

July 28, 2016

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Dear Sirs,

Sub: Annual Report FY 2015-16

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report of the Company for the FY 2015-16.

Kindly acknowledge the receipt of the Communication.

Thanking you,

For ZENSAR TECHNOLOGIES LIMITED



NILESH LIMAYE
COMPANY SECRETARY
Membership No. A4075



Return on Digital



ANNUAL
REPORT
2015-16



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The Butterfly Effect: *The sensitive dependence on initial conditions, in which a small change in one state of a deterministic non-linear system can result in large differences in a later state.*

The impact of Digital, is akin to the butterfly effect. Digital journeys may well start with small bits of fancy new technology, but the journey is really about evolving business models and the transformational impact it can create for enterprises and the industry at large.

This Annual Report delves into the theme of the Return on Digital - on the phenomenal impact that the right investments in Digital can have on business outcomes of any enterprise, and how Zensar helps realise those returns.

Return on Digital

Zensar Technologies Limited reported a 12.8% increase in revenues and a 16.8% growth in profit after tax in 2015-16.

The successive year of profitable growth for the company was the result of prudent positioning as a transformation partner for global clients in cutting-edge businesses.

The theme of this report is how Zensar has carved out a proactive client-direct position as a Digital partner strengthening client preparedness and competitiveness in a challenging world.

And when you strengthen a client's business through comprehensive Digital solutions, you end up strengthening your own.



Corporate snapshot



- Part of the \$ 3 Billion RPG Enterprises and \$ 40 Billion APAX Partners.
- Among five global technology companies to be listed on a major global stock exchange (BSE) for 52+ years.
- Helping customers graduate from the traditional to the transformational.

Providing a complete technology services portfolio – Applications, Infrastructure, Digital and Industry-specific solutions.

Vision

Leaders in business transformation

Mission

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

We will partner with customers for their success

Values

Customer-centricity

Commitment to People and the Community

Continuous Innovation and Excellence

Zensar is a leading digital solutions and technology services company that specialises in partnering global organisations across industries on their Digital Transformation journey, while headquartered out of India.

Zensar possesses a strong record of innovation drawn from a culture comprising around 8300 associates and a footprint in multiple global locations. Zensar's comprehensive software services and solutions make it possible for Global 1000 customers to enhance performance and productivity.

Zensar has invested extensively in partnerships to strengthen technology-

led service capabilities.

Zensar differentiates itself through strong associate and enduring customer relationships.

Offerings

Zensar offers a complete range of traditional and transformational IT services and solutions across application management and infrastructure management services.

Zensar's portfolio comprises services for mission-critical applications, 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.

Presence

Zensar enjoys a presence across US, UK, Africa, Singapore, China, Australia as well as in European and Middle Eastern nations serviced through dedicated delivery centers in India (Pune, Hyderabad and Bangalore) as also in the US (San Jose, CA and Westborough, MA), UK (Slough) and Africa (Johannesburg).

Mission report



A five year perspective of profitability, prosperity and sustainability

13.6%

Five year CAGR growth of revenues leading to 2015-16

18.1%

Five year CAGR growth of EBITDA leading to 2015-16

15.3%

Five year CAGR growth of profit after tax leading to 2015-16



Geography-wise revenues

US **77%** Africa **8%**

Europe **10%** Rest of the world **5%**

Revenue

12.8%

Growth

Rs. **2964** crore in 2015-16
Rs. **2628** crore in 2014-15

EBIDTA

12.3%

Growth

Rs. **440** crore in 2015-16
Rs. **392** crore in 2014-15

Profit after tax

16.8%

Growth

Rs. **309** crore in 2015-16
Rs. **265** crore in 2014-15

| Associates | Women% | Resource utilisation (%) | Critical talent retention (%) | Market capitalisation (Rs. cr.) | Home grown leaders from within Zensar (%) |
|-------------|-------------|--------------------------|-------------------------------|---------------------------------|-------------------------------------------|
| 8256 | 25.1 | 81 | 92 | 4156 | 75 |

As on 31 March 2016

Board of Directors



H. V. Goenka

Chairman, Non
Executive Director



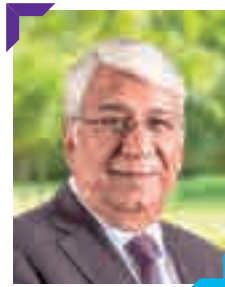
**Sandeep
Kishore**

Chief Executive Officer
and Managing Director



A. T. Vaswani

Independent, Non
Executive Director



Arvind Agarwal

Non-Independent,
Non Executive Director



**P. K.
Mohapatra**

Independent, Non
Executive Director



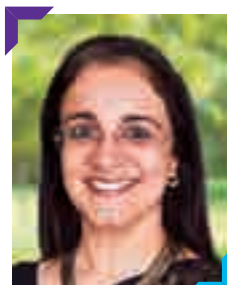
**Shashank
Singh**

Non-Independent,
Non Executive Director



**Venkatesh
Kasturirangan**

Independent, Non
Executive Director



**Madhabi Puri
Buch**

Independent, Non
Executive Director



Sudip Nandy

Independent, Non
Executive Director



Leadership team



Sandeep Kishore

Chief Executive Officer and
Managing Director



Nitin Parab

President, Platinum Accounts
& Strategic Deals



Pinaki Kar

President, IMS & Cloud



S. Balasubramaniam

Chief Financial Officer



Syed Azfar Hussain

Chief Human Resources
Officer



Ajay Bhandari

Chief Corporate Development
Officer



Krishna Ramaswami

Delivery Head, Digital
Application Services



Harish Gala

Executive Vice President and
Head, Enterprise Application
Solutions



Prameela Kalive

Executive Vice President and
Head, Custom Application
Solutions



Chakri Vaddi

Senior Vice President and
Head, Enterprise Business, US



Chaitanya Rajebahadur

Senior Vice President and
Head, Europe



Deepanjan Banerjee

Executive Vice President
and Head, Client Assurance
Organisation



Krishna Kumar

Senior Vice President
and Head Delivery, Digital
Commerce Solutions



Kumar Rayasam

Senior Vice President and
Head, Digital Commerce
Solutions Business



Mohan Hastak

Senior Vice President and
Head, Strategic Business
Function, Custom Application
Solutions



Harish Lala

Senior Vice President and
Head, Africa

Chairman's message



Today, it is not about making a choice, it is about how soon the choice is made.

We operate in very interesting times, with technology and its relevance evolving at a significant pace. Consolidation between pure-play enterprise IT frameworks and digital-led tools continue to create multiple opportunities for companies like ours. Global enterprises are straddling dual realms of going digital, while harnessing the benefits of legacy systems. Previously emerging technology stack of cloud, mobility, big data and Internet of Things, Social are now mainstream. This is the future of IT, with fast or smart IT becoming a must-have rather than a good-to-consider. There is a shift in strategy, vision and execution of IT, evinced across varied sectors.

The speed with which organisations achieve digital transformations will define the quality of customer engagement, build competitive edge as well as increase operational efficiencies. Both, digital and e-commerce have emerged as significant contributors to Zensar's overall performance. This factor underlines our industry readiness to chart new success stories in areas that have untapped potential. We will continue to focus with renewed efforts in helping customers realise significant benefits. Zensar is focused towards being a holistic digital partner to customers as they embark on their transformation journey.

The recent investment by APAX Partners in Zensar is a welcome development and is

expected to bring benefits to the company. Zensar is a key focus area for the RPG Group, and we aim to scale the company into a Top-10 Indian technology services business in the medium-term, through a combination of organic growth and acquisitions.

Companies embracing digital will have enhanced agility and efficiency, putting them ahead in the race. It is these companies that will be able to sustain themselves in the context of volatile market conditions and geopolitical issues. Today, it is not about making a choice, it is about how soon the choice is made. Zensar is geared to play the role of a strategic consultant, implementation partner and enabler. The team at Zensar is ready with its global experience, deep technology expertise and proven capabilities in enabling customers successfully navigate through the digital world of today and tomorrow. Under the leadership of Sandeep Kishore, Zensar's new Chief Executive Officer, and a fine organisation, we are ready to take the next leap to a more robust growth and success trajectory, for our shareholders, customers and associates worldwide.

H.V. Goenka
Chairman

CEO's note



It is my pleasure to make this inaugural note to all Zensar shareholders as CEO and MD of your company. These are exciting times in the industry – made exciting by the prospect of the transformational impact of Digital.

Even as there is enhanced clarity on the growing digital role in corporate competitiveness, there is a deterring reality. A number of global organisations are finding it increasingly difficult to scale their digital investments due to the inability to forecast or estimate a clear return on their investments.

Of all the companies that invested in digital technologies to strengthen their competitiveness, only 40% could establish accountability measures (targets, incentives or 'owners' of digital programs). A high 93% of senior executives indicated that their organisations could not estimate the precise value they could extract from the digital initiatives. Only 4% of the companies that made digital investments could generate high returns at all.

So even as there is a growing corporate priority in enhancing digital investments to remain competitive, there is a concurrent need to precisely estimate the kind of returns one would be able to generate from digital investments, to even invest in the first place.

Which explains why a far-sighted technology transformation services provider like ourselves, Zensar is doing something more than merely evangelising digital services. It is taking these solutions to its clients against prospects of measurable business gains that translate into quicker payback. Transforming the concept of digital from expenditure on a fancy suite of new or emerging technologies like artificial intelligence, bots, augmented reality, real-time analytics and the like, to a business strengthening investment.

At Zensar, we have made concise this paradigm-changing proposition in just three words.

Return on Digital.

The company has moved:

- From a singular focus on project execution, to helping customers realise a Return on Digital investments
- Beyond use of specific technologies, to flexible use of diverse and emerging technologies in customising solutions around customer needs
- Beyond the experimental, to leveraging established processes and customer experiences of hundreds of successful projects, to deliver relevant solutions
- From the prospect of generating incremental benefits, to focus on next-generation business impact
- From a client focus on generating one-time profit spike, to enabling a sustained competitive advantage
- From a small use of digital within our own company, to an ambitious '100% Digital' Zensar, to leverage the benefits ourselves and to gain maximum 'Return on Digital' as a business.

All these are strengthening Zensar's credentials as a competent, trusted and long-term holistic digital partner that empowers customers in getting their digital outcomes right, the first time.

This focus on returns for the clients we work with, coupled with our delivery excellence through automation and efficiency frameworks, further bolstered through transparent and performance driven people practices, built on the strong foundation of a solid strategy and sharpened go to market – has Zensar poised for significant growth ahead.

Sandeep Kishore

Chief Executive Officer and Managing Director

Zensar's distinctive Digital competence

Zensar brings to its distinctive Return on Digital proposition an impressive track record of having strengthened the businesses of its customers – across sectors, technologies, geographies and time.

Zensar brings demonstrated capabilities to the customers table. 75% of the company's customers belong to Global 1000; 70% of Zensar revenues have been derived from customers with 10+ years of engagement; 50% of relationships comprise multi-services; Digital business accounts for 27% of

overall revenues; this business has been growing 100% year-on-year; nine of Zensar's 10 largest clients use its business-transforming digital services.

