 491.45 |
| (c) Reconciliation of minimum lease payments and present value | | |
| Minimum lease rentals payable as per (a) above | 387.67 | 561.88 |
| Less: Finance charges to be recognized in subsequent periods | 47.09 | 70.43 |
| Present value of minimum lease payments payable as per (b) above | 340.58 | 491.45 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

| |
|--|
| (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 to taking the lease |

(₹ in Lakhs)

40. Derivative instruments and unhedged foreign currency exposure

| Particulars | Purpose | 2015 | 2014 |
|--|-------------------------------------|----------|----------|
| (a) Derivatives outstanding as at the reporting date | | | |
| In US \$ | Hedge highly probable forecast sale | 38500000 | 22000000 |
| (Equivalent approximate in ₹ lakhs) | | 24970.67 | 13182.40 |
| In GBP £ | Hedge highly probable forecast sale | - | 800000 |
| (Equivalent approximate in ₹ lakhs) | | - | 796.264 |

- b) As of the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by derivative instruments or otherwise is ₹ 58,697.74 lakhs (Previous year: ₹ 42,002.98 lakhs)

Details of foreign currency exposures that are not hedged by a derivative instruments or otherwise.

| | 2014-15 | | 2013-14 | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | Amount in FC (in lakhs) | Amount in INR - (in lakhs) | Amount in FC (in lakhs) | Amount in INR - (in lakhs) |
| Trade and other receivables | | | | |
| AED | 12.11 | 206.15 | 24.77 | 404.20 |
| AUD | 9.83 | 467.30 | 16.28 | 901.87 |
| CHF | 0.04 | 2.49 | 0.44 | 30.13 |
| CNY | 1.79 | 18.08 | 9.53 | 91.94 |
| EUR | 0.39 | 26.58 | 1.08 | 88.66 |
| GBP | 20.02 | 1,851.40 | 18.17 | 1,808.88 |
| JPY | 191.97 | 100.11 | 248.77 | 145.63 |
| SAR | - | - | 0.01 | 0.15 |
| KES | 2.65 | 1.76 | - | - |
| SGD | 0.66 | 29.83 | 3.86 | 183.35 |
| USD | 767.86 | 47,994.79 | 502.32 | 30,099.05 |
| ZAR | 960.98 | 4,928.87 | 815.10 | 4,615.08 |
| Loans - Granted to subsidiaries | | | | |
| USD | 13.10 | 818.93 | 13.04 | 781.47 |
| JPY | 788.01 | 410.95 | 788.01 | 461.30 |
| Trade and other payables | | | | |
| AED | 30.67 | 521.91 | 45.35 | 739.92 |
| AUD | 4.06 | 193.06 | 5.38 | 298.24 |
| CHF | 0.01 | 0.84 | 0.01 | 0.89 |
| CNY | 0.10 | 1.05 | 0.10 | 1.01 |
| EUR | 1.72 | 115.89 | 0.96 | 78.95 |
| GBP | - | - | 0.02 | 1.62 |
| JPY | 3.69 | 1.93 | 25.25 | 14.78 |
| KES | 6.26 | 4.16 | - | - |
| SAR | - | - | 0.15 | 0.79 |
| SGD | 0.05 | 2.43 | 0.04 | 1.72 |
| USD | 10.60 | 662.60 | 1.31 | 78.38 |
| ZAR | 168.91 | 866.32 | 245.25 | 1,388.61 |

Notes to the Financial Statements as at and for the year ended March 31, 2015 (Contd.)

| | 2014-15 | | 2013-14 | |
|------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | Amount in FC (in lakhs) | Amount in INR - (in lakhs) | Amount in FC (in lakhs) | Amount in INR - (in lakhs) |
| Cash and Bank balances | | | | |
| USD | 8.29 | 518.39 | 1.88 | 112.63 |
| GBP | - | - | 3.11 | 309.66 |
| EUR | - | - | 0.26 | 21.04 |
| AED | 20.61 | 350.75 | 28.34 | 462.40 |
| ZAR | 565.19 | 2,898.85 | 632.78 | 3,582.81 |
| AUD | 8.73 | 415.09 | 9.12 | 505.51 |
| JPY | - | - | 3.64 | 2.13 |
| KES | 41.56 | 27.60 | - | - |

41. Segment Information

Where a financial report contains both consolidated financial statements and separate financial statements of the parent, segment information needs to be presented only in case of consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements.

42. The Company vide a Board resolution dated October 22, 2013 had resolved to liquidate its subsidiary company in Japan, Zensar Advanced Technologies Limited (ZATL), with effect from March 31, 2014. Accordingly, the subsidiary had ceased its operations effective March, 31 2014 and has during the year completed the liquidation as per the laws of Japan. The outstanding receivable amounts from ZATL and the company's investment in ZATL have been fully provided for. The Company has filed an application with RBI and is awaiting its approval for writing off the investments from the books of account.

43. Business Acquisition

"On August 14, 2014, the Company entered into a Business Undertaking Transfer Agreement for the purchase of business from Professional Access Software Development Private Limited, an Oracle Platinum partner. The financial statements for the year ended March 31, 2015 include the results of this acquired business for the period August 14, 2014 to March 31, 2015 (Income from Operations of ₹ 8987.12 lakhs and Profit before taxation of ₹ 3445.81 lakhs) and are therefore not comparable with the figures of the previous year."

44. Previous Year Figures

Previous Year Figures have been reclassified to conform to this year's classification.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board of Directors of
Zensar Technologies Limited

Amit Borkar
Partner
Membership No. 109846

H.V. Goenka
Chairman


Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place: Mumbai
Date: April 28, 2015

Place: Mumbai
Date: April 28, 2015



Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures in Form AOC - 1 is annexed to the Directors' Report as Annexure E pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014.



CONSOLIDATED FINANCIAL STATEMENTS



Independent Auditors' Report

To the Board of Directors of Zensar Technologies Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Zensar Technologies Limited ("the Company") and its subsidiaries, hereinafter referred to as the "Group" (refer Note 1(b) to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these consolidated financial statements to give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that

give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
8. 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 in paragraph 9 below, and to the best of our information and according to the explanations given to us, in our opinion, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Group as at March 31, 2015, and its consolidated profit and its consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of 4 subsidiaries included in the consolidated financial statements, which constitute total assets of ₹1,826 lakhs and net assets of ₹ 874 lakhs as at March 31, 2015, total revenue of ₹ 2,445 lakhs, net profit of ₹ 7 lakhs and net cash flows amounting to ₹ 227 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have 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. Our opinion is not qualified in respect of this matter.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Mumbai
April 28, 2015

Amit Borkar
Partner
Membership Number : 109846

Consolidated Balance Sheet As at March 31, 2015

(₹ in Lakhs)

| | Note No | 2015 | 2014 |
|-------------------------------------|---------|-------------------|-------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 4,432.68 | 4,376.75 |
| Reserves and Surplus | 3 | 111,265.16 | 90,173.48 |
| | | 115,697.84 | 94,550.23 |
| MINORITY INTEREST | | 119.48 | 109.86 |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 4 | 149.49 | 7,458.48 |
| Other Long-term liabilities | 5 | 382.79 | 607.26 |
| Long-term provisions | 6 | 3,706.79 | 2,927.27 |
| | | 4,239.07 | 10,993.01 |
| CURRENT LIABILITIES | | | |
| Short-term borrowings | 7 | 9,715.87 | 2,139.00 |
| Trade Payables | 8 | 13,046.96 | 14,202.11 |
| Other current liabilities | 9 | 24,257.84 | 21,913.72 |
| Short-term provisions | 10 | 6,373.31 | 4,682.85 |
| | | 53,393.98 | 42,937.68 |
| Total | | 173,450.37 | 148,590.79 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Tangible assets | 11.a | 8,720.82 | 8,895.59 |
| Intangible assets | 11.b | 46,014.41 | 33,256.84 |
| Capital work-in-progress | | 64.29 | 27.34 |
| Intangible assets under development | | 78.99 | 178.70 |
| | | 54,878.51 | 42,358.47 |
| Non-current investments | 12 | 80.18 | 74.99 |
| Deferred Tax Asset (Net) | 13 | 1,423.00 | 3,041.43 |
| Long-term loans and advances | 14 | 4,666.87 | 2,967.93 |
| | | 61,048.56 | 48,442.82 |
| CURRENT ASSETS | | | |
| Current Investments | 15 | 9,312.42 | 14,784.65 |
| Inventories | 16 | 12,262.25 | 12,877.91 |
| Trade Receivables | 17 | 45,388.35 | 35,812.50 |
| Cash and Bank Balances | 18 | 19,724.59 | 14,581.15 |
| Short-term loans and advances | 19 | 8,672.96 | 8,171.71 |
| Other current assets | 20 | 17,041.24 | 13,920.05 |
| | | 112,401.81 | 100,147.97 |
| Total | | 173,450.37 | 148,590.79 |

Summary of significant accounting policies

1

The accompanying notes (1 to 39) are an integral part of consolidated financial statements

This is the Consolidated 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 of Directors of
Zensar Technologies Limited

Amit Borkar
Partner
Membership No. 109846

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place: Mumbai
Date: April 28, 2015

Place: Mumbai
Date: April 28, 2015

Consolidated Statement of Profit and Loss for the year ended March 31, 2015

(₹ in Lakhs)

| | Note No. | 2015 | 2014 |
|--|----------|-------------------|-------------------|
| Revenue from operations | | | |
| Software development and allied services | | 198,027.08 | 166,586.55 |
| Sale of Licenses for Software Applications | | 4,486.53 | 1,121.98 |
| Service revenue | | 41,532.28 | 40,784.62 |
| Product revenue | | 18,721.92 | 23,067.09 |
| Other Operating revenue | 21 | 2,810.41 | 1,940.99 |
| | | 265,578.22 | 233,501.23 |
| Other income | 22 | 2,694.97 | 3,028.23 |
| Total revenue | | 268,273.19 | 236,529.46 |
| Expenses: | | | |
| Purchase of network and security products | | 16,199.19 | 19,690.73 |
| (Increase)/Decrease in inventories | | 615.66 | (2,389.29) |
| Employee benefits expense | 23 | 129,440.56 | 113,264.78 |
| Other expenses | 24 | 80,156.96 | 67,119.36 |
| Depreciation and amortization expense | 11 | 4,153.84 | 3,830.34 |
| Finance costs | 25 | 1,116.29 | 1,027.73 |
| Total expenses | | 231,682.50 | 202,543.65 |
| PROFIT BEFORE TAXATION | | 36,590.69 | 33,985.81 |
| Tax Expense [Refer note 1(O)] | | | |
| - Current Tax | | 8,605.76 | 10,789.23 |
| - Deferred Tax | | 1,695.92 | (555.89) |
| - Provision for taxation in respect of earlier years (net) | | (174.05) | - |
| PROFIT AFTER TAXATION BEFORE MINORITY INTEREST | | 26,463.06 | 23,752.47 |
| Less: Minority Interest | | 3.57 | 0.16 |
| PROFIT AFTER TAXATION | | 26,459.49 | 23,752.31 |
| Earnings Per Equity Share (Face Value ₹ 10) : | | ₹ | ₹ |
| (See Note 32) | | | |
| - Basic | | 60.25 | 54.40 |
| - Diluted | | 59.30 | 53.38 |

Summary of significant accounting policies

1

The accompanying notes (1 to 39) are an integral part of consolidated financial statements

This is the Consolidated 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 of Directors of
Zensar Technologies Limited

Amit Borkar
Partner
Membership No. 109846

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place: Mumbai
Date: April 28, 2015