Zensar's partnership proposition has been backed by a strong innovation track-record, proactive investment in Digital solutions, enunciation of commitment to client success, comprehensive range of digital and technology services and solutions, and a visible showcase of long-term projects. These have helped customers transform, plan for business expansion

and grow through innovative and digital strategies.

Zensar focuses on key aspects like Automation, Customer Experience, Business Resilience and Standardisation of the core back-end systems that make it possible for customers to capitalize on digital opportunities.

Extending beyond transactions to enduring relationships; graduating the engagement from fleeting vendorship to trusted partnership.

The Digital opportunity size

125,000 large organisations are expected to launch digital initiatives; CEOs expect their digital revenues to increase to more than 20% of overall revenues by 2020.*

Enterprises creating advanced digital transformation initiatives are expected to double - from 22% to almost 50% by 2020.**

Interestingly, only 27% of global businesses profess any digital strategy to enhance customer value through a digital-led business.***

In 2015, Digital continued to stay top-of-mind for key executives; more than 46% CEOs were executive sponsors of digital initiatives; 56% expected an increase in return on these investments in three years.

The result is that even as the size of the global digital play is a small portion of the global enterprise technology market, this could emerge as a USD 4 trillion opportunity by 2025.

Gartner estimate, IDC** and Forrester ****

Return on Digital

B2C businesses need more customers. Return on Digital will help personalise the consumer experience

Insurance service providers seek customer loyalty. Return on Digital will make it possible to customise premium.

Manufacturing companies need enhanced efficiencies. Return on Digital through platform and sensor-based solutions will help deliver analytics from consumer to the manufacturer intelligently and directly

Zensar's opportunities

Growing room for digital solutions in the manufacturing (automation and digital solutions), retail and insurance spaces

Growing need to integrate business ERP and shop floor ERP into a seamless solution

Growing need to enhance customer experience (in store brick and mortar to e-commerce)

Acquisition

In 2014, Zensar acquired Professional Access (PA), a leading commerce specialist, Oracle ATG and Endeca partner. The acquisition resulted in significant customer additions across the retail and e-commerce spaces.

Digital wave, Zensar and you



Even as you are reading this, there is a possibility that in the last hour, you ...

... read the day's news headlines on your smartphone

... purchased tickets online

... accessed information about a product on a website

... checked the number of steps you walked today on your watch

... downloaded music directly onto your phone, and

... were pleasantly surprised to read that your municipal corporation would accept taxes online.



The writing's on the Digital wall

How the average consumer leverages the digital world has an impact on what products are created and how they are marketed. The reality is that Digital is the single biggest factor impacting the future of companies. Disrupting status quo. Warranting new business models. Enhancing the need for relevance. Creating unprecedented opportunities.

The result is that location is becoming increasingly irrelevant, industry segment is increasingly meaningless and what products and services one delivers of declining consequence.

Digital is more than technology; it is about evolving business models and how they can transform organisations. No longer an enabler; it is the competitive advantage that takes companies from one level to another. No longer another lever in the corporate arsenal; it is emerging as the single biggest reason why companies are succeeding or failing in evolving marketplaces. No longer about Cloud, Mobility and Analytics; it is also about automation and new algorithms converging disjointed aspects through a digital thread and IoT-led processes.

This has enhanced the relevance of first-moving and fast-moving Zensar as a Digital Solutions provider.

- By 2020, more than 7 billion people and business and nearly 35 billion devices will be connected to the Internet.

Making it imperative for businesses to weave their strategies around this single biggest technology reality.

- 32% of corporate leaders with \$ 250 Million or more in revenues (2014) feel they fundamentally run digital businesses.

Making it imperative to invest more aggressively on the digital side of their businesses than ever before.

- When asked about the impact of digital business – negative or positive over the next five years - the consensus was positive for customer experience and management (86%), IT organisation (86%), people productivity (84%) and sales organisation (83%).

Making the Chief Marketing Officer a key stakeholder in decision-making on IT investments in many companies.

- 47% manufacturers expect big data analytics to be central to the digital factory.

Making it imperative to know more about what consumers are buying, how and where, and in real time.

- 86% retail consumers are willing to pay 25% more for a personalised consumer experience.

Making it imperative to know how consumers want to be connected with across moments of truth.

- 42% physical processes supporting the large global insurance vertical will be progressively automated in the digital world.

Making it possible for consumer-interfacing companies to move faster and in more informed manner in responding to consumer needs

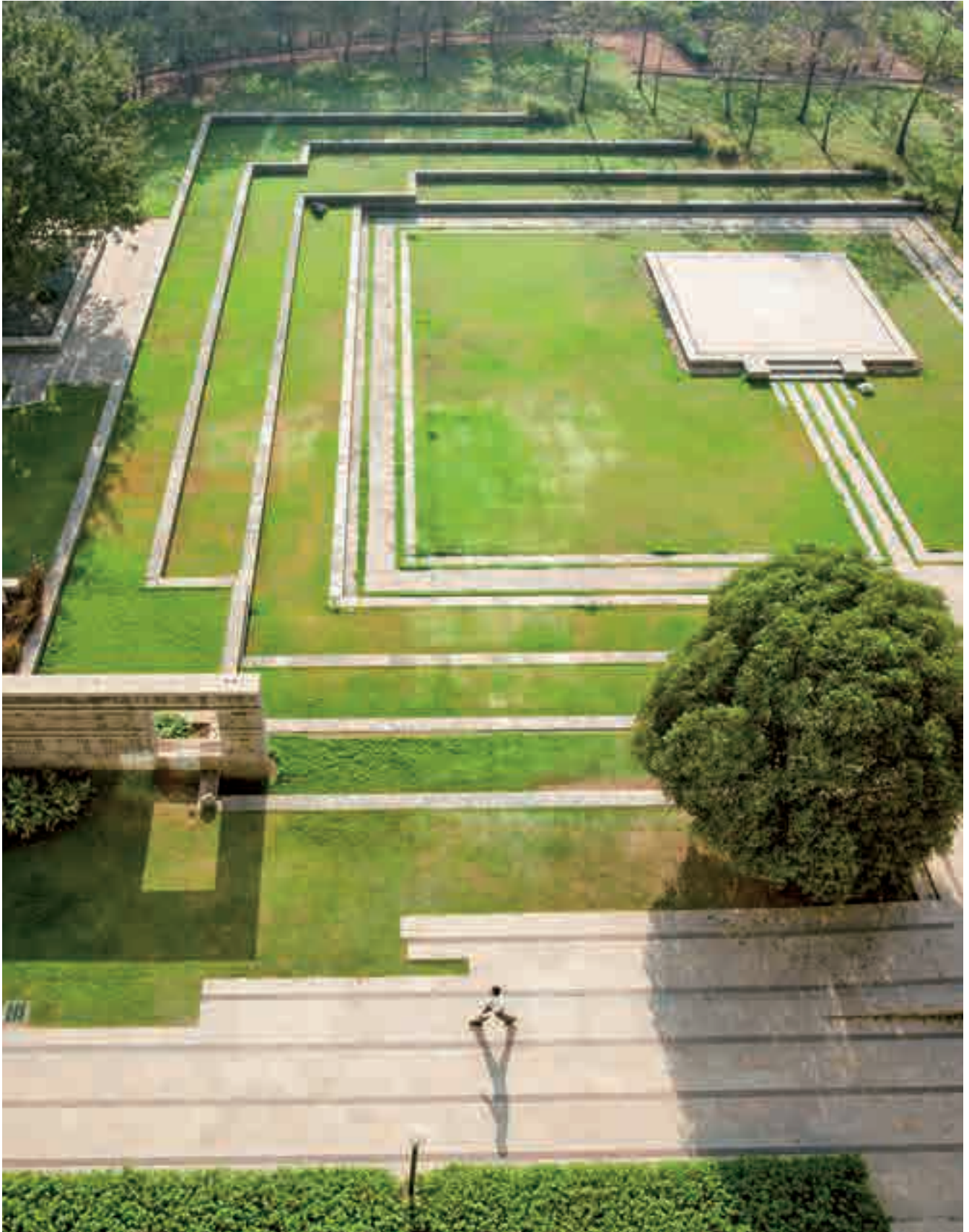
- 50% of technology spends by companies needing to move faster, and more effectively, will be in new digital technologies.

Making it imperative for customers intending to enhance competitiveness to seek long-term business-strengthening digital partners.

This annual report touches upon how Zensar has proactively invested in addressing the transformational opportunity that the Digital wave has provided.

Source: SCM World, Oracle Right Now user survey analysis, PwC Insurance 2020, IDC predictions 2016

Enough said about Digital.
Time to deliver the Return





All businesses worldwide are impacted by the ability to launch new propositions, deliver delightful customer experiences and automate business processes while maintaining pace and ensuring scale.

To make Digital real and deliver a return, there are three tenets that need to steadily evolve and work in a completely coordinated manner to support rapid growth and expansion of any enterprise.

Return on Digital is delivered through a harmonious combination of the following:

Stability of Core Systems

- Creation of secure, scalable and stable systems
- Integration of core services in different avatars
- Variety of custom and enterprise applications as well as infrastructure platforms
- Partnered organisations in development and integration of applications and infrastructure to support entire business processes

Cross-over Systems and Processes

- Re-engineering of legacy systems through flexibility and modernisation
- Transformation and alignment of existing infrastructure with Cloud infrastructure
- Fusion of core systems and next-gen technologies
- Delivery of next-generation automation to drive IT speed
- Seamless integration of technologies and business
- Next-gen end user engagements – self-service, admin-based unique tool across devices

Digital Agility

- Blend of cloud and analytics to enhance customer agility
- Use of analytics empowering customers to derive a meaningful marketplace insight that enhances decision-making
- Personalisation of offerings, strengthening customer loyalty
- Mapping consumer preferences based on retrospective spending patterns coupled with relevant product offerings
- Influencing customers through wider product choice in real-time
- Experience of 200+ global digital commerce implementations

Digitally ready for the multi speed world

Our Traditional Stack

- Custom applications and Testing
- Enterprise applications
- Infrastructure management services

Our Cross-Over Stack

- Next Gen End User Engagements
- Legacy Modernization
- Hybrid IT

Our Digital Stack

- Artificial Intelligence
- Bots
- Augmented Reality
- Security
- Internet of Things
- Social, Mobile, Analytics, Commerce and Cloud

Digital outcomes delivered

Core legacy systems of a leading insurance services provider were not designed for multi-channel or integration with emerging technologies.

Our self-service Digital platform integrated with the legacy system and helped define priorities to take products faster to market, improve customer engagement, streamline business processes and adhere to security norms.

The result: simpler systems, legacy asset modernisation and transition to next gen technologies helping the client achieve strategic objectives, quicker, generating 70% cost savings.

A Global specialty retailer was dissatisfied with volumes generated from digital channels.

Our Analytics solution through a recommendation engine built on the Zensar Analytics platform generated a higher basket size and thus a 17%

increase in revenues in the first quarter.

Our Smart Manufacturing Solution automates the manufacturing shop floor. The solution comprises automated platforms integrated through advanced Internet of Things, devices and machine PLCs (Programmable Logic Controller). This ensures a fully-integrated, collaborative manufacturing system that responds in real-time to meet changing factory realities, supply network, new regulatory norms and customer needs. Strengthening client competitiveness.

Our Customer Service solution for a Fortune 100 manufacturing leader generated 100% orders from B2B platform resulting in 8% increase in revenues.

Our Commerce solution for a leading luxury fashion retailer generated a 91% increase in online revenue and 60% increase in order inflow.

Our Hybrid IT solution for a leading

hi-tech manufacturing company, comprising the development of hybrid infrastructure across premises and public Cloud, generated a 40% reduction in IT operation costs.

Our Cloud solution for a leading utilities provider helped result in 45% savings reinvested into innovation initiatives.

Our Customer Experience solution for a leading online retailer helped support 10 million online transactions during the peak season.

Our Automation solution for a leading insurance company generated a 60% reduction in test cycles through automation and improving multi-country time-to-market by 30%.

A European utilities provider reduced IT spend more than 45% by moving to a Hybrid Cloud. These savings were reinvested in digital innovation to build a stronger business.

Zensar Runs on Digital



Committed to make Zensar a 100% digital company. To build a comprehensive digital landscape for Zensar associates, customers, and public stakeholders.

Digitally managed with mobile dashboards – analytics driven, on hybrid cloud and secure.

ZenVerse: For associates to converse directly with CEO and MD, Sandeep Kishore

Zensar EDGE: Productivity App - on-demand insights on Zensar

ZenWEN: Women Executive Network – towards a balanced leadership

ZenTS: To measure work and productivity

ZenCSR: To make aware and engage all, on social change

ZenPolicies: Rules and guidelines that help associates navigate their way

ZenD: For a single snapshot of the operations of each business unit

ZenSales: For sales productivity - insightful view of sales performance

ZenFM: A unique new private radio channel for Zensar associates

ZenMCM: The leadership dashboard for the management council

Return on Digital: A different take!



Anamika Salve. Graduate. Family classified as below poverty line. Anamika trained at Zensar's Unnati. Improved self-confidence and communication skills. Following training she was placed in a global BPO as Customer Care Executive. Her father confessed he was proud his daughter was now earning more than him. Moved to a half-a-billion dollar international BPO. Aspires to a managerial position.

Laxman Gade, 32. Studied till Grade 9. Helped his father in farming. Heard of National Digital Literacy Mission (NDLM) in his village. Completed the program. Familiarised himself with data entry, MS

Office, Internet, Gmail and Facebook. Gleaned dairy farming ideas from the net. Started dairy farming. Has turned net evangelist: "Today, I help people join NDLM to learn about computers and Internet to better their lives."

Shubham Wadekar. Grade 10 student. Assists parents in running a canteen. Enrolled in NDLM program in his village. Completed the program. Has overcome the computer bogey. Says: "*I help others become digitally literate.*"

Sapna Gholap, 30, Junnar. Studied till Grade 10. Husband, an office peon with irregular salary. Two children. Joined NDLM Centre. Enhanced her

understanding of data entry, MS Office, Internet, Gmail, Facebook and 7/12 (land documents). Moved to YouTube and Google to learn skills. Made bags for commercial sale. Inspired other women to join NDLM Centre in Sudumbre village.

Eshwari Belhekar, 30, Sudumbre Village. Studied till Grade 10. Two children. Worked in a general store. Barely made ends meet. Joined NDLM course to learn about the Internet. Learnt about Gmail, Facebook, online payments, PAN card/ Aadhar card online application etc. Now employed at a cyber cafe. Inspired more women to turn to NDLM Centre.



And then there's the eternal love – that makes the little impossible happen

Three years at Udaan, different children - some aggressive, some timid; some shy, some bold; some talkative, some tight-lipped.

Ten year old Payal Chavan was irregular to class. When she did turn up Payal would either be quiet or start crying. When brought to her mother's notice

she shouted at her, threatening to send her to an orphanage.

Single mother, worked hard and sent Payal to school so she would not have to get into manual labour for a living.

After that I addressed Payal as 'my princess' and said she would come to class every day. She smiled and ran away. Next day, she did come. Called me near and pecked my cheek and

said I looked beautiful. Payal. She came every day thereafter. Each day she enters class with a smile - 'Teacher, I have come.'

Teacher at Zensar's Udaan School.

To get each child to just show up.

And because she loves it.

To lend smiles to faces.

That, is our endeavour.

That, is the Return.



DIRECTORS'

REPORT & ANNEXURES 2015-16

Directors' Report

Dear Members,

Your Directors are pleased to present their 53rd Annual Report together with the Audited Financial Statements, Directors Report and Annexures for the year ended 31st March 2016.

FINANCIAL SUMMARY:

Standalone

(₹ Crores)

| | Year ended 31st March 2016 | Year ended 31st March 2015 |
|------------------------------|-------------------------------|-------------------------------|
| Revenue from operations | 1,233.12 | 1,052.45 |
| Other Income | 59.61 | 48.27 |
| Total | 1,292.73 | 1,100.72 |
| Profit Before Taxation | 317.15 | 253.45 |
| Profit After Taxation | 234.25 | 183.11 |
| Proposed Dividend | - | 28.81 |
| Transfer to General Reserves | 140.00 | 100.00 |

Consolidated

(₹ Crores)

| | Year ended 31st March 2016 | Year ended 31st March 2015 |
|-------------------------|-------------------------------|-------------------------------|
| Revenue from operations | 2,964.26 | 2,627.68 |
| Other Income | 58.33 | 55.05 |
| Total | 3,022.59 | 2,682.73 |
| Profit Before Taxation | 428.81 | 365.91 |
| Profit After Taxation | 309.15 | 264.59 |

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

On standalone basis, during the financial year 2015-16, your Company recorded total income of Rs. 1,292.73 Crores comprising Income from Software Development and Allied Services of Rs. 1,169.65 Crores, Sale of license for software applications Rs. 63.47 Crores and Other income of Rs. 59.61 Crores. The Company recorded a net profit of Rs. 234.25 Crores reflecting an increase of approximately 28%.

On consolidated basis, your Company has maintained growth with total income of Rs. 3,022.59 Crores comprising Income from Software Development and Allied Services of Rs. 2,714.28 Crores, Sale of licenses for software applications including products Rs. 249.99 Crores and Other income of Rs. 58.33 Crores. The Consolidated Net profit was Rs. 309.15 Crores reflecting growth of approximately 17%.

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, 2016 to which the financial statements relate and the date of the report.

BUSINESS UPDATE AND STATE OF COMPANY'S AFFAIRS

Digital continues to dominate conversations and discussions across global enterprises. The sphere of influence and implementation of digital technologies like cloud, mobility, social media and big data analytics is on an upward adoption trend. Transformation of IT is rapidly becoming enabled through digital. According to Gartner's estimates*, 1,25,000 large organizations will launch digital initiatives and CEOs expect their digital revenues to increase to more than 20 % by 2020. As per IDC industry predictions enterprises creating advanced digital transformation initiatives will double from 22 % to almost 50 % by 2020.

The worldwide IT-BPM spend through 2015 saw a growth of 0.4 percent amounting to USD 1.2 trillion. The growth rate of 3 percent over 2014, was largely contributed by analytics services having created

Directors' Report (Contd.)

increased focus and demand. The other significant growth driver was the verticalised offerings of horizontal services. Global ecommerce industry reported a positive growth of 11.5 % standing at USD 1.7 trillion.

By 2025, digital technology will rise to USD 4 trillion, forming the major pie of the overall global enterprise technology market. Jobs will be created across new platforms and applications. One of the interesting changes running through new and emerging trends is the fact that technology consumption is increasingly consumer led, as demand for wearables, smarter devices, mobility, 24x7 connectivity sees momentum. Another new entrant to this mix are governments and related civic bodies that are adopting technology platforms to build enhanced citizen services.

Your company has taken the lead, staying well ahead of the curve by leveraging all these new growth opportunities. Your company has maintained its steady growth trend amidst the volatile global and local geopolitical economic trends with year ended revenues reported at Rs. 3,022.59 Crores, a growth of 13 % over the previous year's revenues of Rs. 2,682.73 Crores. The profits after tax were at Rs. 309.15 Crores, marking an 17% increase over the previous year's PAT at 264.59 Crores on a consolidated basis

Further, the Company has reported revenue of Rs. 1,292.74 Crores, a growth of 17% over the previous year's revenues of Rs. 1,100.73 Crores. The profits after tax were at Rs. 234.25 Crores, marking an 28% increase over the previous year's PAT at 183.11 Crores on standalone basis.

Your company retains its reputation and position as a consistent performer.

Digital is a way of working and not only an enabler; there is a conscious shift across multiple enterprises from varied sectors into exploring new ways in which digital IT can help achieve faster results. There is equal emphasis on automation, new algorithms bringing disjoint aspects together with a digital thread and IoT led processes. The rest of this decade will change the way we interpret, implement and internalize digital technologies. In contrast to the flat global spend trends, the outsourcing services segment continued on a growth path reporting a growth of 8.5 percent, estimated at USD 162-166 billion. India retained the top spot as the leading destination for outsourcing services, commanding 56 % share globally.

While, our core application led and infrastructure business has seen sustained growth in both innovation

and new skills training across new and existing customer engagements, our digital and ecommerce thrust have become significant contributors. We have been able to retain a distinct competitive market position due to this approach year on year. Some of the partnerships and initiatives were lauded by industry leading analysts as well as a larger universe of media and the industry.

We continued performing and focusing across our key industry verticals-- Manufacturing, Retail, Banking, Financial Services and Insurance. Investments made in new senior talent and digital technologies proved successful. While, we continue to build our core skills and capabilities across application development, testing, support, modernization; our focus on strengthening our enterprise applications business led by Oracle and SAP continued to grow. We invested in developing new platforms for increased and collaborative knowledge sharing through our DevOps and Agile CoE, Oracle Cloud Lab and the Oracle Exalytics Lab. Our flagship service in the area of social listening and analytics, the Zen Social was well accepted by customers who enjoyed the value addition it brought to their customer engagement models.

Zensar was included as a niche player in Gartner's Magic Quadrant for 'Data Centre Outsourcing and Infrastructure Utility Services' in North America. Hybrid IT and IMS Cloud will continue to drive revenues, with the leading differentiator being Zensar's cutting edge Automation IP key. The Multi-Vendor support (MVS) services continued to deliver results across critical needs of customers worldwide.

Building and strengthening key partnerships has been a continued focus, including Oracle, SAP, Microsoft, and SFDC, enabling us to keep abreast with industry needs and demands. Your company is an Oracle Platinum Partner with a strong and comprehensive portfolio of Oracle services and solutions. Oracle has been putting all its energies on its Cloud business as part of its changing enterprise IT strategy. Your company tapped into this potential early on, with increased expertise being developed and the setting up of the Oracle Cloud Lab in Pune, to aid customers in leveraging the benefits of the entire portfolio.

Digital commerce was a stellar addition to our overall revenue mix. Our acquisition of Professional Access (PA), a leading commerce specialist, Oracle ATG and Endeca partner resulted in significant additions through new customers, across retail and ecommerce space. We remain one of the largest Oracle Commerce practices globally giving us pride of place.