Place: Mumbai
Date: April 28, 2015

Consolidated Cash Flow Statement For the year ended March 31, 2015

(₹ in Lakhs)

| | 2014-15 | 2013-14 |
|---|--------------------|--------------------|
| A. Cash Flow from Operating Activities : | | |
| Profit before Taxation | 36,590.69 | 33,985.81 |
| Adjustments for | | |
| Depreciation and Amortisation | 4,153.84 | 3,830.34 |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | (1,130.16) | (1,072.38) |
| Dividend Income | (295.18) | (642.41) |
| Finance Cost | 1,116.29 | 1,027.73 |
| (Profit) / Loss on Sale of Investments (net) | (347.66) | (119.92) |
| Interest Income | (205.03) | (198.19) |
| (Profit) / Loss on Sale of tangible assets (net) | 10.76 | (10.63) |
| Employee Stock Compensation Expense | 17.04 | 27.15 |
| Provision for Doubtful Debts | 613.98 | 2,476.33 |
| Provision no longer required written back | (2,408.85) | (1,780.34) |
| Provision for Diminution in the value of Investments | - | 185.82 |
| Operating Profit before Working Capital Changes | 38,115.72 | 37,709.31 |
| Changes in Working Capital : | | |
| (Increase)/ decrease in long term loans and advances | 130.25 | 68.72 |
| (Increase)/ decrease in trade receivables | (5,267.84) | (2,647.00) |
| (Increase)/ decrease in short-term Loans and Advances | 7,025.34 | 238.11 |
| (Increase)/ decrease in other Current Assets | (21.99) | (4,545.23) |
| (Increase)/ decrease in inventories | 615.66 | (2,389.29) |
| Increase/ (decrease) in other Long term liabilities | (154.36) | (520.95) |
| Increase/ (decrease) in long term provisions | 465.94 | 533.30 |
| Increase/ (decrease) in trade payables-Current | (2,048.42) | 4,481.81 |
| Increase/ (decrease) in other current liabilities | 3,349.58 | (1,753.61) |
| Increase/ (decrease) in short-term Provisions | (269.79) | 282.58 |
| | 3,824.37 | (6,251.56) |
| Cash generated from Operations | 41,940.09 | 31,457.75 |
| Taxes (Paid) / Received | (9,883.14) | (10,512.76) |
| [net of refunds] | (9,883.14) | (10,512.76) |
| Net Cash from Operating activities (A) | 32,056.95 | 20,944.99 |
| B. Cash Flow from Investing Activities | | |
| Purchase of tangible/intangible assets including Capital Work in Progress | (3,720.09) | (3,324.48) |
| Sale of tangible assets | 2.54 | 92.51 |
| Purchase of Business (net of cash acquired) | (20,791.80) | - |
| Purchase of Non Current Investments | (5.38) | - |
| Sale of Non Current Investments | 0.19 | - |
| Purchase of current investments | (52,152.74) | (37,399.66) |
| Sale of current investments | 57,972.34 | 26,947.15 |
| Interest Income | 204.81 | 197.70 |
| Dividend Income | 295.18 | 642.41 |
| Net Cash used in Investing Activities (B) | (18,194.95) | (12,844.37) |

(₹ in Lakhs)

| | 2014-15 | | 2013-14 | |
|--|------------|-------------------|------------|-------------------|
| C. Cash Flow from Financing Activities | | | | |
| Proceeds from share allotment under Employee Stock Option Schemes | 617.55 | | 185.06 | |
| Proceeds / (Repayment) of Short-term borrowings | 4,838.86 | | 2,139.00 | |
| Proceeds / (Repayment) of long-term borrowings | (7,544.07) | | (5,161.39) | |
| Proceeds from issue of Share Capital to Minority | - | | 402.81 | |
| Interest and Structuring Fee paid | (1,241.14) | | (1,198.34) | |
| Dividend on Equity Shares and Tax Thereon | (5,415.51) | | (4,110.82) | |
| Net Cash used in Financing Activities (C) | | (8,744.31) | | (7,743.67) |
| D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | | 5,117.69 | | 356.94 |
| Opening Balance of Cash & Cash Equivalents | | 14,482.15 | | 14,125.21 |
| Closing Balance of Cash & Cash Equivalents | | 19,599.84 | | 14,482.15 |

Notes :

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

| | (₹ in Lakhs) | | |
|---------------------|------------------|------------------|------------------|
| | 2014-15 | 2013-14 | 2012-13 |
| Cash on Hand | 7.00 | 6.20 | 6.05 |
| Balances with Banks | 19,592.84 | 14,475.95 | 14,119.16 |
| Total | 19,599.84 | 14,482.15 | 14,125.21 |

The accompanying notes (1 to 39) are an integral part of the Consolidated Cash Flow Statement.

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

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

For and on behalf of the Board of Directors of
Zensar Technologies Limited

Amit Borkar
Partner
Membership No. 109846

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place: Mumbai
Date: April 28, 2015

Place: Mumbai
Date: April 28, 2015

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2015

Company overview

Zensar Technologies Limited (Zensar) is a globally renowned software and services organisation that specializes in providing a complete range of IT Services and Solutions. Zensar is ranked amongst India's top 20 software companies by NASSCOM and is also recognised by the Department of Scientific and Industrial Research (DSIR) for its robust in-house Research and Development practices and an acknowledged leader in Innovation. The Company is headquartered in Pune and has offices in India, USA, UK, South Africa, Singapore, Australia and UAE.

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The Financial Statements of the Company and its subsidiaries have been prepared in accordance with generally accepted accounting principles in India under historical cost convention as a going concern on accrual basis, except for certain forward contracts which are being carried at fair value. Pursuant to Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently these Financial Statements have been prepared to comply in all material aspects with the Accounting Standards notified under section 211(3C) [Companies (Accounting Standard) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

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 III of the

Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

(b) Principles of Consolidation

The Consolidated Financial Statements of Zensar Technologies Limited and its foreign subsidiaries are prepared in accordance with generally accepted accounting principles applicable in India and the existing Accounting Standard 21 on Consolidated Financial Statements notified under section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority Pursuant to Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 as applicable, in the same format as that adopted by the parent Company (Zensar Technologies Limited) for its separate financial statements.

The Consolidated financial statements are prepared using uniform accounting policies for similar transactions to the extent in similar circumstances.

Subsidiaries : Subsidiaries are consolidated from the date on which control is transferred to the group and are not consolidated from the date that control ceases. The financial statements of the company and its subsidiaries have been consolidated on a 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 have been eliminated.

List of foreign subsidiaries considered in the consolidated financial statements

| Sr. No. | Name of the subsidiary | Country of Incorporation | Extent of holding as on March 31, 2015 | Extent of holding as on March 31, 2014 |
|---------|--|--------------------------|--|--|
| 1 | Zensar Technologies Inc. [ZTI] | USA | 100% | 100% |
| | Subsidiaries of Zensar Technologies Inc. | | | |
| i) | PSI Holding Group, Inc. | USA | 100% | 100% |
| - | Subsidiaries of PSI Holding Group Inc. | | | |
| a | Zensar Technologies IM, Inc (formerly known as Akibia, Inc.) | USA | 100% | 100% |
| b | Aquila Technology Corp. | USA | 100% | 100% |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

| Sr. No. | Name of the subsidiary | Country of Incorporation | Extent of holding as on March 31, 2015 | Extent of holding as on March 31, 2014 |
|---------|--|----------------------------|--|--|
| c | Zensar Technologies IM, B.V. (formerly known as Akibia B.V.) | Netherlands | 100% | 100% |
| II) | Professional Access Ltd. | USA | 100% (w.e.f. 14 August, 2014) | - |
| 2 | Zensar Technologies (Singapore) Pte Ltd | Singapore | 100% | 100% |
| 3 | Zensar Technology (Shanghai) Company Limited | People's Republic of China | 100% | 100% |
| 4 | Zensar Technologies (UK) Limited | UK | 100% | 100% |
| 5 | Zensar Advance Technologies Limited (Refer Note 37) | Japan | 0% | 100% |
| 6 | Zensar (Africa) holdings (Pty) Ltd. | South Africa | 100% | 100% (w.e.f. 14 October, 2013) |
| - | Subsidiary of Zensar (Africa) holdings (Pty) Ltd. | | | |
| a | Zensar (South Africa) (Pty) Ltd. | South Africa | 75% | 75% (w.e.f. 18 October, 2013) |

(c) Use of estimates

The preparation of financial statements in conformity with Indian GAAP 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.

(d) Revenue Recognition

- i) Revenues from software maintenance, development and allied services consist of revenues earned from time-and-material, fixed-timeframe and fixed price contracts.
 - (a) Revenue from time and material contracts are recognised as the related services are performed.
 - (b) Revenues from fixed price contracts are recognized 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 becomes probable and can be reasonably estimated. However, where the ultimate collection of the sale lacks reasonable certainty, revenue recognition is postponed to the extent of such uncertainty.

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.

- (c) Revenue from the sale of user licences for software applications is recognised on transfer of the title in the user licence.
- ii) Revenue from IT hardware maintenance, outsourcing and other support services for data centers is typically billed in advance, deferred and recognized ratably over the service period. Contract period is generally one year.
- iii) Revenues from product sale are recognized upon shipment as the Company has no future obligation. The Company also enters into multiple deliverable arrangements where company provides telephone support in addition to products and services of OEM, the entire revenue is deferred and recognized ratably over the telephone support service period, generally one year, as the Company has not established fair value of telephone support services. The Company accounts for volume discounts to customers as a reduction of revenue based on the ratably allocation of discount amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount. Also, when

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

the level of discount varies with increases in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then the discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer or as a reduction of payments due from the customer.

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 as unearned revenue.

(e) Tangible Assets

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

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Tangible assets under construction are disclosed as capital work-in-progress.

(f) Intangible Assets

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.

Goodwill arising on acquisition of business is presented as an intangible asset. Goodwill comprises the excess of purchase consideration over the carrying value of the net assets of the acquired business.

(g) Depreciation and Amortisation

Depreciation on fixed assets is computed on a straight-line method as per the useful lives prescribed under Schedule II of the Companies Act, 2013 except in respect of the following assets (based on technical evaluation) (Refer Note 11):

| Class of Asset | Useful life as prescribed in Schedule II | Useful life as followed by the Company |
|---------------------------------|--|--|
| Server and Networking Equipment | 6 years | 4 years |

Intangible assets are amortised on straight line basis over their estimated useful lives:

| Class of Asset | Useful Life |
|------------------------------|-------------|
| Intangible Assets – Software | 1-3 years |
| Goodwill | 5 years |
| Technical Know-how | 3 years |

(h) Leases

As a lessee:

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 Finance cost, so as to obtain a uniform periodic rate of interest on the outstanding liability for each period. The outstanding

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

liability is included in borrowings. The Finance cost is charged to the Statement of Profit and Loss over the lease period.

Operating Lease

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as 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.

(i) Impairment

The assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(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, such recognition being determined and made for each investment individually.

(k) Employee Retirement Benefits

i) **Provident Fund** - Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

The contributions made to the trust are recognised as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

ii) **Gratuity** - The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Scheme. The Gratuity Plan provides a lump sum payment to vested employees at retirement death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme. iii) **Superannuation** - The Company has Defined Contribution Plans for Post-employment benefits for eligible employees in the form of Superannuation Fund administered by the Life Insurance Corporation of India.

The Company has Defined Contribution Plans for Post-employment benefits for all employees in the form of 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.

iv) **Compensated Absence** - 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. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

- v) **401(k) and Social Security Fund** - The Company has Defined Contribution Plans for Post-employment benefits for all employees in the form of 401(k) Fund and Social Security Fund. These funds are classified as defined contribution plans as the Company has no further obligation beyond making the contributions as per plan. The Company's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as and when incurred.

(l) Foreign Currency Translations

- i) On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii) As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- iii) Monetary 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.
- iv) Foreign operations are classified as either 'integral' or 'non-integral' operations. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses. The Financial statements of an integral foreign operation are translated using the principles and procedures as

if the translations of the foreign operation are those of the Company itself.

(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 - Derivate 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

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

and Loss. 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) Employee Stock Option Schemes

Stock options granted to employees under Employee Stock Option 2002 Scheme and Employee Stock Option 2006 Scheme 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 and the guidance note on employee share based payment issued by ICAI. Accordingly, the intrinsic value of the option being 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".

The options that lapse are reversed by credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the un-amortised portion.

(o) 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 comes 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.

(p) Cash & Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(q) Consolidated Cash Flow Statement

Cash flow are reported using the "Indirect Method", whereby consolidated net profit before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the group are segregated.

(r) Earnings per share

The basic earnings per share is computed by dividing the net profit for the period attributable to equity shareholders 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.