Directors' Report (Contd.)

The US region was a significant market in terms of the businesses won and the extension in current customer engagements. Our commerce and digital offerings saw multiple successes as this region continues to be one of the leading digital led enterprise IT transformation. Europe performed better than the earlier years with some key additions in existing customers as well as new logos that are large in size and reputation. South Africa operations expanded, with considerable enhancement in the kind of work being done and the level on engagement with existing customers.

Your company has continued its consistent performance, earning worthwhile mentions for its robust strategy and deep set customer relationships from analysts and other influencers.

(*Reference URL:

<http://www.forbes.com/sites/gilpress/2015/12/06/6-predictions-about-the-future-of-digital-transformation/#22142e5f25b4>)

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, 6 (Six) 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 Board committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Banking 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' 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, 2016, the applicable accounting standards have been followed and there were no material departures;
- b) the directors have 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, 2016 and of the profit and loss of the company for that period;
- c) the directors have 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 have prepared the annual accounts on a going concern basis;
- e) the directors, have 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 have 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 Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

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

Directors' Report (Contd.)

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 enclosed 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 the Auditors' Report.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The full particulars of the loans granted are mentioned in the Note No. 15 and 28 of Notes to the financial statement pursuant to Section 186 (4) 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 for Zensar Technologies Inc, USA are stated in Note No 31 of Notes to the financial statement. The said security was provided for securing borrowing availed of for acquisition.

Full particulars of investments made are stated in Note No. 13 and Note No. 16 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.

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/sites/all/themes/zensar/pdf/Investors/Policy%20on%20Related%20Party%20Transactions.pdf>

TRANSFER TO RESERVE

Your Directors propose to transfer a sum of Rs. 140.00 Crore 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, 1st Interim dividend of Rs. 5.00/- per share aggregating to Rs. 22.31 Crores was paid in the month February, 2016 and of 2nd interim dividend of Rs. 7.00/- per share aggregating to Rs. 31.24 Crores was paid in the month of March 2016.

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, 2016 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. 35 and Note No. 36 of the Notes to the Financial Statement respectively. Particulars regarding R & D expenditure during the year are given in Note No. 40 of the Notes to the Financial Statement.

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

Directors' Report (Contd.)

management policy for the company including identification therein of elements of risks along with a risk mitigation plan.

CORPORATE SOCIAL RESPONSIBILITY

Zensar Foundation, an independent trust operating under Zensar Technologies, leads the company's social outreach programs and is committed to improving the overall wellbeing of slum communities in the cities where Zensar is located. Its work is focused on Urban Slum Community Development; Digital Literacy Employability Enhancement and Environment Sustenance. The commitment to volunteering remains high and in fact the entire volunteering program underwent a strategic shift such that the Foundation is investing in facilitation of active citizenship and the ability of each individual to make change happen. Zensar is proud to say that over 11% 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" and uploaded on the website of the Company on the link below.

<http://www.zensar.com/about-us/csr/csr-policy>

A few of the highlights in the areas of **Community Development, Digital Literacy, Employability Enhancement and Environment sustenance** are:

- Investment for the community: Zensar Foundation has made its first foray into a village, with a Digital Literacy center being set up in Sudumbre Village in the outskirts of Pune. This year also saw the 'adoption' of six Municipal Schools in Pune and Hyderabad, with work being initiated within these schools for overall school transformation. This is in partnership with the respective Municipal Corporations. The Foundation invested in the setting up water purifiers, digital centers, science lab, library and additional classrooms as required. In addition, renovation of the Anganwadi in Ambedkar Vasti slum community was carried out and the Foundation also created a community development center in Chandan Nagar.
- Expansion of National Digital Literacy Mission (NDLM) centers: The vertical of Digital Literacy came into its own with the Foundation committing to a total of eight Digital Literacy Centres in and around Pune and Hyderabad. Three of these centers are mobile Digital Literacy buses, undertaken in a public-private partnership mode and pioneering a new model for Digital Literacy.
- The Employability Skills Development program has expanded significantly. Under it over 1500 students

from Tier 2 and Tier 3 colleges in Maharashtra (Engineering, MCA, BCA, BSc and MSc streams) were trained. In addition, livelihood generation programs in the areas of Tailoring, Data Entry, Administrative Assistant, Retail assistant etc. were undertaken for the benefit of underprivileged communities.

- Environment Sustenance: The 2-acre Biodiversity Park which was developed by Zensar Foundation in September 2012 in partnership with the PMC, is maintained actively. The enthusiastic volunteers of ZenViro (Zensar's volunteers who work towards environment sustenance) have developed a terrace garden in Gachbowli school, Hyderabad and the Late Hambirao Moze school, Pune. Zensar Foundation has participated actively in the Swachh Bharat mission.

The Company was required to spend Rs. 4.67 Crores towards CSR activities out of which Rs. 4.62 Crores was spent. Delay in implementation of one project has resulted in underspent of Rs. 0.05 Crores. The Company has evaluated appropriate programmes and projects to scale up in the chosen areas of CSR spends during the year 2016-17.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Sandeep Kishore, Managing Director was designated as Key Managerial Personnel in addition to the existing Key Managerial Persons of the Company namely Dr. Ganesh Natarajan, Vice Chairman and Managing Director, Mr. S. Balasubramaniam, CFO and Mr. Nilesh Limaye, Company Secretary within the meaning of Section 203 of the Companies Act, 2013.

During the year 2015-16 following changes have occurred in the Directorships:

1. Mr. Sudip Nandy was appointed as Director with effect from 15th July, 2015
2. Mr. John Levack, Nominee Director of Electra Partners Mauritius Ltd resigned with effect from 9th October, 2015.
3. Mr. Shashank Singh was appointed as Director with effect from 20th October, 2015 as a Nominee Director of Marina Holdco (FPI) Ltd
4. Dr. Ganesh Natarajan's term of office ends on 30th April, 2016. Dr. Ganesh Natarajan handed over his responsibilities as Managing Director and CEO to Mr. Sandeep Kishore on 12th January, 2016. Mr. Sandeep Kishore was appointed as Managing Director and CEO with effect from that date.

Directors' Report (Contd.)

5. During the year, Mr. P. K. Choksey passed away on 26th December, 2015 and consequently ceased to be a Director on that date. The Board records its deep appreciation of the services rendered by Mr. P. K. Choksey during his tenure of 35 years as a Director.

In accordance with the provisions of Companies Act, 2013 and Memorandum and Articles of Association of the Company, Mr. Arvind Agrawal, Non-executive Non Independent Director of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for reappointment.

Brief particulars of Mr. Arvind Agrawal, 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. Arvind Agrawal as mentioned above.

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, there was no change in Subsidiaries

Dr. Ganesh Natarajan, Vice Chairman and Managing Director and Mr. Sandeep Kishore, Managing Director and CEO have 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 explanation to Regulation 16 (1) (c) in SEBI (Listing Obligations and

Disclosure Requirements) Regulations 2015 read with earlier Clause 49 of the Listing Agreement and has uploaded the same on website and link for the same is as below:

<http://www.zensar.com/sites/all/themes/zensar/pdf/Investors/Zensar%20Policy%20for%20determining%20material%20subsidiaries.pdf>

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.

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

Zensar Technologies Ltd | 24

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 47.8th percentile. The percentile increase in the managerial remuneration is 48th percentile. |
| 9 | Comparison of the each remuneration of the Key Managerial personnel against the performance of the Company | <p>The profit before tax for the financial year ended 31st March, 2016 on standalone basis is Rs. 234.25 Crores. The increase in remuneration of each of the Key Managerial Personnel is as below:</p> <ol style="list-style-type: none"> 1. Dr. Ganesh Natarajan, Managing Director: 6.84% 2. Mr. S Balasubramaniam, CFO: 15% 3. Mr. Niles Limaye, CS: 10% <p>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.</p> |
| 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.

Directors' Report (Contd.)

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 Regulation 4, 22 of SEBI (Listing Agreement and Disclosure Requirements) Regulations 2015 read with earlier 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/sites/all/themes/zensar/pdf/Investors/Model_Whistle_blower_policy.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/sites/all/themes/zensar/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 Regulation 17 of SEBI (Listing Agreement and Disclosure Requirements) Regulations 2015 read with earlier 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 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 Regulation 34 of SEBI (Listing Agreement and Disclosure Requirements) Regulations 2015 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 reappointment as Statutory Auditors of the Company. 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 2016-17.

Internal Auditors

The Board had appointed Ernst and Young LLP as Internal Auditors for the financial year 2015-16 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 2015-16.

The Board has reappointed Ernst & Young LLP as Internal Auditors for the financial year 2016-17.

Directors' Report (Contd.)

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 2015-16, 63,412 equity shares were allotted under "2002 Employees Stock Option Scheme" and 2,41,242 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, 2016 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 | 3,01,000 |
| Options vested | 55,850 | 5,35,642 |
| Options exercised | 63,412 | 2,41,242 |
| The total no of shares arising as a result of exercise of option | 63,412 | 2,41,242 |
| Options lapsed/cancelled during the year | 5,428 | 97,606 |
| 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 read with SEBI (Share based employee benefits) Regulations, 2014 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 | Rs. 46,04,424 | Rs. 3,88,44,018 |
| Total no of options in force | 55,850 | 10,29,982 |
| Employee wise details of options granted to: | | |
| Key Managerial Personnel (KMP) | No new options were granted to KMPs during the year under review | Mr. Sandeep Kishore was granted 1,25,000 stock options during the year. |

Directors' Report (Contd.)

| Particulars | 2002 ESOS | 2006 ESOS | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------|----------------------|
| 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 | Name of Employee | No of Options |
| | | Mr. Sandeep Kishore | 1,25,000 |
| | | Mr. Pinaki Kar | 1,00,000 |
| | | Mr. Harish Gala | 20,000 |
| | | Mr. Deepanjan Banerjee | 20,000 |
| 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 these options have been exercised.) | NIL | |

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 | 3 |
|------------------------------------------------|---|

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.

LISTING AGREEMENT

The Securities and Exchange Board of India (SEBI) has

issued SEBI (Listing Agreement and Disclosure Requirements) Regulations 2015 (Regulations) with effect from December 1, 2015. As per the Regulations, Company had entered in to Listing Agreement with National Stock Exchange of India Limited and Bombay Stock Exchange Limited during the year.

EMPLOYEE PERFORMANCE AWARD UNIT PLAN 2016.

The Company has launched "Zensar Technologies Limited – Employee Performance Award Unit Plan 2016 (Plan) on which approval of the Members was received by way of Postal Ballot result of which was declared on 22nd March 2016. The Company is at present in the process of making an application for its in principal approval with National Stock Exchange of India Limited and Bombay Stock Exchange Limited. Performance Award Units shall be granted under this Plan on the receipt of in principal approval.