(s) 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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

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.

(t) Inventories

Inventories comprise 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 net realisable value based on purchase price. If part has not been purchased within the last 12 months, then net realisable value is based on vendor quote.

(u) 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 present 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. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(₹ in Lakhs)

| | 2015 | 2014 |
|---|-----------------|-----------------|
| 2. Share Capital | | |
| Authorised | | |
| 47,500,000 (Previous year: 47,500,000) Equity Shares of ₹ 10 each | 4,750.00 | 4,750.00 |
| 250,000 (Previous year: 250,000) Preference Shares of ₹ 100 each | 250.00 | 250.00 |
| | 5,000.00 | 5,000.00 |
| Issued, Subscribed and fully paid up | | |
| 44,326,774 (Previous year: 43,767,494) Equity Shares of ₹ 10 each fully paid-up | 4,432.68 | 4,376.75 |
| | 4,432.68 | 4,376.75 |

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

| | 2015 | | 2014 | |
|--|------------|--------------|------------|--------------|
| | Nos | (₹ in Lakhs) | Nos | (₹ in Lakhs) |
| At the beginning of the year | 43,767,494 | 4,376.75 | 43,580,988 | 4,358.10 |
| Add: Shares issued on exercise of Employee Stock Options | 559,280 | 55.93 | 186,506 | 18.65 |
| Outstanding at the end of the year | 44,326,774 | 4,432.68 | 43,767,494 | 4,376.75 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(ii) Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹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 19, 2015 declared an interim dividend of ₹ 4.50 per equity share. The board of directors in their meeting on April 28, 2015, proposed the final dividend of ₹ 6.50 per equity share. The total dividend appropriation for the year ended March 31, 2015 amounted to ₹ 5800.48 lakhs including corporate dividend tax of ₹ 940.73 lakhs.

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

| | As at March 31, 2015 | | As at March 31, 2014 | |
|--|----------------------|------------|----------------------|------------|
| | % Held | Nos | % Held | Nos |
| Electra Partners Mauritius Limited | 23.24% | 10,301,294 | 23.54% | 10,301,294 |
| Summit Securities Limited | 10.75% | 4,763,576 | 10.88% | 4,763,576 |
| Fidelity Management and Research Company | 7.90% | 3,500,000 | 8.00% | 3,500,000 |
| Swallow Associates LLP | 27.26% | 12,082,997 | 27.61% | 12,082,997 |
| Instant Holdings Limited | 7.24% | 3,206,819 | 7.33% | 3,206,819 |

(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 March 31, 2015.

| Particulars | 2011 | 2010 |
|--|--------------|--------------|
| | No of shares | No of shares |
| (a) Equity shares allotted as fully paid bonus shares by capitalisation of profits transferred from General Reserve. | 21,589,818 | - |
| (b) Equity shares bought back by the company by utilisation of Securities Premium Account and General Reserve. | - | 2,424,000 |

(v) For details of shares reserved for Issue under the Employee Stock Option Plan (ESOP) of the Company, please refer Note 28

(₹ in Lakhs)

| | As at March 31 | |
|--|----------------|--------|
| | 2015 | 2014 |
| 3. Reserves and Surplus | | |
| Capital Reserve | | |
| Balance as at the beginning of the year | 303.14 | 10.18 |
| Add : Movement during the year | - | 292.96 |
| Balance as at the end of the year | 303.14 | 303.14 |
| Capital Redemption Reserve | | |
| Balance at the beginning and end of the year | 442.40 | 442.40 |
| Securities Premium Account | | |
| Balance as at the beginning of the year | 535.07 | 360.04 |
| Add: Received during the year on exercise of stock options issued to employees | 616.67 | 175.03 |
| Balance as at the end of the year | 1,151.74 | 535.07 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|---|----------------|-----------|
| | 2015 | 2014 |
| General Reserve | | |
| Balance as at the beginning of the year | 50,622.94 | 40,622.94 |
| Add : Transferred from Statement of Profit and Loss | 10,000.00 | 10,000.00 |
| Balance as at the end of the year | 60,622.94 | 50,622.94 |
| Hedging Reserve | | |
| Balance as at the beginning of the year | 316.29 | 551.11 |
| Add : Movement during the year | 51.53 | (234.82) |
| Balance as at the end of the year | 367.82 | 316.29 |
| Employee Stock Options | | |
| Employee Stock Options Outstanding | 106.17 | 162.11 |
| Less : Deferred Employee Compensation | (75.69) | (93.63) |
| | 30.48 | 68.48 |
| Foreign Currency Translation Reserve | | |
| Balance as at the beginning of the year | 3,236.05 | 694.67 |
| Foreign Currency Translation Reserve for the year | (165.69) | 2,541.38 |
| Balance as at the end of the year | 3,070.36 | 3,236.05 |
| Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | 34,649.11 | 25,800.68 |
| Add : Profit after Taxation transferred from Statement of Profit and Loss | 26,459.49 | 23,752.31 |
| Less: Transitional effect of change in the useful life of assets, as per the provisions of schedule II of the Companies Act 2013. Refer Note 11 | 31.83 | - |
| | 61,076.77 | 49,552.99 |
| Less: Appropriations | | |
| Interim Dividend | 1,978.51 | 1,748.72 |
| Proposed Dividend | 2,881.24 | 2,626.05 |
| Dividend distribution tax on Interim and Proposed dividend on Equity Shares | 940.73 | 529.11 |
| Transfer to General Reserve | 10,000.00 | 10,000.00 |
| | 15,800.48 | 14,903.88 |
| Balance as at the end of the year | 45,276.29 | 34,649.11 |
| | 111,265.16 | 90,173.48 |
| 4. Long-term Borrowings | | |
| Finance Lease Obligations (Secured) (See Note 31(B)) | 149.49 | 268.10 |
| Term Loans from Banks | - | 7,190.38 |
| (Refer note a and b below) | | |
| | 149.49 | 7,458.48 |

Note : Nature of security and terms of repayment for secured borrowings

a. Nature of Security :

Term loan from banks amounting INR 7,500.60 lakhs (March 31, 2014 : INR 14,380 lakhs) is secured by -

- SBLC (Stand By Letter of Credit) issued by Standard Chartered Bank, India at the request of Zensar Technologies Limited (Holding Company) by way of hypothecation of the current and movable assets and mortgage of immovable assets of the Holding company.
- 100% pledge over shares, PSI Holdings Group Inc, USA.

- Repayable in 8 equal semi-annual installments starting in the 18th month from December 21, 2010, the date of issue of the SBLC. Interest to be paid every six months at LIBOR + 110 basis points.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|--|-----------------|-----------------|
| | 2015 | 2014 |
| 5. Other Long term liabilities | | |
| Deferred Revenue | 240.50 | 381.28 |
| Structuring Fees | - | 70.11 |
| Deferred Lease Rent | 142.29 | 155.87 |
| | 382.79 | 607.26 |
| 6. Long-term provisions | | |
| Provision for Disputed statutory matters (Refer Note 34) | 27.25 | 32.25 |
| Provision for Compensated Absences | 3,616.04 | 2,839.68 |
| Other Obligations (Refer Note 34) | 63.50 | 55.34 |
| | 3,706.79 | 2,927.27 |
| 7. Short Term Borrowing | | |
| Term Loan from Bank [Refer Note a and b below] | 7,500.60 | - |
| Credit Facility From Bank [Refer Note c below] | 2,215.27 | 2,139.00 |
| | 9,715.87 | 2,139.00 |

Note : Nature of security and terms of repayment for secured borrowings

a. Nature of Security :

Short Term loan from banks amounting INR 7,500.60 lakhs (March 31, 2014 : Nil) is secured by charge on the current assets of the Company

b. Loan is repayable within one year from the date of drawal. Quarterly interest is payable at LIBOR + 280 basis points.

c. On June 26, 2007, the Company entered into a revolving credit facility with a Bank. The revolving credit facility was amended time to time and as per amendment dated 31st March, 2015, maturity was extended to September 30, 2015. Revolving credit facility with the bank is secured by the assets of the Company.

| | | |
|--|------------------|------------------|
| 8. Trade Payables | 13,046.96 | 14,202.11 |
| | 13,046.96 | 14,202.11 |
| 9. Other Current liabilities | | |
| Current maturities of long term debt | 7,500.60 | 7,190.40 |
| Current maturities of finance lease obligation; (See Note 31(B)) | 191.09 | 223.35 |
| Interest accrued but not due on borrowings | 34.06 | 56.68 |
| Deferred Revenue | 7,486.50 | 6,975.60 |
| Unpaid Dividend | 124.76 | 99.17 |
| Employee Benefits | 5,673.03 | 4,301.85 |
| Withholding and other taxes | 737.12 | 1,080.37 |
| Other Payables | 2,510.68 | 1,986.30 |
| | 24,257.84 | 21,913.72 |
| 10. Short-term provisions | | |
| Taxation less payments there against (net of advance tax of ₹ 1774.68 lakhs) | 640.15 | 774.13 |
| Proposed Dividend on Equity Shares | 2,881.24 | 2,626.05 |
| Tax on proposed dividend | 576.08 | 446.30 |
| Provision for Gratuity | 1,394.45 | - |
| Provision for Compensated Absences | 881.39 | 833.72 |
| Other obligations | - | 2.65 |
| | 6,373.31 | 4,682.85 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

11. a - Tangible Assets

| | GROSS BLOCK | | | | | DEPRECIATION/ AMORTISATION | | | | | NET BLOCK | | (₹ in Lakhs) |
|---|---------------------------|---|---------------------------------------|---------------------------|---------------------------|---|---|--|---|--|---|----------------------|--------------|
| | Cost as at March 31, 2014 | Additions on account of acquisition [See Note 36] | Additions/ Adjustment during the year | Deletions during the year | Cost as at March 31, 2015 | Accumulated Depreciation/ Amortisation as at March 31, 2014 | Additions on account of acquisition [See Note 36] | Adjusted in surplus in Statement of Profit and Loss* | Depreciation/ Amortisation for the year | Depreciation/ Amortisation written back on deletions during the year | Accumulated Depreciation/ Amortisation as at March 31, 2015 | As at March 31, 2015 | |
| Tangible Assets : | | | | | | | | | | | | | |
| Land- | | | | | | | | | | | | | |
| Leasehold | 264.25 | - | - | - | 264.25 | 33.56 | - | - | 2.79 | - | 36.35 | 227.90 | 230.69 |
| Freehold | 0.49 | - | - | - | 0.49 | - | - | - | - | - | - | 0.49 | 0.49 |
| Buildings | 5,349.57 | - | 20.21 | - | 5,369.78 | 1,279.03 | - | - | 178.24 | - | 1,457.27 | 3,912.51 | 4,070.54 |
| Improvement to Leasehold Premises | 2,862.52 | 68.46 | 280.11 | - | 3,211.09 | 2,292.36 | - | - | 285.58 | - | 2,577.94 | 633.15 | 570.16 |
| Plant and Machinery | 4,081.39 | - | 273.29 | 2.53 | 4,352.15 | 3,769.26 | - | - | 192.18 | 2.51 | 3,958.93 | 393.22 | 312.13 |
| Furniture and Fixtures | 2,972.61 | 86.35 | 312.66 | 65.18 | 3,306.44 | 2,161.83 | 74.48 | - | 250.06 | 56.69 | 2,429.68 | 876.76 | 810.77 |
| Office Equipment | 1,615.52 | 706.16 | 389.61 | 5.40 | 2,705.89 | 1,211.42 | 529.28 | - | 368.27 | 5.39 | 2,103.58 | 602.31 | 404.11 |
| Motor Vehicles | 305.30 | 25.95 | 42.35 | 30.24 | 343.36 | 181.15 | - | - | 40.46 | 30.10 | 191.51 | 151.85 | 124.15 |
| Data Processing Equipment- Own use | 9,616.93 | 76.46 | 681.09 | 1.36 | 10,373.12 | 8,080.90 | - | 31.83 | 828.53 | 1.36 | 8,939.90 | 1,433.22 | 1,536.03 |
| Data Processing Equipments taken on Finance Lease | 897.56 | - | 91.75 | - | 989.31 | 386.69 | - | - | 372.41 | - | 759.10 | 230.21 | 510.87 |
| Exchange Fluctuation on Consolidation | - | - | - | - | - | - | - | - | - | - | - | 259.20 | 325.65 |
| Total | 27,966.14 | 963.38 | 2,091.07 | 104.71 | 30,915.88 | 19,396.20 | 603.76 | 31.83 | 2,518.52 | 96.05 | 22,454.26 | 8,720.82 | 8,895.59 |
| Previous year | 29,735.76 | - | 1,481.95 | 3,251.57 | 27,966.15 | 20,156.34 | - | - | 2,409.48 | 3,169.62 | 19,396.20 | 8,895.59 | - |

11. b - Intangible Assets

| | | | | | | | | | | | | | |
|---------------------------------------|------------------|------------------|-----------------|---------------|------------------|-----------------|----------|----------|-----------------|---------------|-----------------|------------------|------------------|
| Intangible assets : | | | | | | | | | | | | | |
| Goodwill on consolidation | 24,149.06 | 9,587.17 | - | - | 33,736.23 | 109.49 | - | - | - | - | 109.49 | 33,626.74 | 24,039.57 |
| Goodwill on acquisition | - | 1,276.29 | - | - | 1,276.29 | - | - | - | 158.81 | - | 158.81 | 1,117.48 | - |
| Technical Know-how | - | - | 583.15 | - | 583.15 | - | - | - | - | - | - | 583.15 | - |
| Software | 4,867.50 | 97.23 | 1,140.45 | 361.52 | 5,743.66 | 3,694.33 | - | - | 1,476.51 | 356.87 | 4,813.97 | 929.69 | 1,173.17 |
| Exchange Fluctuation on Consolidation | - | - | - | - | - | - | - | - | - | - | - | 9,757.35 | 8,044.10 |
| Total | 29,016.56 | 10,960.69 | 1,723.60 | 361.52 | 41,339.33 | 3,803.82 | - | - | 1,635.32 | 356.87 | 5,082.27 | 46,014.41 | 33,256.84 |
| Previous year | 28,316.64 | - | 1,882.84 | 1,182.92 | 29,016.56 | 3,565.95 | - | - | 1,420.86 | 1,182.99 | 3,803.82 | 33,256.84 | - |

* ₹ 31.83 lakhs recognised in the opening balance of retained earnings, as the Company has during the year revised estimated useful life of Computers from 4 years to 3 years as specified in Schedule II to the Companies Act, 2013. Accordingly, the written down value of the assets, where the remaining useful life as on April 1, 2014 is NIL, has been recognised in the opening balance of retained earnings. The impact on account of this change on the profit for the year, is not material.

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as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|--|-----------------|-----------------|
| | 2015 | 2014 |
| 12. Non-current Investments | | |
| Non-Trade | | |
| Quoted | | |
| Investment in equity instruments | | |
| 100 (Previous year: 100) Equity Shares of ₹ 10 each fully paid-up in CFL Capital Financial Services Limited | 0.02 | 0.02 |
| 100 (Previous year: 100) Equity Shares of ₹ 10 each fully paid-up in CESC Limited | 0.05 | 0.05 |
| 100 (Previous year: 100) Equity Shares of ₹ 10 each fully paid-up in Harrisons Malayalam Limited | 0.04 | 0.04 |
| NIL (Previous year: 760) Equity Shares of ₹ 2 each fully paid-up in KEC International Limited | - | 0.19 |
| 100 (Previous year: 100) Equity Shares of ₹ 10 each fully paid-up in Saregama India Limited | 0.01 | 0.01 |
| 100 (Previous year : 100) Equity Shares of ₹ 10 each fully paid up in Stel Holdings Limited | - | - |
| 1,591 (Previous year: 1,591) units of Prudential Financial Common Stock (face value of ₹ 0.45 each) | 77.82 | 74.60 |
| 144 (Previous Year : Nil) units of Eastman Kodak Co (Face Value of ₹ 2.20 each) | 2.16 | - |
| | 80.10 | 74.91 |
| Unquoted | | |
| 100 (Previous year: 100) Equity Shares of ₹ 9 (Previous year: ₹ 10) each fully paid-up in Spencer & Company Limited consequent to the reduction in the paid up capital | 0.08 | 0.08 |
| | 80.18 | 74.99 |
| Aggregate amount of Quoted Investments | 80.10 | 74.91 |
| [Market Value ₹ 87.13 lakhs (Previous year: ₹ 81.84 lakhs)] | | |
| Aggregate amount of Unquoted Investments | 0.08 | 0.08 |
| | 80.18 | 74.99 |
| 13. Deferred Tax Asset (net) | | |
| The major components of the deferred tax asset are | | |
| Deferred Tax Asset | | |
| Depreciation | 508.13 | 389.48 |
| Provision for doubtful debts | 1,217.83 | 1,058.38 |
| Others | 217.50 | 1,593.57 |
| Deferred Tax Liability | | |
| Exchange difference | 470.09 | |
| Others | 50.37 | - |
| | 1,423.00 | 3,041.43 |
| 14. Long-term Loans and Advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Capital Advances | 8.72 | 158.38 |
| Security and other deposits | | |
| - Considered good | 1,973.86 | 1,049.79 |
| Other Loans and Advances | | |
| Prepaid Expenses | 331.30 | 725.04 |
| Others | 324.03 | 253.93 |
| Taxes recoverable [taxes paid less provisions ₹19,117.22 lakhs (Previous year: ₹ 16,698.45 lakhs) there against] | 2,028.96 | 780.79 |
| | 4,666.87 | 2,967.93 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|---|----------------|--------|
| | 2015 | 2014 |
| 15. Current Investments (valued at lower of cost or fair value) | | |
| Investments in Mutual Funds | | |
| Unquoted | | |
| Nil (Previous year : 61,201) units of Axis Liquid Fund--Direct Plan-Daily dividend Reinvest | - | 612.08 |
| Nil (Previous year : 27,978) units of AxisTreasury Advantage Fund--Direct -growth | - | 400.00 |
| Nil (Previous year : 484,995) units of Birla Sun Life Floating Rate Fund Short Term Plan-Daily Div Direct Plan-Reinvest | - | 485.11 |
| Nil (Previous year : 44,614) units of IDBI Liquid Fund- direct plan-daily div-reinvest | - | 446.60 |
| Nil (Previous year : 7,360) units of IDBI Ultra Short term Fund- direct plan-Growth | - | 100.00 |
| Nil (Previous year : 6,301,780) units of JM High Liquidity Fund (direct) daily dividend option Reinvest | - | 657.29 |
| Nil (Previous Year : 41,924) units of Religare Invesco Liquid Fund-Direct plan daily Dividend Reinvest | - | 419.57 |
| Nil (Previous Year : 724,869) units of Birla Sunlife Cash plus--Daily Dividend-Direct Plan-Reinvest | - | 726.28 |
| Nil (Previous Year : 1,192,784) units of BSL Interval Income Fund--quarterly plan-series I-growth direct plan | - | 200.00 |
| 259,022 (Previous Year : 259,022) units of Birla Sun Life Savings Fund - Growth Direct Plan | 635.68 | 635.68 |
| Nil (Previous Year : 27,240) units of LIC Nomura MF Liquid Fund -Direct - Dividend Plan-reinvest | - | 299.10 |
| 228,340 (Previous Year : 177,008) units of ICICI Prudential Flexible Income - Direct Plan Growth | 581.00 | 425.00 |
| Nil (Previous Year : 192,753) units of ICICI Prudential Flexible Income - Direct Plan daily div reinvest | - | 203.81 |
| Nil (Previous Year : 296,726) units of ICICI Prudential Money Market Fund- Direct Plan daily div- reinvest | - | 297.15 |
| 454,497 (Previous Year : 1,521,673) units of IDFC Money Manager Fund- Treasury Plan-Growth Direct Plan | 100.00 | 309.00 |
| 513,576 (Previous Year: 1,315,922) units of IDFC Ultra Short Term Fund -Growth- Direct Plan | 100.00 | 235.00 |
| Nil (Previous Year : 2,961,534) units of Kotak Floater Long Term-Direct Plan-Growth | - | 604.00 |
| Nil (Previous Year : 704,344) units of Kotak Banking & PSU Debt Fund -direct -Growth | - | 200.00 |
| Nil (Previous Year : 1,815,162) units of ICICI Prudential Interval Fund II Quarterly Interval Plan B- Direct Plan -Growth | - | 200.00 |
| Nil (Previous year: 28,952) units of Kotak Floater Short Term-Daily Div-Reinvestment | - | 292.88 |
| Nil (Previous Year : 1,460,163) units of ICICI Prudential Interval Fund Quarterly Interval Plan I- Direct Plan -growth | - | 200.00 |
| Nil (Previous Year : 52,160) units of Reliance Liquidity Fund - Direct Daily Dividend - Reinvestment option-reinvest | - | 521.87 |
| 9,379 (Previous Year : 24,664) units of Reliance Money Manager Fund - Direct -Growth plan growth option | 180.00 | 435.00 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|---|----------------|--------|
| | 2015 | 2014 |
| Nil (Previous Year : 44,960) units of Reliance Liquid Fund -treasury Plan- Direct - Daily Dividend option-Reinvest | - | 687.32 |
| Nil (Previous Year : 1,997,243) units of Reliance Quarterly Interval Fund -Series II- Direct - dividend plan-payout | - | 200.00 |
| Nil (Previous Year : 1,904,925) units of Reliance Quarterly Interval Fund -Series III- Direct Growth Plan growth option | - | 200.00 |
| Nil (Previous Year : 33,713) units of Kotak Liquid Scheme Plan A-Direct plan-Daily Div Reinvest | - | 412.25 |
| Nil (Previous Year : 30,199) units of SBI Magnum Insta Cash Fund Direct Plan -Daily Div-reinvest | - | 505.85 |
| 4,214 (Previous Year : 9,127) units of SBI Magnum Insta Cash Fund Liquid Floater-Direct Plan -Growth | 100.00 | 200.00 |
| Nil (Previous Year : 650,301) units of ICICI Prudential Liquid -direct plan-daily div reinvest | - | 650.65 |
| Nil (Previous Year : 49,236) units of L&T Liquid fund-direct plan-daily div reinvestment Plan | - | 498.24 |
| Nil (Previous Year : 3,160,796) units of L&T Ultra Short term fund-direct plan-Growth | - | 658.00 |
| Nil (Previous Year : 40,058) units of Tata Liquid fund-direct plan-daily div reinvest | - | 446.46 |
| Nil (Previous Year : 60,704) units of UTI Liquid Cash Plan-Institutional -direct plan daily div reinvest | - | 618.85 |
| Nil (Previous Year : 23,596) units of UTI Treasury Advantage fund-Institutional Plan- Direct plan-daily div reinvest | - | 236.52 |
| Nil (Previous Year : 56,318) units of UTI Money Market Institutional Plan -direct plan daily div reinvest | - | 565.09 |
| 19,610 (Previous year: NIL) units of Axis Banking Debt Fund- Direct -Growth | 250.00 | - |
| 722,678 (Previous year: NIL) units of HDFC High Interest Fund-Direct Plan- Short term Plan Growth | 200.00 | - |
| 2,113,582 (Previous year: NIL) units of ICICI Prudential Ultra Short term -Direct- Growth Plan | 300.00 | - |
| 30,075 (Previous year: NIL) units of Axis Liquid Fund- Direct Plan-Growth Plan | 465.00 | - |
| 189,978 (Previous year: NIL) units of Birla Sun Life Cash Plus Fund - Direct Plan- Growth Plan | 425.00 | - |
| 115,580 (Previous Year: NIL) units of Birla Sun Life Treasury Optimizer Plan -Direct Plan-Growth Plan | 200.00 | - |
| 1,952,388 (Previous Year: NIL) units of Franklin India Low Duration Fund Direct -Growth Plan | 300.00 | - |
| 151,415 (Previous Year: NIL) units of Birla Sun Life Cash Manager-Direct Plan-Growth Plan | 502.00 | - |
| 18,268 (Previous Year: NIL) units of LIC Nomura MF Liquid Fund -Direct Plan-Growth Plan | 458.00 | - |
| 33,986 (Previous Year: NIL) units of ICICI Prudential Money Market Fund- Direct Plan-Growth Plan | 65.00 | - |
| 15,352 (Previous Year: NIL) units of Kotak Floater Short Term-Direct Plan-Growth Plan | 352.00 | - |
| 6,188,018 (Previous Year: NIL) units of Kotak Floater Long Term-Direct Plan-Daily Dividend-Reinvestment | 623.74 | - |
| 451,045 (Previous Year: NIL) units of Kotak Treasury Advantage Fund-Direct Plan-Growth Plan | 100.00 | - |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|---|----------------|-----------|
| | 2015 | 2014 |
| 20,955 (Previous Year: NIL) units of Reliance Liquid Fund -Treasury Plan- Direct Plan-Growth Plan | 705.00 | - |
| 1,211,980 (Previous year: NIL) units of Sundaram Money Fund Direct Plan-Growth Plan | 353.00 | - |
| 345,392 (Previous Year: NIL) units of Reliance Medium Term Fund Direct Plan- Growth Plan | 100.00 | - |
| 908,917 (Previous Year: NIL) units of UTI Banking & PSU Debt Fund-Direct Plan-Growth Plan | 100.00 | - |
| 12,992 (Previous Year:NIL) units of SBI Treasury Advantage Fund Direct Plan-Growth Plan | 200.00 | - |
| 39,271 (Previous Year:NIL) units of L&T Liquid fund-Direct Plan-Growth Plan | 743.00 | - |
| 8,903 (Previous Year: NIL) units of L&T Cash Fund-Direct Plan-Growth Plan | 100.00 | - |
| 743,959 (Previous Year: NIL) units of L&T Short Term Oppurtunities fund- Direct Plan-Growth Plan | 100.00 | - |
| 16,844 (Previous Year: NIL) units of Tata Floater fund-Direct Plan-Growth Plan | 343.00 | - |
| 28,897 (Previous Year: NIL) units of UTI Treasury Advantage fund-Institutional Plan-Direct Plan-Growth Plan | 531.00 | - |
| 593,718 (Previous Year: NIL) units of UTI Short Term Income fund-Institutional Plan-Direct Plan-Growth Plan | 100.00 | - |
| | 9,312.42 | 14,784.65 |
| 16. Inventories | | |
| [See Note 1(t)] | | |
| Spare Parts in support of computer hardware maintenance contracts | 12,262.25 | 12,877.91 |
| [Goods in transit ₹ 292.03 Lakhs (Previous year: ₹ 31.53 Lakhs)] | | |
| | 12,262.25 | 12,877.91 |
| 17. Trade Receivables | | |
| (Unsecured) | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment: | | |
| Considered good | 98.13 | 102.95 |
| Considered doubtful | 1,892.34 | 2,732.79 |
| | 1,990.47 | 2,835.74 |
| Less : Provision for doubtful debts | 1,892.34 | 2,732.79 |
| (A) | 98.13 | 102.95 |
| Other Debts | | |
| Considered good | 45,290.22 | 35,709.55 |
| Considered doubtful | 111.70 | 390.44 |
| | 45,401.92 | 36,099.99 |
| Less : Provision for doubtful debts | 111.70 | 390.44 |
| (B) | 45,290.22 | 35,709.55 |
| Total (A+B) | 45,388.35 | 35,812.50 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|---|------------------|------------------|
| | 2015 | 2014 |
| 18. Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Cash on hand | 7.00 | 6.20 |
| Balances with Banks : | | |
| In current accounts | 18,356.64 | 13,443.31 |
| Deposit with original maturity of less than three months | 1,236.20 | 1,032.64 |
| | 19,592.84 | 14,475.95 |
| Other Balances with Banks : | | |
| Unpaid dividend accounts | 124.75 | 99.00 |
| | 19,724.59 | 14,581.15 |
| 19. Short-term Loans and Advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Security and other deposits | | |
| - Considered good | 217.04 | 315.83 |
| Other Loans and Advances | | |
| Prepaid Expenses | 4,905.37 | 4,232.57 |
| Balances with Govt. Authorities | 1,045.42 | 300.00 |
| MTM gain/loss on forward contract | 367.82 | 316.29 |
| Others | | |
| - Considered good | 1,116.86 | 2,055.86 |
| - Considered doubtful | 2.26 | 2.26 |
| Taxes recoverable {taxes paid less provisions ₹ 2552.59 lakhs (Previous year: ₹ 2,128.30 lakhs) there against} | 1,020.45 | 951.16 |
| | 8,675.22 | 8,173.97 |
| Less : Provision for doubtful Loans and Advances | 2.26 | 2.26 |
| | 8,672.96 | 8,171.71 |
| 20. Other Current Assets | | |
| Accrued Income (Unbilled Services) | 16,848.66 | 13,858.28 |
| Interest accrued on deposits | 8.42 | 8.20 |
| Others | 184.16 | 53.57 |
| | 17,041.24 | 13,920.05 |
| 21. Other Operating Revenue | | |
| Provisions no longer required and credit balances written back (net) | 2,408.85 | 1,780.34 |
| Miscellaneous Income | 401.56 | 160.65 |
| | 2,810.41 | 1,940.99 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|---|-------------------|-------------------|
| | 2015 | 2014 |
| 22. Other Income | | |
| Dividend Income : | | |
| - On Current Investments | 295.18 | 642.41 |
| | 295.18 | 642.41 |
| Profit on sale of current investments - Non Trade | 347.66 | 119.92 |
| Profit on sale of fixed assets | - | 15.40 |
| Interest Income : | | |
| -On Deposits with banks | 154.33 | 183.15 |
| -On Others | 50.70 | 15.04 |
| | 205.03 | 198.19 |
| Exchange gain (net) [See note 1(l) and 1(m)] | 1,847.10 | 2,052.31 |
| | 2,694.97 | 3,028.24 |
| 23. Employee benefits expenses | | |
| Salaries, Wages and Bonus | 114,847.45 | 100,731.73 |
| Contribution to Provident and other funds | 8,681.29 | 7,014.60 |
| Staff Welfare | 5,894.78 | 5,491.30 |
| Employee Stock Compensation Expense | 17.04 | 27.15 |
| | 129,440.56 | 113,264.78 |
| 24. Other Expenses | | |
| Travelling and conveyance | 7,959.46 | 7,725.76 |
| Cost of spare parts and outsourced services in support of computer hardware maintenance contracts | 8,495.70 | 11,010.71 |
| Cost of manpower hired | 33,084.82 | 19,425.56 |
| Recruitment Expenses | 624.77 | 558.81 |
| Training Expenses | 254.42 | 260.95 |
| Electricity and Power | 1,307.76 | 1,140.55 |
| Rent | 6,085.21 | 5,787.57 |
| Repairs and Maintenance to : | | |
| -Plant and Machinery | 251.22 | 241.22 |
| -Building | 1,547.86 | 1,167.34 |
| -Others | 670.08 | 639.47 |
| | 2,469.16 | 2,048.03 |
| Insurance | 1,419.07 | 1,406.72 |
| Rates and Taxes | 293.22 | 252.21 |
| Consumable Media | 618.66 | 406.25 |
| Legal and Professional Charges | 4,718.79 | 4,076.47 |
| Postage, Telephone and E-Mail | 1,975.96 | 1,749.68 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|---|----------------|-----------|
| | 2015 | 2014 |
| Stationery and Printing | 235.05 | 209.86 |
| Carriage, Freight and Octroi | 2,530.48 | 3,143.95 |
| Vehicle Running expenses | 234.26 | 200.33 |
| Advertisement and Publicity | 1,198.81 | 1,278.15 |
| Purchases of Licenses for Software Applications | 3,427.86 | 959.09 |
| Loss on Disposal of Fixed Assets | 10.76 | 4.77 |
| Lease Rentals | 271.86 | 925.85 |
| Bad Debts written off | 613.98 | 1,091.18 |
| Directors' Fees | 19.81 | 7.80 |
| Directors' Commission | 280.00 | 280.00 |
| Provision for Doubtful Debts | - | 1,385.15 |
| Expenditure towards Corporate Social Responsibility (CSR) | 156.94 | 30.00 |
| Provision for Diminution in the value of Investments | - | 185.82 |
| Miscellaneous Expenses [Includes Donations made to an electoral trust ₹134.00 lakhs (Previous year : ₹ NIL)] | 1,870.15 | 1,568.15 |
| | 80,156.96 | 67,119.36 |
| 25. Finance costs | | |
| Interest Expense | 120.83 | 85.08 |
| Finance and other charges | 995.46 | 942.65 |
| | 1,116.29 | 1,027.73 |
| 26. Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances ₹ 8.72 lakhs (Previous year: ₹ 158.38 lakhs)] - Tangible Assets | 558.14 | 1,081.41 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(₹ in Lakhs)