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: 22nd April, 2016

Annexure A to the Directors' Report

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016

[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 6605 7500 Fax No. 020 6605 7888 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 6772 0300/400 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 | 93.88 |

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, 2016

| 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 |
| A. Promoters | | | | | | | | |
| (1) Indian | | | | | | | | |
| a) Individual/HUF | 774 | - | 774 | - | 777 | - | 777 | - |
| b) Central Govt. | - | - | - | - | - | - | - | - |
| c) State Govt(s). | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 2,00,99,092 | - | 2,00,99,092 | 45.34 | 2,13,52,114 | - | 2,13,52,114 | 47.84 |
| e) Banks/ FI | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - |
| Sub-total (A) (1) :- | 2,00,99,866 | - | 2,00,99,866 | 45.34 | 2,13,52,891 | - | 2,13,52,891 | 47.84 |
| (2) Foreign | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - |
| b) Others - Individuals | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | 10,30,922 | - | 10,30,922 | 2.33 | - | - | - | -2.33 |
| d) Banks/ FI | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - |
| Sub- total (A) (2):- | 10,30,922 | - | 10,30,922 | 2.33 | - | - | - | -2.33 |
| Total Shareholding of Promoter (A) = (A)(1) + (A)(2) | | | | | | | | |
| | 2,11,30,788 | - | 2,11,30,788 | 47.67 | 2,13,52,891 | - | 2,13,52,891 | 47.84 |
| | | | | | | | | 0.17 |
| B. Public Shareholding | | | | | | | | |
| 1. Institutions | | | | | | | | |
| a) Mutual Funds | 2,21,560 | 750 | 2,22,310 | 0.50 | 2,21,821 | 750 | 2,22,571 | 0.50 |
| b) Banks/ FI | 8,494 | 1,685 | 10,179 | 0.03 | 16,295 | 1,685 | 17,980 | 0.04 |
| c) Central Govt. | - | - | - | - | - | - | - | - |
| d) State Govt(s). | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 1,000 | 500 | 1,500 | - | 1,000 | 500 | 1,500 | 0.00 |
| g) FIs | 57,70,551 | 1,350 | 57,71,901 | 13.02 | 62,90,807 | 1,350 | 62,92,157 | 14.10 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - |
| Sub- total (B) (1) :- | 60,01,605 | 4,285 | 60,05,890 | 13.55 | 65,29,923 | 4,285 | 65,34,208 | 14.64 |
| | | | | | | | | 1.09 |

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. | 10,32,015 | 11,648 | 10,43,663 | 2.35 | 8,42,148 | 12,473 | 8,54,621 | 1.91 | -0.44 |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual Shareholders holding nominal share Capital upto Rs. 1 lakh | 36,04,409 | 6,30,010 | 42,34,419 | 9.55 | 35,47,968 | 6,00,935 | 41,48,903 | 9.30 | -0.25 |
| ii) Individual shareholders holding nominal share Capital in excess of Rs 1 lakh | 12,52,453 | - | 12,52,453 | 2.83 | 11,59,117 | - | 11,59,117 | 2.60 | -0.23 |
| c) Others (specify) | | | | | | | | | |
| (c-i) Overseas Corporate Bodies | 1,03,01,294 | - | 1,03,01,294 | 23.24 | 1,03,01,294 | - | 1,03,01,294 | 23.08 | -0.16 |
| (c-ii) Non Resident Individuals | 3,56,409 | 1,858 | 3,58,267 | 0.81 | 2,78,536 | 1,858 | 2,80,394 | 0.63 | -0.18 |
| Sub-total (B) (2):- | 1,65,46,580 | 6,43,516 | 1,71,90,096 | 38.78 | 1,61,29,063 | 6,15,266 | 1,67,44,329 | 37.52 | -1.26 |
| Total Public Shareholding (B) = (B)(1) + (B)(2) | 2,25,48,185 | 6,47,801 | 2,31,95,986 | 52.33 | 2,26,58,986 | 6,19,551 | 2,32,78,537 | 52.16 | -0.17 |
| 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 | |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 4,36,78,973 | 6,47,801 | 4,43,26,774 | 100.00 | 4,40,11,877 | 6,19,551 | 4,46,31,428 | 100.00 | - |

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* | 1,20,82,997 | 27.26 | - | 1,20,82,997 | 27.07 | - | -0.19 |
| 2 | Summit Securities Limited* | 47,63,576 | 10.75 | - | 49,13,576 | 11.01 | - | 0.26 |
| 3 | Instant Holdings Limited* | 32,06,819 | 7.23 | - | 32,78,919 | 7.35 | - | 0.11 |
| 4 | Sofreal Mercantrade Pvt. Ltd.* | 10,30,922 | 2.32 | - | 10,30,922 | 2.31 | - | -0.01 |
| 5 | Chattarpati Investments Limited* | 45,700 | 0.10 | - | 45,700 | 0.10 | - | - |
| 6 | Mr. Harsh Vardhan Goenka ^{\$} | 774 | - | - | 774 | - | - | - |
| 7 | Mr. Harsh Vardhan Goenka [#] | - | - | - | 1 | - | - | - |
| 8 | Mr. Harsh Vardhan Goenka [@] | - | - | - | 1 | - | - | - |
| 9 | Mr. Harsh Vardhan Goenka [^] | - | - | - | 1 | - | - | - |
| | Total | 2,11,30,788 | 47.66 | - | 2,13,52,891 | 47.84 | - | 0.18 |

+ The variation in the % is due to change in the paid-up share capital of the Company pursuant to allotment of equity shares under ESOP Schemes during the financial year 2015-16

* During the year under review, Pedriano Investments Limited (Transferor Company) was merged with Sofreal Mercantrade Pvt. Ltd. (Transferee Company)

\$ Holds shares as a Trustee of Crystal India Tech Trust

Holds share as a Trustee of Nucleus Life Trust

@ Holds share as a Trustee of Stellar Energy Trustt

^ Holds share as a Trustee of Monitor Portfolio Trust

iii) Change in Promoters' Shareholding:

| Sl. No. | | Shareholding at the beginning of the year 1.4.15 / end of the year 31.3.16 | | 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 | 2,11,30,788 | 47.66 | 01.04.15 | - | - | 2,11,30,788 | 47.66 |
| | 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 | Summit Securities Limited | 1,50,000 | 0.34 | 26.06.15 | Increase | Market Purchase | 49,13,576 | 11.08 |
| 2 | Instant Holdings Limited | 72,100 | 0.16 | 26.06.15 | Increase | Market Purchase | 32,78,919 | 7.39 |
| 3 | Mr. Harsh Vardhan Goenka [#] | 1 | - | 22.03.16 | Increase | Market Purchase | 1 | - |
| 4 | Mr. Harsh Vardhan Goenka [@] | 1 | - | 22.03.16 | Increase | Market Purchase | 1 | - |
| 5 | Mr. Harsh Vardhan Goenka [^] | 1 | - | 22.03.16 | Increase | Market Purchase | 1 | - |
| | At the end of the year | 2,13,52,891 | 47.84 | 31.03.16 | | | 2,13,52,891 | 47.84 |

+ The variation in the % is due to change in the paid-up share capital of the Company pursuant to allotment of equity shares under ESOP Schemes during the financial year 2015-16

Holds share as a Trustee of Nucleus Life Trust

@ Holds share as a Trustee of Stellar Energy Trustt

^ Holds share as a Trustee of Monitor Portfolio Trust

Annexure A to the Directors' Report (Contd.)

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year 1.4.15 / end of the year 31.3.16 | | 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 | 01.04.15 | | | | |
| | | | | 09.10.15 | -1,03,01,294 | Market Sale | - | - |
| | | - | - | 31.03.16 | | | | |
| 2) | MARINA HOLDCO (FPI) LTD | - | - | 01.04.15 | | | | |
| | | | | 09.10.15 | 1,03,01,294 | Market Purchase | 1,03,01,294 | 23.17 |
| | | 1,03,01,294 | 23.08 | 31.03.16 | | | | |
| 3) | FIDELITY MANAGEMENT AND RESEARCH COMPANY A/C | 35,00,000 | 7.90 | 01.04.15 | - | Nil movement during the year | | |
| | | 35,00,000 | 7.84 | 31.03.16 | | | | |
| 4) | FIDELITY PURITAN TRUST-FIDELITY LOW-PRICED STOCK FUND | 8,00,000 | 1.80 | 01.04.15 | - | Nil movement during the year | | |
| | | 8,00,000 | 1.79 | 31.03.16 | | | | |
| 5) | VIVOG COMMERCIAL LIMITED | 3,50,835 | 0.79 | 01.04.15 | | | | |
| | | | | 10.07.15 | -9,500 | Market Sale | 3,41,335 | 0.77 |
| | | | | 09.10.15 | -8,300 | Market Sale | 3,33,035 | 0.75 |
| | | 3,33,035 | 0.75 | 31.03.16 | | | | |
| 6) | SUNITA KABRA | 1,78,000 | 0.40 | 01.04.15 | - | Nil movement during the year | | |
| | | 1,78,000 | 0.40 | 31.03.16 | | | | |
| 7) | PREMIER INVESTMENT FUND LIMITED | 1,81,736 | 0.41 | 01.04.15 | | | | |
| | | | | 17.04.15 | 3,151 | Market Purchase | 1,84,887 | 0.42 |
| | | | | 24.04.15 | -8,797 | Market Sale | 1,76,090 | 0.40 |
| | | | | 01.05.15 | -374 | Market Sale | 1,75,716 | 0.40 |
| | | | | 08.05.15 | 373 | Market Purchase | 1,76,089 | 0.40 |
| | | | | 29.05.15 | -1,031 | Market Sale | 1,75,058 | 0.39 |
| | | | | 05.06.15 | -19,787 | Market Sale | 1,55,271 | 0.35 |
| | | | | 10.07.15 | 4,050 | Market Purchase | 1,59,321 | 0.36 |
| | | | | 31.07.15 | -6,144 | Market Sale | 1,53,177 | 0.35 |
| | | | | 07.08.15 | -9,899 | Market Sale | 1,43,278 | 0.32 |
| | | | | 16.10.15 | -1,143 | Market Sale | 1,42,135 | 0.32 |
| | | | | 23.10.15 | -27,982 | Market Sale | 1,14,153 | 0.26 |
| | | | | 20.11.15 | -875 | Market Sale | 1,13,278 | 0.25 |
| | | | | 12.02.16 | 11 | Market Purchase | 1,13,289 | 0.25 |
| | | | | 11.03.16 | 328 | Market Purchase | 1,13,617 | 0.25 |
| | | 1,13,617 | 0.25 | 31.03.16 | | | | |
| 8) | WISDOMTREE INDIA INVESTMENT PORTFOLIO, INC. | 2,44,194 | 0.55 | 01.04.15 | | | | |
| | | | | 10.04.15 | 932 | Market Purchase | 2,45,126 | 0.55 |
| | | | | 17.04.15 | 932 | Market Purchase | 2,46,058 | 0.56 |
| | | | | 01.05.15 | 940 | Market Purchase | 2,46,998 | 0.56 |
| | | | | 08.05.15 | 2350 | Market Purchase | 2,49,348 | 0.56 |
| | | | | 15.05.15 | 4700 | Market Purchase | 2,54,048 | 0.57 |
| | | | | 22.05.15 | 5640 | Market Purchase | 2,59,688 | 0.59 |
| | | | | 29.05.15 | 6594 | Market Purchase | 2,66,282 | 0.60 |
| | | | | 05.06.15 | 5181 | Market Purchase | 2,71,463 | 0.61 |
| | | | | 12.06.15 | 1431 | Market Purchase | 2,72,894 | 0.62 |
| | | | | 10.07.15 | -954 | Market Sale | 2,71,940 | 0.61 |
| | | | | 31.07.15 | -9063 | Market Sale | 2,62,877 | 0.59 |
| | | | | 07.08.15 | -16931 | Market Sale | 2,45,946 | 0.55 |
| | | | | 14.08.15 | -18320 | Market Sale | 2,27,626 | 0.51 |
| | | | | 21.08.15 | -3290 | Market Sale | 2,24,336 | 0.51 |
| | | | | 28.08.15 | -17353 | Market Sale | 2,06,983 | 0.47 |
| | | | | 04.09.15 | -4221 | Market Sale | 2,02,762 | 0.46 |
| | | | | 11.09.15 | -1876 | Market Sale | 2,00,886 | 0.45 |
| | | | | 25.09.15 | -58307 | Market Sale | 1,42,579 | 0.32 |
| | | | | 30.09.15 | -57000 | Market Sale | 85,579 | 0.19 |
| | | | | 16.10.15 | 621 | Market Purchase | 86,200 | 0.19 |
| | | | | 23.10.15 | 621 | Market Purchase | 86,821 | 0.20 |
| | | | | 13.11.15 | -2884 | Market Sale | 83,937 | 0.19 |
| | | | | 04.12.15 | -824 | Market Sale | 83,113 | 0.19 |
| | | | | 11.12.15 | -412 | Market Sale | 82,701 | 0.19 |
| | | | | 18.12.15 | -1030 | Market Sale | 81,671 | 0.18 |
| | | | | 25.12.15 | -1236 | Market Sale | 80,435 | 0.18 |
| | | | | 31.12.15 | -2472 | Market Sale | 77,963 | 0.18 |
| | | | | 08.01.16 | -1854 | Market Sale | 76,109 | 0.17 |
| | | | | 15.01.16 | -1854 | Market Sale | 74,255 | 0.17 |
| | | | | 29.01.16 | -1007 | Market Sale | 73,248 | 0.16 |
| | | | | 05.02.16 | -2828 | Market Sale | 70,420 | 0.16 |
| | | | | 18.03.16 | 3401 | Market Purchase | 73,821 | 0.17 |
| | | | | 25.03.16 | 985 | Market Purchase | 74,806 | 0.17 |
| | | 74,806 | 0.17 | 31.03.16 | | | | |