| | As at March 31 | |
|---|----------------|-----------|
| | 2015 | 2014 |
| 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. | 990.94 | 648.16 |
| Matters on which the Company is in appeal | 635.19 | 511.67 |
| (b) Sales Tax/ Value Added Tax: Claims against the Company regarding sales tax against which the Company has preferred appeals. | 253.03 | 79.78 |
| (c) Claims against the Company regarding service tax against which the Company has preferred appeal. | 14.73 | 14.73 |
| (d) Claim in respect of rented premises. | 211.94 | 200.27 |
| (e) Claims against the Company not acknowledged as debts. | 62.28 | 62.28 |
| (f) 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. | 7,500.60 | 14,380.80 |

28. Employee Stock Option Schemes

- i) 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 | 2014-2015 | | 2013-2014 | |
|-----------------------------|-------------------|---|-------------------|---|
| | Number of options | Weighted average exercise price in Rupees | Number of options | Weighted average exercise price in Rupees |
| Opening Balance | 194718 | 77.68 | 263854 | 76.84 |
| Exercised during the year | 63854 | 83.18 | 48530 | 76.70 |
| Cancelled during the year | 6174 | 52.92 | 20606 | 69.24 |
| Balance unexercised options | 124690 | 76.08 | 194718 | 77.68 |
| Exercisable at end of year | 124690 | 76.08 | 194718 | 77.68 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

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

| Particulars | 2014-2015 | | 2013-2014 | |
|-----------------------------------|-------------------|---|-------------------|---|
| | Number of options | Weighted average exercise price in Rupees | Number of options | Weighted average exercise price in Rupees |
| Opening Balance | 1516560 | 158.00 | 1543372 | 142.57 |
| Granted during the year | 245000 | 478.24 | 238000 | 250.00 |
| Exercised during the year | 495426 | 113.93 | 137976 | 110.62 |
| Cancelled during the year | 198304 | 231.04 | 126836 | 194.45 |
| Balance unexercised options | 1067830 | 238.35 | 1516560 | 158.00 |
| Exercisable at end of year | 327081 | 185.23 | 713360 | 116.48 |

- ii) Impact on the reported net profit and earnings per share by applying the fair value based method

Since the Company uses intrinsic value method as required by the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India, the impact on reported net profit and Earnings Per Share by applying the fair value method is set out as follows:

| | For Year ended 31st March 2015 | For Year ended 31st March 2014 |
|--|-----------------------------------|-----------------------------------|
| Profit after taxation and minority interest (₹ in lakhs) | 26,459.49 | 23,752.31 |
| Add: Employee stock compensation under intrinsic value method (₹ in lakhs) | 17.04 | 27.15 |
| Less: Employee stock compensation under fair value method (₹ in lakhs) | 212.66 | 198.94 |
| Profit after taxation as per fair value method | 26,263.87 | 23,580.52 |
| Earnings Per Share | | |
| Basic | | |
| -As reported | 60.25 | 54.40 |
| -Adjusted | 59.80 | 54.01 |
| Diluted | | |
| -As reported | 59.30 | 53.38 |
| -Adjusted | 58.86 | 52.99 |
| | | |
| | For Year ended 31st March 2015 | For Year ended 31st March 2014 |
| The following assumptions were used for calculation of fair value of grants: | | |
| Risk-free interest rate (%) | 7.80% - 8.70% | 8.30% |
| Expected life of options (years) | 96 months | 96 months |
| Expected volatility | 40.80% - 41.40% | 42.89% |
| Dividend yield | 1.60% - 2.30% | 3.41% |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

29. Segment Information

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 - Business Segment

| (₹ in Lakhs) | | | | | |
|---|------------|-----------|---------------------|-------------|------------|
| 2014-15 | AMS | IM | Products & Licences | Unallocated | Total |
| Sales to External Customers | 186,063.24 | 53,496.60 | 23,207.97 | - | 262,767.81 |
| Segment Result | 32,725.90 | 4,411.91 | 954.26 | - | 38,092.07 |
| Interest and Finance cost | - | - | - | 1,116.29 | 1,116.29 |
| Unallocable Income(net) | - | - | - | 385.09 | 385.09 |
| Profit before Tax | 32,725.90 | 4,411.91 | 954.26 | (1,501.38) | 36,590.69 |
| Tax | - | - | - | 10,127.63 | 10,127.63 |
| Profit after Tax before Minority Interest | 32,725.90 | 4,411.91 | 954.26 | (11,629.01) | 26,463.06 |
| Profit after Tax | 32,725.90 | 4,411.91 | 954.26 | (11,632.58) | 26,459.49 |

| (₹ in Lakhs) | | | | | |
|---|------------|-----------|---------------------|-------------|------------|
| 2013-14 | AMS | IM | Products & Licences | Unallocated | Total |
| Sales to External Customers | 154,663.58 | 52,707.69 | 24,188.37 | - | 231,560.24 |
| Segment Result | 29,748.45 | 3,892.49 | 451.52 | - | 34,092.46 |
| Interest and Finance cost | - | - | - | 1,027.73 | 1,027.73 |
| Unallocable Income(net) | - | - | - | (921.10) | (921.10) |
| Profit before Tax | 29,748.45 | 3,892.49 | 451.52 | (106.63) | 33,985.81 |
| Tax | - | - | - | 10,233.34 | 10,233.34 |
| Profit after Tax before Minority Interest | 29,748.45 | 3,892.49 | 451.52 | (10,339.97) | 23,752.47 |
| Profit after Tax | 29,748.45 | 3,892.49 | 451.52 | (10,340.13) | 23,752.31 |

Secondary Segment - Geographic Segment

| (₹ in Lakhs) | | |
|--------------------------|-------------------|-------------------|
| Geographical Location | 2014-15 | 2013-14 |
| United States of America | 200,052.23 | 174,585.42 |
| United Kingdom | 26,848.87 | 22,033.41 |
| Rest of the World | 35,866.71 | 34,941.41 |
| Total | 262,767.81 | 231,560.24 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

30. Related Party disclosures as per Accounting Standard 18

(i) Key Management Personnel

Dr. Ganesh Natarajan

Mr. S. Balasubramaniam

(ii) Entity with common Key Management Personnel Zensar Foundation

(₹ Lakhs)

| Description of the nature of the transactions | Volume of transactions during | | Amount Outstanding as on 31st March | | | |
|--|-------------------------------|---------|-------------------------------------|---------|------------|---------|
| | 2014-15 | 2013-14 | 2015 | | 2014 | |
| | | | Receivable | Payable | Receivable | Payable |
| a) Remuneration to Key Management Personnel * | | | | | | |
| Dr. Ganesh Natarajan | 553.78 | 472.57 | - | - | - | - |
| Mr. S. Balasubramaniam | 61.54 | 49.09 | - | - | - | - |
| Total remuneration of Key Management Personnel | 615.32 | 521.66 | - | - | - | - |
| b) Donation to Zensar Foundation | 115.00 | 30.00 | - | - | - | - |
| Total Donation | 115.00 | 30.00 | - | - | - | - |

* Excludes the value of employee stock options granted/exercised and provision for compensated absences/gratuity in absences of separate actuarial valuation reports for Key Management Personnel

31. Lease Obligations

(A) Operating leases

The Company has taken on lease 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 ₹ 4493.54 lakhs (Previous year ₹ 4581.54 lakhs)

(₹ in Lakhs)

| Total minimum lease payments in respect of non-cancellable operating lease | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| Not later than one year | 2,806.47 | 2,398.27 |
| Later than one year and not later than five years | 4,096.57 | 4,759.82 |
| Later than five years | - | 522.21 |
| Total | 6,903.04 | 7,680.30 |

(B) Finance lease: Company as lessee

The Company has taken laptops and desktops under finance lease for a period of four years.

(₹ in Lakhs)

| | 2015 | 2014 |
|---|---------------|---------------|
| (a) Minimum lease rentals payable | | |
| not later than one year | 220.23 | 250.28 |
| later than one year but not later than five years | 167.44 | 311.60 |
| later than five years | - | - |
| Total | 387.67 | 561.88 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

| | (₹ in Lakhs) | |
|--|---------------|---------------|
| | 2015 | 2014 |
| (b) Present value of minimum lease payments | | |
| not later than one year | 191.09 | 223.35 |
| later than one year but not later than five years | 149.49 | 268.10 |
| later than five years | - | - |
| Total | 340.58 | 491.45 |
| (c) Reconciliation of minimum lease payments and present value | | |
| Minimum lease rentals payable as per (a) above | 387.67 | 561.88 |
| Less: Finance charges to be recognized in subsequent periods | 47.09 | 70.43 |
| Present value of minimum lease payments payable as per (b) above | 340.58 | 491.45 |
| (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 Installments beginning from the month subsequent to taking the lease. | | |

32. Earnings Per Share (EPS)

| Particulars | 2014-2015 | 2013-2014 |
|--|-----------|-----------|
| a. Profits attributable to equity shareholders (₹ in lakhs) | 26,459.49 | 23,752.31 |
| b. Basic Earnings Per Share | | |
| Weighted Average No. of equity shares outstanding during the year. | 43918334 | 43661715 |
| Basic EPS (₹) | 60.25 | 54.40 |
| c. Diluted Earnings Per Share | | |
| Weighted Average No. of equity shares outstanding during the year | 43918334 | 43661715 |
| Effect of dilutive issue of stock options | 703648 | 838275 |
| Weighted average no. of equity shares outstanding for Diluted EPS | 44621982 | 44499990 |
| Diluted EPS (₹) | 59.30 | 53.38 |

33. Derivative instruments and unhedged foreign currency exposure

| | Purpose | 2015 | 2014 |
|--|-------------------------------------|------------|------------|
| Derivatives Outstanding as at the reporting date | | | |
| In US \$ | Hedge highly probable forecast sale | 38,500,000 | 22,000,000 |
| (Equivalent approximate in ₹ lakhs) | | 24,970.67 | 13,182.40 |
| In GBP £ | Hedge highly probable forecast sale | - | 800,000 |
| (Equivalent approximate in ₹ lakhs) | | - | 796.26 |

As of the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by derivative instruments or otherwise is ₹ 58,697.74 lakhs (Previous year: ₹ 42,002.98 lakhs)

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

Details of foreign currency exposures that are not hedged by a derivative instruments or otherwise.

| | 2014-15 | | 2013-14 | |
|--|----------------------------|------------------------------|----------------------------|------------------------------|
| | Amount in FC (in lakhs) | Amount in INR- (in lakhs) | Amount in FC (in lakhs) | Amount in INR- (in lakhs) |
| Trade and other receivables | | | | |
| AED | 12.11 | 206.15 | 24.77 | 404.20 |
| AUD | 9.83 | 467.30 | 16.28 | 901.87 |
| CHF | 0.04 | 2.49 | 0.44 | 30.13 |
| CNY | 1.79 | 18.08 | 9.53 | 91.94 |
| EUR | 0.39 | 26.58 | 1.08 | 88.66 |
| GBP | 20.02 | 1,851.40 | 18.17 | 1,808.88 |
| JPY | 191.97 | 100.11 | 248.77 | 145.63 |
| SAR | - | - | 0.01 | 0.15 |
| KES | 2.65 | 1.76 | - | - |
| SGD | 0.66 | 29.83 | 3.86 | 183.35 |
| USD | 767.86 | 47,994.79 | 502.32 | 30,099.05 |
| ZAR | 960.98 | 4,928.87 | 815.10 | 4,615.08 |
| Loans - Granted to subsidiaries | | | | |
| USD | 13.10 | 818.93 | 13.04 | 781.47 |
| JPY | 788.01 | 410.95 | 788.01 | 461.30 |
| Trade and other payables | | | | |
| AED | 30.67 | 521.91 | 45.35 | 739.92 |
| AUD | 4.06 | 193.06 | 5.38 | 298.24 |
| CHF | 0.01 | 0.84 | 0.01 | 0.89 |
| CNY | 0.10 | 1.05 | 0.10 | 1.01 |
| EUR | 1.72 | 115.89 | 0.96 | 78.95 |
| GBP | - | - | 0.02 | 1.62 |
| JPY | 3.69 | 1.93 | 25.25 | 14.78 |
| KES | 6.26 | 4.16 | - | - |
| SAR | - | - | 0.15 | 0.79 |
| SGD | 0.05 | 2.43 | 0.04 | 1.72 |
| USD | 10.60 | 662.60 | 1.31 | 78.38 |
| ZAR | 168.91 | 866.32 | 245.25 | 1388.61 |
| Cash and Bank balances | | | | |
| USD | 8.29 | 518.39 | 1.88 | 112.63 |
| GBP | - | - | 3.11 | 309.66 |
| EUR | - | - | 0.26 | 21.04 |
| AED | 20.61 | 350.75 | 28.34 | 462.40 |
| ZAR | 565.19 | 2,898.85 | 632.78 | 3,582.81 |
| AUD | 8.73 | 415.09 | 9.12 | 505.51 |
| JPY | - | - | 3.64 | 2.13 |
| KES | 41.56 | 27.60 | - | - |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

34. Disclosure as per Accounting Standard – 29

| (₹ in Lakhs) | | | | | | |
|-----------------|----------------------------|-------------------|-------|----------------------------|-------------------|-------|
| Particulars | 2014-15 | | | 2013-14 | | |
| | Disputed Statutory Matters | Other Obligations | Total | Disputed Statutory Matters | Other Obligations | Total |
| Opening Balance | 32.25 | 55.34 | 87.59 | 32.25 | 46.21 | 78.46 |
| Additions | - | 11.66 | 11.66 | - | 11.67 | 11.67 |
| Utilisations | 5.00 | 3.50 | 8.50 | - | 2.54 | 2.54 |
| Closing Balance | 27.25 | 63.50 | 90.75 | 32.25 | 55.34 | 87.59 |

Disputed Statutory matters mainly include:

- (A) (i) Provision for disputed statutory liabilities comprises matters under litigation with Sales-Tax, Customs Duty and ESI authorities.
- (ii) 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.
- (iii) 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.