Annexure A to the Directors' Report (Contd.)

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year 1.4.15 / end of the year 31.3.16 | | 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) | DSP BLACKROCK 3 YEARS CLOSE ENDED EQUITY FUND | 1,81,961 | 0.41 | 01.04.15 | | | | |
| | | | | 01.05.15 | 5000 | Market Purchase | 1,86,961 | 0.42 |
| | | | | 24.07.15 | 14064 | Market Purchase | 2,01,025 | 0.45 |
| | | | | 28.08.15 | 6453 | Market Purchase | 2,07,478 | 0.47 |
| | | | | 16.10.15 | -32636 | Market Sale | 1,74,842 | 0.39 |
| | | | | 22.01.16 | 12686 | Market Purchase | 1,87,528 | 0.42 |
| | | 1,87,528 | 0.42 | 31.03.16 | | | | |
| 10) | SLG INTERNATIONAL OPPORTUNITIES,L.P | 1,39,200 | 0.31 | 01.04.15 | - | Nil movement | | |
| | | 1,39,200 | 0.31 | 31.03.16 | | during the year | | |
| 11) | THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY | 1,09,335 | 0.25 | 01.04.15 | | | | |
| | | | | 10.04.15 | 3311 | Market Purchase | 1,12,646 | 0.24 |
| | | | | 17.04.15 | 2132 | Market Purchase | 1,14,778 | 0.25 |
| | | | | 24.04.15 | 3903 | Market Purchase | 1,18,681 | 0.26 |
| | | | | 08.05.15 | 1658 | Market Purchase | 1,20,339 | 0.27 |
| | | 1,20,339 | 0.27 | 31.03.16 | | | | |
| 12) | DIMENSIONAL EMERGING MARKETS VALUE FUND | 95,789 | 0.22 | 01.04.15 | | | | |
| | | | | 10.04.15 | 3203 | Market Purchase | 98,992 | 0.22 |
| | | | | 17.04.15 | 1335 | Market Purchase | 1,00,327 | 0.23 |
| | | | | 24.04.15 | 3139 | Market Purchase | 1,03,466 | 0.23 |
| | | | | 01.05.15 | 1299 | Market Purchase | 1,04,765 | 0.24 |
| | | | | 15.05.15 | 3543 | Market Purchase | 1,08,308 | 0.24 |
| | | | | 22.05.15 | 1265 | Market Purchase | 1,09,573 | 0.25 |
| | | | | 30.06.15 | 1590 | Market Purchase | 1,11,163 | 0.25 |
| | | | | 10.07.15 | 2343 | Market Purchase | 1,13,506 | 0.26 |
| | | | | 28.08.15 | 1858 | Market Purchase | 1,15,364 | 0.26 |
| | | | | 04.09.15 | 3362 | Market Purchase | 1,18,726 | 0.27 |
| | | | | 11.09.15 | 5803 | Market Purchase | 1,24,529 | 0.28 |
| | | | | 18.09.15 | 2102 | Market Purchase | 1,26,631 | 0.28 |
| | | | | 16.10.15 | 1591 | Market Purchase | 1,28,222 | 0.29 |
| | | | | 30.10.15 | 2075 | Market Purchase | 1,30,297 | 0.29 |
| | | | | 06.11.15 | 1324 | Market Purchase | 1,31,621 | 0.30 |
| | | | | 13.11.15 | 5078 | Market Purchase | 1,36,699 | 0.31 |
| | | | | 20.11.15 | 1209 | Market Purchase | 1,37,908 | 0.31 |
| | | | | 27.11.15 | 1258 | Market Purchase | 1,39,166 | 0.31 |
| | | | | 25.12.15 | 2200 | Market Purchase | 1,41,366 | 0.32 |
| | | | | 31.12.15 | 1085 | Market Purchase | 1,42,451 | 0.32 |
| | | | | 05.02.16 | 2364 | Market Purchase | 1,44,815 | 0.32 |
| | | | | 12.02.16 | 3783 | Market Purchase | 1,48,598 | 0.33 |
| | | | | 19.02.16 | 1358 | Market Purchase | 1,49,956 | 0.34 |
| | | | | 26.02.16 | 3277 | Market Purchase | 1,53,233 | 0.34 |
| | | | | 04.03.16 | 2272 | Market Purchase | 1,55,505 | 0.35 |
| | | 1,55,505 | 0.35 | 31.03.16 | | | | |

* The increase / decrease in percentage of shareholding is due to allotments of 3,04,654 equity shares under ESOP Schemes and due to market purchase / sale of shares during the financial year 2015 -16 .

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.

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 01.04.15 / end of the year 31.03.16 | % 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 | 774 | - | 01.04.15 | | | | |
| | | | | 22.03.16 | 1 | Market Purchase | 775 | - |
| | | | | 22.03.16 | 1 | Market Purchase | 776 | - |
| | | | | 22.03.16 | 1 | Market Purchase | 777 | - |
| | | 777 | - | 31.03.16 | | | | |
| 2) | Dr. Ganesh Natarajan, Vice Chairman & Managing Director | 5,17,764 | 1.17 | 01.04.15 | | | | |
| | | | | 06.11.15 | -3,25,000 | Market Sale | 1,92,764 | 0.43 |
| | | 1,92,764 | 0.43 | 31.03.16 | | | | |
| 3) | Mr. P.K.Choksey, Independent & Non-Executive Director | 800 | - | 01.04.15 | - | Nil movement during the year | | |
| | | 800 | - | 31.03.16 | | | | |
| 4) | Mr. Ajit Vaswani, Independent & Non-Executive Director | 9,000 | 0.02 | 01.04.15 | | | | |
| | | | | 10.07.15 | 700 | Market Purchase | 9,700 | 0.02 |
| | | | | 28.08.15 | 300 | Market Purchase | 10,000 | 0.02 |
| | | 10,000 | 0.02 | 31.03.16 | | | | |
| | Shareholding of Key Managerial Personnel: | | | | | | | |
| 1) | Mr. S. Balasubramaniam, Chief Financial Officer | 18,234 | 0.04 | 01.04.15 | | | | |
| | | | | 27.08.15 | 3,938 | ESOP Allotment | 22,172 | 0.05 |
| | | | | 14.12.15 | 26,792 | ESOP Allotment | 48,964 | 0.11 |
| | | | | 23.12.15 | -11,800 | Market Sale | 37,164 | 0.08 |
| | | 37,164 | 0.08 | 31.03.16 | | | | |

Note: The shareholding details are given on the registered ownership and not beneficial ownership.

Apart from above no other Director and Key Managerial Personnel holds any shares at the beginning and end of the Financial year 2015-16 in the Company.

Further apart from above there was no increase / decrease in shareholding of any other Director and Key Managerial Personnel.

V INDEBTEDNESS

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

(₹ in Lacs)

| Indebtedness at the beginning of the financial year - 01.04.15 | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|----------------------------------------------------------------|----------------------------------|-----------------|----------|--------------------|
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | | | | |
| Change in Indebtedness during the financial year | | | | |
| * Addition | - | 1,325.90 | - | 1,325.90 |
| * Reduction | - | - | - | - |
| Net Change | - | 1,325.90 | - | 1,325.90 |
| Indebtedness at the end of the financial year 31.03.16 | | | | |
| i) Principal Amount | - | 1,325.04 | - | 1,325.04 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 0.86 | - | 0.86 |
| Total (i+ii+iii) | - | 1,325.90 | - | 1,325.90 |

Annexure A to the Directors' Report (Contd.)

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 (Rs.) |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|--------------------|
| | | Dr. Ganesh Natarajan (Amount in Rs.) | Mr. Sandeep Kishore (Amount in Rs.) | |
| 1 | Gross salary | | | |
| | a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 5,72,64,201 | 2,92,797 | 5,75,56,998 |
| | 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 | 1,25,000 Stock Options were granted under ESOP 2006 Scheme | |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission: | | | |
| | - As a % of Profit | - | - | - |
| | - Others, specify | - | - | - |
| 5 | Others, please specify | | | |
| | - Contribution to PF | 8,22,782 | 35,136 | 8,57,918 |
| | - Contribution to Gratuity | - | - | - |
| | - Contribution to Superannuation Fund | 10,28,475.00 | - | 10,28,475 |
| | - Consolidated Allowances | - | - | - |
| | - Car Perquisite | 39,600 | - | 39,600 |
| | Total (A) | 5,91,55,058 | 3,27,933 | 5,94,82,991 |
| | Ceiling as per the Act - Rs. 32,37,08,572/- (being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013) | | | 32,37,08,572 |

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

B. Remuneration to other directors:

Notes:
Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).
**Sitting fees paid have not been considered as a component for reckoning overall ceiling as per Companies Act, 2013

Annexure A to the Directors' Report (Contd.)

| C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD | | | | (Amount in Rs.) |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|--------------------|
| 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 | 68,41,684 | 32,00,119 | 1,00,41,803 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961* | 95,972 | - | 95,972 |
| | (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 | - | - | - |
| | Total | 69,37,656 | 32,00,119 | 1,01,37,775 |

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 |

For and on behalf of the Board

H.V. Goenka

Chairman

Place: Mumbai

Dated: 22nd April, 2016

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:
 - a. Attract and motivate talent to accomplish Company's long term growth.