35. 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:

| (₹ in Lakhs) | | |
|---|-----------|-----------|
| Particulars | 2014-2015 | 2013-2014 |
| Contribution to Employees' Social Security Fund | 1,826.52 | 1,539.00 |
| Contribution to Employees' Family Pension Fund | 614.57 | 301.22 |
| Contribution to National Insurance of UK | 884.16 | 814.48 |
| Contribution to Employees' Superannuation Fund | 32.04 | 25.88 |
| Contribution to Employees 401 (K) Retirement Plan | 584.01 | 555.92 |
| Contribution to Central Provident Fund in Singapore | 41.61 | 59.72 |
| Contribution to Social Security in China | 92.16 | 143.25 |
| Contribution to Medicare Fund | 59.72 | - |
| Total | 4,134.79 | 3,439.47 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(b) Defined Benefit Plans- Provident Fund

(i) Present Value of Defined Benefit Obligation

| (₹ in Lakhs) | | |
|---|-----------|-----------|
| Particulars | 2014-2015 | 2013-2014 |
| Balance as at the beginning of the year | 14,134 | 11,941 |
| Interest Cost | 1,141 | 994 |
| Current Service Cost | 1,828 | 1,003 |
| Employee Contribution | 1,043 | 1,474 |
| Liability Transferred In | 479 | 234 |
| Liability Transferred Out | - | - |
| Benefit Paid | (1,525) | (1,475) |
| Actuarial (Gains)/Losses On Obligations | - | (36) |
| Balance as at the end of the year | 17,100 | 14,134 |

(ii) Fair value of Plan Assets

| (₹ in Lakhs) | | |
|---|-----------|-----------|
| Particulars | 2014-2015 | 2013-2014 |
| Balance as at the beginning of the year | 14,134 | 11,941 |
| Expected Return on Plan Assets | 1,141 | 994 |
| Contributions by the Company | 2,872 | 2,476 |
| Transfer From Other Company | 479 | 234 |
| Transfer to Other Company | - | - |
| Benefit Paid | (1,525) | (1,475) |
| Actuarial Gains/(Losses) On Plan Assets | 175 | (36) |
| Balance as at the end of the year | 17,276 | 14,134 |

(iii) Assets & Liabilities recognised in the balance sheet

| (₹ in Lakhs) | | |
|--------------|-----------|-----------|
| Particulars | 2014-2015 | 2013-2014 |
| | - | - |

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

| (₹ in Lakhs) | | |
|---|-----------|-----------|
| Particulars | 2014-2015 | 2013-2014 |
| Current Service Cost | 1,828 | 1003 |
| Interest Cost | 1,141 | 994 |
| (Expected Return on Plan Assets) | (1,141) | (994) |
| Surplus Utilised | - | - |
| Interest Shortfall | - | - |
| Total Expenses recognised in the Income Statement | 1,828 | 1003 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

(v) As at 31st March, 2015 and 31st March 2014, the plan assets have been primarily invested in securities of Central Government of India, State Government and Bonds

(vi) Actuarial Assumptions :

| | (₹ in Lakhs) | |
|--|--------------|-----------|
| Particulars | 2014-2015 | 2013-2014 |
| Discount Rate | 7.92% | 9.39% |
| Expected Rate of Return on Plan Assets | 8.75% | 8.75% |
| Salary Escalation Rate | 7.00% | 7.00% |
| Rate of Employee Turnover | | |
| -For services 4 years and below | 25% | 25% |
| -For services 5 years and above | 1% | 1% |
| Mortality Rate During Employment | | |
| -Indian Assured Lives Mortality | 2006-08 | 2006-08 |

The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as demand & supply in the employment market.

(c) Defined Benefit Plans- Gratuity

(i) Present Value of Defined Benefit Obligation

| | (₹ in Lakhs) | |
|--|--------------------------------|--------------------------------|
| Particulars | For year ended 31st March 2015 | For year ended 31st March 2014 |
| Balance as at beginning of the year | 2,928.39 | 2,521.62 |
| Interest Cost | 274.98 | 208.03 |
| Past Service Cost | - | - |
| Current Service Cost | 579.80 | 477.58 |
| Liability transferred in /acquisition (Refer Note No 36) | 245.46 | - |
| Curtailment Cost/(Credit) | - | - |
| Settlement Cost/(Credit) | - | - |
| Benefits Paid | (378.99) | (265.04) |
| Actuarial (Gain)/Loss | 987.12 | (13.80) |
| Balance at end of the year | 4,636.76 | 2,928.39 |

(ii) Fair value of Plan Assets

| | (₹ in Lakhs) | |
|-------------------------------------|--------------------------------|--------------------------------|
| Particulars | For year ended 31st March 2015 | For year ended 31st March 2014 |
| Balance as at beginning of the year | 2,982.12 | 2,539.85 |
| Expected Return on Plan Assets | 280.02 | 209.54 |
| Actuarial Gain/(Loss) | (19.83) | 32.73 |
| Contributions | 378.99 | 465.04 |
| Benefits Paid | (378.99) | (265.04) |
| Balance at end of the year | 3,242.31 | 2,982.12 |

(iii) Assets & Liabilities recognised in the balance sheet

| | (₹ in Lakhs) | |
|---|--------------------------------|--------------------------------|
| Particulars | For year ended 31st March 2015 | For year ended 31st March 2014 |
| Present Value of Defined Benefit Obligation | 4,636.76 | 2,928.39 |
| Less : Fair Value of Plan Assets | 3,242.31 | 2,982.12 |
| Net Asset/Liability recognised in the Balance Sheet | 1,394.45 | (53.73) |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

Recognised under:

| | | |
|---|----------|---------|
| Short Term Provisions (Refer Note No 10) | 1,394.45 | - |
| Long Term Loans and Advances (Refer Note No 14) | - | (53.73) |

Note: The Company maintains gratuity fund, which is been administered by LIC. Fund value confirmed by LIC as at March, 31 2015 is considered to be the fair value.

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

| (₹ in Lakhs) | | |
|---|-----------------------------------|-----------------------------------|
| Particulars | For year ended 31st March 2015 | For year ended 31st March 2014 |
| Current Service Cost | 579.80 | 477.58 |
| Interest Cost | 274.98 | 208.03 |
| Expected Return on Plan Assets | (280.02) | (209.54) |
| Net actuarial (Gain)/Loss | 1,006.95 | (46.53) |
| Total Expenses recognised in the Statement of Profit and Loss | 1,581.71 | 429.54 |

(v) As at 31st March, 2015 and 31st March, 2014, 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

| (₹ in Lakhs) | | |
|------------------------------|-----------------------------------|-----------------------------------|
| Particulars | For year ended 31st March 2015 | For year ended 31st March 2014 |
| Actual return on plan assets | 260.19 | 242.27 |

(viii) Amounts recognised in current year and previous four years

| (₹ in Lakhs) | | | | | |
|---|----------|----------|----------|----------|---------|
| Particulars | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
| Defined Benefit Obligations | 4,636.76 | 2,928.39 | 2,521.62 | 2,309.32 | 1902.38 |
| Plan Assets | 3,242.31 | 2,982.12 | 2,539.85 | 2,001.04 | 1634.05 |
| (Surplus)/ Deficit | 1,394.45 | (53.73) | (18.23) | 308.28 | 268.33 |
| Experience Adjustment on plan Liabilities | 342.79 | (165.90) | (180.62) | 97.44 | 85.04 |
| Experience Adjustment on plan Assets | (19.83) | 32.73 | 60.43 | (40.24) | (29.13) |

(ix) Actuarial Assumptions

| Particulars | For year ended 31st March 2015 | For year ended 31st March 2014 |
|--|-----------------------------------|-----------------------------------|
| Discount Rate | 7.92% | 9.39% |
| Expected Rate of Return on Plan Assets | 7.92% | 9.39% |
| Salary Escalation Rate | 7.00% | 7.00% |
| Rate of Employee Turnover | | |
| -For services 4 years and below | 25% | 25% |
| -For services 5 years and above | 1% | 1% |
| Mortality Rate During Employment | | |
| -Indian Assured Lives Mortality | 2006-08 | 2006-08 |

The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as demand & supply in the employment market.

(x) Expected Contribution to the Funds in the next year

| Particulars | For year ended 31st March 2015 | For year ended 31st March 2014 |
|-------------|-----------------------------------|-----------------------------------|
| Gratuity | 1,314.50 | 526.08 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2015 (Contd.)

36. Acquisition of Subsidiary in the United States of America and Business Acquisition in India

During the year, the Company, through its wholly owned subsidiary, Zensar Technologies, Inc. acquired 100% equity interest in Professional Access Limited, USA vide agreement dated August 14, 2014 and also entered into a Business Undertaking Transfer Agreement for the purchase of business from Professional Access Software Development Private Limited, an Oracle Platinum partner.

The financial statements for the year ended March 31, 2015 include the results of this acquired subsidiary and business for the period August 14, 2014 to March 31, 2015 (Revenue from Operations of ₹ 18,862 lakhs and Profit before tax of ₹ 4,006.61 lakhs) and are therefore not comparable with figures of the previous year.

37. The Company vide a Board resolution dated October 22, 2013 had resolved to liquidate its subsidiary Company in Japan, Zensar Advanced Technologies Limited, with effect from March 31, 2014. Accordingly, the subsidiary has ceased its operations effective March, 31 2014 and has during the year completed the liquidation as per the laws of Japan.

38. Additional information on subsidiaries as mandated by Schedule III - General Instruction for the preparation of Consolidated Financial Statements of the Companies Act, 2013

| Name of the Entity | Net Asset, i.e., total assets minus total liabilities | | Share in profit or loss | |
|---|---|---------------------|-------------------------------------|---------------------|
| | As % of consolidated net assets | Amount (₹ in Lakhs) | As % of consolidated profit or loss | Amount (₹ in Lakhs) |
| Foreign Subsidiaries | | | | |
| 1. Zensar Technologies Inc. [ZTI] | 42.1% | 24,324.31 | 15.8% | 4,192.25 |
| - PSI Holding Group, Inc. | 0.6% | 352.54 | 0.1% | 32.75 |
| a. Zensar Technologies IM, Inc (formerly known as Akibia, Inc.) | 23.4% | 13,516.09 | -1.4% | (360.87) |
| b. Aquila Technology Corp. | 1.3% | 760.49 | 0.3% | 76.66 |
| c. Zensar Technologies IM, B.V. (formerly known as Akibia B.V.) | 1.8% | 1,051.12 | 3.2% | 842.07 |
| - Professional Access Ltd. | 1.5% | 879.88 | 1.3% | 343.23 |
| 2. Zensar Technologies (Singapore) Pte Ltd | 1.3% | 748.16 | 1.0% | 274.48 |
| 3. Zensar Technology (Shanghai) Company Limited | -0.2% | (102.02) | -0.4% | (110.62) |
| 4. Zensar Technologies (UK) Limited [ZT (UK)] | 12.5% | 7,241.32 | 9.5% | 2,523.33 |
| 5. Zensar (Africa) holdings (Pty) Ltd. | 0.1% | 53.87 | 0.0% | (3.06) |
| - Zensar (South Africa) (Pty) Ltd. | 0.7% | 409.61 | 0.1% | 14.29 |
| Minority Interest in Foreign Subsidiaries | | | | |
| 1. Zensar (South Africa) (Pty) Ltd | 0.2% | 119.48 | 0.0% | 3.57 |

39. Reclassification

Previous Year Figures have been reclassified to conform to this year's classification.

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

For and on behalf of the Board of Directors of
Zensar Technologies Limited

Amit Borkar
Partner
Membership No. 109846

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place: Mumbai
Date: April 28, 2015

Place: Mumbai
Date: April 28, 2015



Zensar Technologies Limited
Zensar Knowledge Park, Kharadi, Plot # 4, MIDC,
Off Nagar Road, Pune - 411014, Maharashtra, India
Tel: +91-20-6605 7500 | Fax: +91-20-6605 7888
marcom@zensar.com | www.zensar.com

ZENSAR TECHNOLOGIES LIMITED

Regd. Off.: Zensar Knowledge Park, Kharadi, Plot # 4, MIDC, Off Nagar Road, Pune 411 014
(CIN L72200PN1963PLC012621)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 52ND ANNUAL GENERAL MEETING OF THE MEMBERS OF ZENSAR TECHNOLOGIES LIMITED WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT ZENSAR KNOWLEDGE PARK, PLOT #4, KHARADI MIDC, OFF NAGAR ROAD, PUNE 411014 ON TUESDAY, 14TH DAY, OF JULY, 2015 AT 12.00 NOON TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

Item No. 1 – Adoption of Financial Statements.

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 and the Auditors' Report thereon and the Report of the Directors along with the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2015 and the Auditors' Report thereon.

Item No. 2 – Declaration of Dividend.

To confirm payment of Interim Dividend and to declare a final Dividend on Equity Share Capital of the Company for the financial year ended 31st March, 2015.

Item No. 3 – Re - appointment of Mr. H. V. Goenka.

To appoint a Director in place of Mr. H. V. Goenka (DIN 00026726), who retires by rotation, and being eligible, offers himself for re-appointment.

Item No. 4 – Appointment of Auditors.