Annexure B to the Directors' Report (Contd.)

- b. Demonstrate a clear link between executive compensation and performance.
- e) Company's stock option schemes.

6. Policy for appointment and retirement and 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.

For and on behalf of the Board

H.V. Goenka

Chairman

Place: Mumbai

Dated: 22nd April, 2016

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 Strategy

As most of the customers are embarking on the digital transformation journey, your company is engaged with customers to define their digital strategy, architecture and implementation. The SMAC (Social, Mobility, Analytics and Cloud) and IOT are increasingly defining the new business models across verticals.

Your company has built Social Command Center to provide key insights to improve the customer experience by leveraging the social data in the various forms. The solution is showcased in Kharadi campus at Pune.

Automation Technologies

Automation plays key role in overall reducing the total cost of operations without compromising on the service quality. Your company has focused in two key areas of automation defined as ITPA (IT Process Automation) and Robotics Process Automation (RPA). Your company has engaged with key partners in these areas to build differentiated service offerings.

Your company has built platform for ITPA that consolidates the IT operational data across multiple ITSM, monitoring tools. It has feature to map IT systems to business processes and helps to make better investment decisions to improve operational efficiency. It provides data insights which will enable IT to act on corrective, preventive, adaptive & perfective maintenance of the IT stack.

Your company has built platform called DigiSmart , an innovative Robotic Process Automation (RPA) solution to transform hand-written or typed documents images or physical documents into digital documents. The solution is the combination of machine and human intelligence to automate the digitization process. The platform provides significant cost and time savings for any

organization that uses paper documents for capturing or presenting business information.

API Strategy and API Gateways

API Strategy is key part of overall digital strategy as enterprises share the enterprise information outside. Your company continues to focus on API (Applicable Programming Interface) as many mobility strategies are dependent on the API. The API gateways plays pivotal role in the overall API strategy along with API design for any enterprise.

Your company continues to engage with customers to define their API strategy and its implementation across verticals.

Global Delivery Platform/Solution BluePrint Development

Your Company conceptualized and developed Solution BluePrint (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 lifecycle based on software engineering practices prevalent within the industry.

Your company has built multiple tools within Solution Blueprint that focuses on the individual phase in software lifecycle development. Your company has built Application Requirement Analyzer for requirements management and Express Application System Modeler for system design.

SOA (Service-Oriented Architecture) Toolkit

Service Oriented Architecture (SOA) is an approach used to create an architecture based upon the use of services. Services (such as RESTful Web services) carry out some small function, such as producing data, validating a customer, or providing simple analytical services.

Your company has developed SOA toolkit. It is tool that enables creation of high-quality and SOA-based designs using industry best practices and specifications. The toolkit incorporates engineering practices to enable the design of complex, service-oriented services for enterprise class systems rapidly. It supports Model-driven Design (MDD) to create system designs based on the SoaML (Service oriented architecture modelling language).

Annexure C to the Directors' Report (Contd.)

Use of Emerging Technologies (DevOps, IoT, Machine learning, predictive analytics)

Your company continues to develop the competencies in the new technologies and trends. The DevOps is defining the new operating model for successful IT. Your company is engaged with its top customers to assess and define the DevOps roadmap for them.

Your company is evaluating industry leading IoT platforms and build business cases for IoT across manufacturing and retail verticals. Your company is working on couple of assignments in IoT to demonstrate the value from the data generated by sensors, analyzing them and defining the optimum operating model.

Your company is focusing on open source technologies in the area of machine learning, predictive analysis and applying to various business scenarios across verticals and IT operations. Along with analytics, your company continues to work on visualization technologies.

B. TECHNOLOGY ADOPTION AND ASSIMILATION

Platform Adoption

As your company builds new IPs in the area of digitization, automation platforms, multiple technology practices then build them into their respective service offerings. The newly defined value propositions are then used in existing and new customers. In addition to platform, your company builds the competency in industry leading trends like DevOps. These new trends are being offered as new consulting services to the customers.

Ideas Assimilation

Your company has new ideation platform launched this year where any associate can start with an idea. The ideas are then evaluated and presented to senior management for approval. Once the idea is approved, it is built and then implemented internally or at existing customer. The benefits are then measured, analyzed and then rolled out to other customers across Zensar.

For and on behalf of the Board

H.V. Goenka

Chairman

Place: Mumbai

Dated: 22nd April, 2016

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/csr/csr-policy |
| 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 | 23,335 |
| 4 | Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) | 467 |
| 5 | Details of CSR spent during the financial year. | |
| | (a) Total amount to be spent for the financial year | 467 |
| | (b) Amount unspent, if any | 5 |
| | (c) Manner in which the amount spent during the financial year is given below | |

| (1) Sl. No. | (2) CSR Project or Activity Identified | (3) Sector in Which the Project is Covered | (4) Projects or Programs | | (5) Amount Outlay (Budget) Project or Program wise | (6) Amount Spent on Projects or Programs | | (7) Cumulative Expenditure up to the reporting period | (8) Amount Spent: Direct or through implementing agency |
|----------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|-----------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| | | | Local Area or Other | Specify the state and district where projects or programs were undertaken | | 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 | 317 | 317 | - | - | 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 | 150 | 145 | - | - | Directly |
| | Total | | | | 467 | 462 | - | - | |
| | Grand Total | | | | | | | | 462 |

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 Board 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

Dr. Ganesh Natarajan
Chairman of the Corporate Social
Responsibility Committee

Mr. Sandeep Kishore
Managing Director and CEO

Table A

| Sr No | Programme Details | Sector in which covered |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| 1 | Udaan English program, Health programs, Community mobilization. Gender Equity Program, Mentoring Program, School Programs | Community development |
| 2 | Training programmes for Employability & Skill Development, Unnati employability program | Employability enhancement |
| 3 | Udaan Biodiversity Park, Development of a terrace garden | Environment Sustenance |
| 4 | National Digital Literacy Centers in Anjaiah Nagar (Hyderabad), Sudumbre (Pune Rural), Ambedkar Vasti (Chandan Nagar, Pune) and Yamuna Nagar (Pune) Community and through Digital Literacy Buses | Digital Literacy |

For and on behalf of the Board

H.V. Goenka
Chairman

Place: Mumbai
Dated: 22nd April, 2016

Corporate Social Responsibility Policy – Zensar Technologies Limited

Zensar Foundation, a trust established by Zensar Technologies Limited (Zensar), leads Zensar's social outreach programs. Zensar Technologies also undertakes a few CSR programs outside of Zensar Foundation.

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

Each year, 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 spending on CSR projects only.

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

Annexure D to the Directors' Report (Contd.)

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.

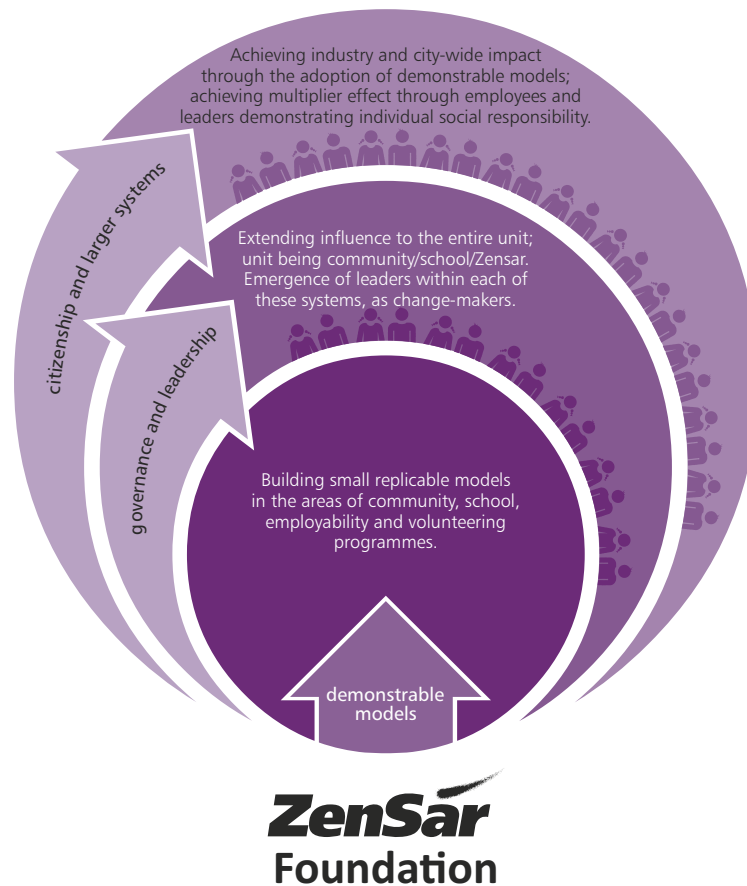
Appendix 1: CSR Strategy

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



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 activities undertaken by the company which would form a part of CSR Policy.
4. Monitor CSR Policy of the Company.