To appoint M/s Price Waterhouse, Chartered Accountants, Pune having ICAI Firm Registration No.301112E, as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

Item No. 5 – Commission to Non-Executive Directors

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification (s) or re-enactment (s) thereof, ("the Act") and subject to such other necessary approvals, permissions and sanctions, as may be required and subject to such terms and modifications as may be specified while according such approvals; approval of the Members of the Company be and is hereby accorded for payment of Commission to the Non-Executive Director(s) of the Company who is/are neither in the whole time employment nor Managing Director(s), for each financial year commencing from 1st April, 2015 in accordance with and up to the limits laid down under Section 197 of the Act, and computed in the manner as specified in the Act, in such manner and up to such extent as the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including powers conferred by this resolution) may so determine from time to time.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors and/or Chief Financial Officer and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard at any stage."

By Order of the Board of Directors

NILESH LIMAYE

Company Secretary

Mumbai, 28th April, 2015

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT DULY COMPLETED APPOINTING THE PROXY SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A person can act as a proxy on behalf of not exceeding 50 (fifty) members and holding in aggregate not more than 10 (ten) percent of the total share capital of the Company. During the business hours of the Company, proxies are open for inspection for the period beginning before 24 (twenty four) hours from the commencement of the Meeting and ending with the conclusion of the meeting provided that an advance notice of not less than three days is given to the Company.
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send certified true copy of the Board resolution to the Company authorising their representative to attend and vote on their behalf at the Meeting.
3. SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) HAS THROUGH A CIRCULAR DIRECTED ALL THE COMPANIES TO PAY DIVIDEND THROUGH ELECTRONIC MODE. ACCORDINGLY ALL THE SHAREHOLDERS HOLDING SHARES IN DEMATERIALISED FORM ARE REQUESTED TO KINDLY UPDATE THEIR BANK ACCOUNT DETAILS WITH THEIR RESPECTIVE DEPOSITORY PARTICIPANTS (DP). SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM ARE REQUESTED TO KINDLY INFORM THEIR BANK ACCOUNT DETAILS TO THE COMPANY AND/OR THE REGISTRAR AND SHARE TRANSFER AGENTS VIZ. SHAREPRO SERVICES (INDIA) PRIVATE LIMITED.
4. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out the material facts is annexed hereto.
5. Only registered Members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
6. In terms of the provisions of the Companies Act, 2013 and rules made thereunder and Articles of Association of the Company, Mr. H. V. Goenka retire by rotation and being eligible offer himself for re-appointment. A brief resume of Mr. H. V. Goenka along with nature of his expertise are given herewith and forms part of the notice convening the Annual General Meeting.
7. Members are requested to notify any change in their addresses specifying full address in block letters with PIN code of the post office, to the Company's Registrar and Share Transfer Agents at the following address:
Sharepro Services (India) Pvt. Ltd.
13AB Samhita Warehousing Complex
Off. Andheri Kurla Road
Sakinaka Telephone Exchange Lane
Sakinaka, Andheri East
Mumbai 400 072
Tel : 91-022-67720300/400

8. Members are requested to bring their copy of the Annual Report with them to the Meeting.
9. Members desiring any information with regard to Accounts/Reports are requested to write to the Company Secretary at least ten days before the Meeting so as to enable the Management to keep the information ready.
10. The Company's Register of Members and Share Transfer Books will remain closed for the purpose of determining eligibility of the shareholders entitled to receive the dividend from 7th July, 2015 to 14th July, 2015 (both days inclusive).
11. The dividend recommended by the Board of Directors, on approval by the Members at the ensuing Annual General Meeting, will be paid to those Shareholders within thirty days from the date of declaration, whose names appear in the Company's Register of Members as on close of business day on 6th July, 2015.
12. Pursuant to the provisions of the Section 205A of the Companies Act, 1956, Company has transferred unpaid Dividend up to the year 2007 remaining unpaid for Seven years to Investors Education and Protection Fund (IEPF). Members who have not en-cashed their dividend warrants for the subsequent years are requested to send their Dividend Warrants for revalidation to the Company or its Registrar and Share Transfer Agents.
13. Investors may address their queries/communications to investor@zensar.com and/or sharepro@shareproservices.com
14. The Annual Report for 2014-15 is being sent through electronic mode only to the Members whose e-mail addresses are registered with the Company/Depository Participant (s) unless any Member has requested for physical copy of the Report. For Members who have not registered their e mail addresses, physical copies of the Annual Report for 2014-15 are being sent by permitted mode.
15. To support the Green initiatives taken by Ministry of Corporate Affairs, Members are requested to register their Email Address with Depository/Company so that all communications / documents can be sent in electronic mode.
16. The voting for the agenda item shall be done by casting of votes by using Remote e-voting that is an electronic voting system from a place other than the venue of the Meeting (e-voting) or by Poll at the Meeting. Those who have exercised the option of e-voting shall be entitled to attend and participate in the Meeting but would not be entitled to vote at the Poll to be conducted at the venue of the AGM on the day of meeting.
17. Mr. S. V. Deulkar, Partner, SVD & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process and Poll in a fair and transparent manner.
18. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company and/or authorised person of the Company who shall declare the results.
19. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.zensar.com and on the CDSL's website www.cdslindia.com and communicated to the Stock Exchanges immediately after declaration.
20. The information and instructions relating to e-voting are as below :
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members facility to exercise their right to vote by way of e-voting at the 52nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).
 - II. The e-voting period commences on 11th July, 2015 (9:00 am) and ends on 13th July, 2015 (5:00 pm). The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently. During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 7th July, 2015 that is the cut-off date, may cast their vote electronically.

- III. The Notice convening the Annual General Meeting along with Annual Report for the year 2014-15 is hosted on the Company's website www.zensar.com The Notice convening the Annual General Meeting has also been hosted on CDSL's website www.cdslindia.com
- IV. Any person who becomes Member after dispatch of Notice of the meeting and holding shares as on cut-off date that is 7th July, 2015 and who have updated their PAN with the Company/Depository Participant have to follow instructions as per points (VI) to (XXIII) below to vote through e-voting during the e voting period that commences on 11th July, 2015 (9:00 am) and ends on 13th July, 2015 (5:00 pm).
- V. Any person who becomes Member after dispatch of Notice of the meeting and holding shares as on cut-off date that is 7th July, 2015 and who have not updated their PAN with the Company/Depository Participant can send an email to comapnysecretarial@zensar.com and sharepro@shareproservices.com to obtain sequence number and then they will have to follow instructions as per points (VI) to (XXIII) below to vote through e-voting during the e voting period that commences on 11th July, 2015 (9:00 am) and ends on 13th July, 2015(5:00 pm).
- VI. The Shareholders should log on to the e-voting website www.evotingindia.com
- VII. Click on Shareholders.
- VIII. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter complete Folio Number registered with the Company.
- IX. Next enter the Image Verification as displayed and Click on Login.
- X. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- XI. If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|-----------------------|--|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (printed on attendance slip) in the PAN Field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field. |
| DOB | Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (VIII).</p> |

- XII. After entering these details appropriately, click on "SUBMIT" tab.
- XIII. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used by the Members for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- XIV. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- XV. Click on the EVSN for <Zensar Technologies Limited> on which you choose to vote.
- XVI. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- XVII. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- XVIII. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- XIX. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- XX. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- XXI. If Demat account holder has forgotten his/her password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- XXII. Note for Non – Individual Shareholders and Custodians.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution or Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- XXIII. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5:

Presently, Company has a blend of proficient executive and Non-Executive Directors on its Board, each of whom adds value and brings independent view in the decision-making process. The Board is comprised of Nine Directors, one of which is an Executive Director and eight are Non-Executive Directors. Non-Executive Directors are not paid any remuneration except sitting fees for attending the Meetings of the Board of Directors or any of its Committees and Commission. In view of growing business of the Company and emerging business opportunities the Non- Executive Directors with their varied and rich experience are playing a greater role in the management of the Company. Their contribution is immensely important for ensuring appropriate directions with regard to leadership, vision, strategy, policy making, monitoring and achieving greater levels of performance. It has mandated them for additional mentoring and requirement to devote more time & attention to the Company. In terms of changing regulatory environment, their responsibility and accountability has also increased manifold. The Board therefore, recognizes the need to allow these Non-Executive Directors who are neither in whole time employment of the Company nor are appointed as the Managing Director(s) to draw additional remuneration by way of commission during each financial year commencing from 1st April, 2015 which shall not exceed 1% of the Net Profits of the Company for any year, computed in such manner as may be specified in the Companies Act, 2013, including any modification or re-enactment thereof ("the Act"), or such other higher limit as the Board may deem fit, subject however, to the approvals/sanctions/permissions required if any.

Nomination and Remuneration Committee shall recommend for approval to the Board the quantum of the Commission payable to the non-executive Director(s) from time to time considering their role and responsibility.

In view of the above, the Members approval is being sought pursuant to Sections 197, 198 and other applicable provisions of the Companies Act, 2013, if any, for the payment of commission to the Non-Executive Directors of the Company during each financial year commencing from 1st April, 2015. The payment of commission would be in addition to the sitting fees payable for attending Meetings of the Board and Committees thereof.

The Board of Directors accordingly, recommends the resolution set out at Item No. 5 of the Notice for the approval of the Members.

All the Non Executive Directors of the Company who will be receiving the Commission are concerned or interested in this resolution set out at Item No. 5 of the accompanying Notice, to the extent of the Commission that may be payable to them from time to time.

The Vice Chairman and Managing Director, Key Managerial Personnel of the Company and their relatives are not concerned or interested in the said Resolution.

The Board of Directors recommend the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

ADDITIONAL INFORMATION

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT

[Pursuant to Clause 49 of the Listing Agreement]

Brief Resume of Mr. H. V. Goenka

Mr. Harsh Vardhan Goenka aged 57 years is a Graduate in economics and MBA from the International Institute of Management Development (IMD), Switzerland. He is one of the prominent industrialists in India with extensive experience of over 30 years at the helm of RPG Group, one of India's largest conglomerates active in tyres, infrastructure, IT and speciality businesses. Mr. Goenka, a past President of the Indian Merchants' Chamber (IMC) serves on the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI) and is a Member of the Foundation Board of IMD, Lausanne, Switzerland. Mr. Goenka serves as the Chairman of the Company. He holds 774 equity shares in the Company as a Trustee of Crystal India Trust and is not related to any other Director of the Company.

Mr. Goenka holds directorship of the following Companies and does not hold position of Member of Committees of the Board in any of the Companies:

| |
|--|
| Directorships |
| CEAT Limited, Chairman of the Board |
| KEC International Limited, Chairman of the Board |
| R P G Enterprises Limited, Chairman of the Board |
| RPG Life Sciences Limited, Chairman of the Board |
| Bajaj Electricals Limited, Director |
| Spencer International Hotels Limited, Director |
| Raychem-RPG Private Limited, Chairman of the Board |

By Order of the Board of Directors
NILESH LIMAYE
Company Secretary

Mumbai, 28th April, 2015



Your Transformation Partner

Form No. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

(CIN L72200PN1963PLC012621)

Name of the Company : Zensar Technologies Limited
Registered Office : Zensar Knowledge Park, Kharadi, Plot #4, MIDC, Off Nagar Road, Pune 411 014

Name of the member(s) :
Registered address :
Email Id :
Folio No./Client Id :
DP ID :

I/We being the member(s) of _____ shares of the above named company, hereby appoint

1. Name : _____
Address : _____
Email Id : _____
Signature : _____, or failing him
2. Name : _____
Address : _____
Email Id : _____
Signature : _____, or failing him
3. Name : _____
Address : _____
Email Id : _____
Signature : _____

as my / our proxy to attend and vote (on a poll) for me / us on my / our behalf at the 52nd Annual General Meeting of the Company to be held on the 14th day of July, 2015 at 12.00 noon at Zensar Knowledge Park, Kharadi, Plot #4, MIDC, Off Nagar Road, Pune 411 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. Adoption of Financial Statements for the Financial Year ended 31st March, 2015 (Ordinary Resolution)
2. Declaration of Dividend (Ordinary Resolution)
3. Re - appointment of Mr. H. V. Goenka as a Director of the Company. (Ordinary Resolution)
4. Appointment of Price Water House, Chartered Accountants as Auditors of the Company. (Ordinary Resolution)
5. Commission to Non-Executive Directors. (Special Resolution)

Signed this day of 2015

Signature of shareholder : _____

Signature of Proxy holder(s): _____

Affix
Revenue
Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

TEAR HERE