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 Rs. in Lakhs)

| 1 | Sl. No. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|----|-----------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------|-----------------------------|---------------------------------------------------------|-------------------------------------------------------------------|------------------------------|--------------------------------------------------|---------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|--------------------------------------|
| 2 | Name of the subsidiary | Zensar Technologies Inc, USA | Professional Access Limited, USA | PSI Holding Group Inc, USA | Zensar Technologies IM Inc, USA (erstwhile Akibia Inc.) | Zensar Technologies IM B.V., Netherlands (erstwhile Akibia B. V.) | Aquila Technology Corp., USA | Zensar Technologies (Shanghai) Co. Ltd, China ** | ZENSAR TECHNOLOGIES ES (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 2015 - March 2016 | April 2015 - March 2016 | April 2015 - March 2016 | April 2015 - March 2016 | April 2015 -March 2016 | April 2015 - March 2016 | April 2015 - March 2016 | April 2015 - March 2016 | April 2015 - March 2016 | April 2015 - March 2016 | April 2015 - March 2016 |
| 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 66.2520 | USD Closing Rate 66.2520 | USD Closing Rate 66.2520 | USD Closing Rate 66.2520 | EUR Closing Rate 75.3880 | USD Closing Rate 66.2520 | CNY Closing Rate 10.2630 | SGD Closing Rate 49.2580 | ZAR Closing Rate 4.5020 | ZAR Closing Rate 4.5020 | GBP Closing Rate 95.4560 |
| 5 | Share capital | 290 | 0.08 | * | 0.02 | 11 | 145 | 505 | 78 | 449 | 61 | 39 |
| 6 | Reserves & surplus | 31,331 | 1,179 | 353 | 13,023 | 1,234 | 578 | -623 | 829 | 895 | -8 | 8,976 |
| 7 | Total assets | 93,769 | 18,504 | 426 | 28,575 | 11,963 | 1,074 | 302 | 1,191 | 7,094 | 55 | 15,804 |
| 8 | Total Liabilities | 62,148 | 17,325 | 73 | 15,552 | 10,718 | 242 | 420 | 284 | 5,750 | 3 | 6,790 |
| 9 | Investments | 56,212 | - | - | - | - | - | - | - | - | 44 | - |
| 10 | Turnover | 1,34,062 | 36,560 | 18 | 49,186 | 6,346 | 2,624 | 252 | 1,641 | 10,484 | - | 29,971 |
| 11 | Profit before taxation | 8,699 | -274 | -19 | -1,485 | 77 | 151 | -14 | 182 | 1,492 | -0.29 | 3,278 |
| 12 | Provision for taxation | 3,008 | 524 | - | -161 | 19 | - | - | -2 | 392 | - | 667 |
| 13 | Profit after taxation | 5,691 | 250 | -19 | -1,324 | 59 | 97 | -14 | 185 | 1,100 | -0.29 | 2,611 |
| 14 | Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - |
| 15 | % of shareholding | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 75% | 100% | 100% |

* above companies have nominal amount of Rs. 450 as Share Capital

** Zensar Technologies (Shanghai) Co. Ltd, China local reporting period is from 1st January 2015 to 31st December 2015, However it has been consolidated from 1st April 2015 to 31st March 2016.

1. Names of subsidiaries which are yet to commence operations There are no subsidiaries which are yet to commence the operations

2. 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 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
Place: Pune
Date: April 22, 2016

H.V. Goenka
Chairman
DIN: 00026726
Place: Mumbai
Date: April 22, 2016

Sandeep Kishore
Managing Director & CEO
DIN: 07393680
Place: Mumbai
Date: April 22, 2016

S. Balasubramaniam
Chief Financial Officer
Place: Mumbai
Date: April 22, 2016

Nilesh Limaye
Company Secretary
Place: Mumbai
Date: April 22, 2016

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 | 38.19 |
| 2 | Dr. Ganesh Natarajan | 75.35 |
| 3 | Mr. Sandeep Kishore | 0.39 |
| 4 | Mr. A. T. Vaswani | 2.04 |
| 5 | Mr. P. K. Choksey | 1.24 |
| 6 | Mr. P. K. Mohapatra | 1.70 |
| 7 | Mr. Arvind Agrawal | 0.57 |
| 8 | Mr. Venkatesh Kasturirangan | 1.25 |
| 9 | Mr. John Levack | 0.64 |
| 10 | Ms. Madhabi Puri Buch | 1.35 |
| 11 | Mr. Sudip Nandy | 0.94 |
| 12 | Mr. Shashank Singh | 1.01 |

Notes:

- Median remuneration of the employees is calculated on the basis of remuneration details permanent employees on India payroll excluding Managing Director/s.
- Mr. Sandeep Kishore was appointed as Managing Director and CEO with effect from 12th January, 2016.
- Mr. P. K. Choksey ceased to be a Director on 26th December, 2015 due to death.
- Mr. John Levack, Non Executive Director resigned with effect from 9th October, 2015.
- Mr. Sudip Nandy was appointed as Director with effect from 15th July, 2015
- Mr. Shashank Singh was appointed on the Board of Directors of the Company with effect from 20th October, 2015 as Non Executive Director.

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 | 29.60% |
| 2 | Dr. Ganesh Natarajan | Vice Chairman and Managing Director | 6.84% |
| 3 | Mr. Sandeep Kishore | Managing Director and CEO | Refer Note 1 |
| 4 | Mr. A. T. Vaswani | Director | 10.46% |
| 5 | Mr. P. K. Choksey | Director | -30.99% Refer Note 2 |
| 6 | Mr. P. K. Mohapatra | Director | 0.78% |
| 7 | Mr. Arvind Agrawal | Director | -13.86% |
| 8 | Mr. Venkatesh Kasturirangan | Director | 5.56% |
| 9 | Mr. John Levack | Director | -51.50% Refer Note 2 |
| 10 | Ms. Madhabi Puri Buch | Director | 70.83% |
| 11 | Mr. Sudip Nandy | Director | Refer Note 1 |
| 12 | Mr. Shashank Singh | Director | Refer Note 1 |
| 13 | Mr. S Balasubramaniam | Chief Financial Officer | 15% |
| 14 | Mr. Nilesh Limaye | Company Secretary | 10% |

Notes:

- Mr. Sandeep Kishore, Mr. Sudip Nandy and Mr. Shashank Singh were appointed as Directors during the year 2015-16 and therefore comparable amount of remuneration was not available for determination of percentage increase in the remuneration.
- Mr. P. K. Choksey ceased to be a Director on 26th December, 2015 due to death and Mr. John Levack, has resigned with effect from 9th October, 2015.

For and on behalf of the Board

H.V. Goenka

Chairman

Place: Mumbai

Dated: 22nd April, 2016

Annexure G to the Directors' Report (Contd.)

Management Discussion and Analysis

CORPORATE PROFILE

Zensar is a leading digital solutions and technology services company that specializes in partnering global organizations across industries on their Digital Transformation Journey. A technology partner of choice, backed by a strong record of innovation, credible investment in Digital solutions; assertion of commitment to client's success, Zensar's comprehensive range of digital and technology services and solutions enable its customers to achieve new thresholds of business performance. Zensar, with its experience of delivering excellence and superior client satisfaction through myriad technology solutions is uniquely positioned to help them surpass challenges around running their existing business most efficiently, helping in their legacy transformation, and planning for business expansion and growth through innovative and digital ways.

DIGITAL

Zensar helps clients deliberate not only on executing Digital initiatives but also realizing the Return on Digital. The Return on Digital is about focusing on business outcomes. It is about focusing on key aspects like Automation, Customer Experience, Business Resilience, Standardization etc. of the core back end systems to help realize the Digital World of today and tomorrow. In summary, for enterprises to be resilient and successful in the long run-they will need to focus on three aspects-Digital Agility, Cross-over IT and fundamentally, the stability of core enterprise systems. Digital is the business. Digital delivery is fundamentally aligned to business outcome, and Zensar's business model is evolving to meet the pace of change in its customer's customer base.

GEOGRAPHIC NETWORK

Our business is well spread across 29 global locations with presence in the key regions of US, Europe, Africa, Middle East, India and APAC. Having 11 global delivery centers, we support customers 365 days, 24x7. We remain well-entrenched, with both managerial and technical talent on ground across these worldwide markets. This outlines our objective of being close to our customers for optimum delivery results.

SERVICES AND CAPABILITY

Your company is well poised to help global enterprises deliver across both traditional and new and emerging technologies equally. Aimed at helping customers

navigate through complexity in their IT environment, our solutions and capabilities are designed to leverage digital tools and technologies to generate maximum outcomes.

Zensar's services and capabilities portfolio spans across both the traditional to digital tools.

Our services include Consulting, Business Application Services, Enterprise Solutions, Enterprise Collaboration Services, Testing and Assurance Services, BPM, Infrastructure Management Services and Digital Enterprise.

Our objective has been to keep innovating with agile and speedy solutions, having a clear goal of extracting business outcomes for the customers within clearly defined timelines. This route helps us maintain the competitive edge as well as deliver consistent enhanced services.

With new propositions in the realm of digital and cloud led capabilities, analytics, automation we will continue to build deeper relationships as we strive ahead to partner customers across key technology innovations and platforms.

CLIENTS OVERVIEW

In the last year, your company has seen growth from existing client engagements and the addition of new ones across all the key regions. Some of our existing customers have taken ahead the relationship with extended engagements and new implementations spread over the next 3-5 years. The year has also seen some key partnerships achieving key milestones in terms of the kind of work done and the number of years completed. This fact clearly underlines our continued commitment to industry leading service excellence.

Some of the key additions were in the space of ecommerce, digital, retail, manufacturing and utilities. The common thread remains the renewed focus on enhanced capabilities across all digital tools and technologies, coupled with new methodologies like DevOps and Agile.

We have also seen significant work done in the realm of organization wide implementation of key technology solutions. Our strategy will continue in introducing innovative ways to engage with customers to help achieve specific business outcomes and enable them to be competitive in the marketplace.

TRANSFORMATIONAL CUSTOMER MANAGEMENT AND SERVICE DELIVERY EXCELLENCE

One of the key differentiators of the Zensar approach to

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client management lies in our partnership-led engagement model. Your company goes beyond the scope, to be a guide and an execution driver at all times of the project lifecycle. It is this one single factor that has helped us build long-standing relationships with leading global enterprises.

Many of our existing customers proactively seek our strategic inputs as they look towards embarking on their digital journey. Our teams are cognizant of the critical business impact, each project must have on the customer's business objectives. This helps us in going beyond the norm and becoming a true strategic IT partner, rather than remaining a service provider.

Your company intends to continue building on the strength of its excellent service delivery culture and imbibe leading best practices to remain ahead of the curve at all times. Our global delivery model will see increased attention and training to ensure that customers glean the best from us.

CURRENT STRENGTH AND FUTURE PROJECTIONS

In the midst of a challenging business environment, your company has continued on its growth trajectory, building on key customer relationships across all our regions of operations. We saw our strategic acquisition of one of the largest Oracle ATG and Endeca partners, Professional Access (PA) contribute significantly to our e-commerce success story. Deeper learnings and company-wide integration resulted in a competitive go to market positioning in the burgeoning ecommerce and Oracle space. Oracle continued to be a leading arrowhead with us having the largest Oracle Commerce practice worldwide.

Digital transformation services and offerings enabled our customers to leverage business outcomes that were strategic and long-ranging. Vertical offerings continued to drive growth with differentiated capabilities in retail, manufacturing and Oracle setting the foundation for expansion. We were able to offer social listening benefits to more industries like insurance who are looking to engage increasingly with customers using the digital medium.

Our FY16 3x3 strategic focus in the 3 geographies of the US, UK and Africa; key verticals of retail, manufacturing and insurance; across application management services, digital and infrastructure management helped us in remaining profitable, amidst a volatile market.

Digital and ecommerce proved to be one of the key

contributors to our growth. We were able to empower an increased number of customers leverage new and emerging trends, while remaining secure and stable at the backend.

Oracle offerings and in particular, Oracle Cloud remained one of our biggest focus areas through the past year. We continued building on market trends of analytics, mobility and new organizational approaches to technology adoption. Our Pune campus has Zensar's first innovation platform of Oracle Cloud offerings. Our Oracle e-Commerce positioning was strengthened by combining Zensar's Oracle EBS, Oracle Retail and Fusion Middleware solutions for global clients with Professional Access (PA) expertise in these areas.

Zensar's Infrastructure Management practice, with focus on data centre management, security and compliance, network and end user computing saw increased engagements with key customers. The year saw this business gain from enterprises investing in next-generation solutions around end user computing, mobility and cloud. Your company was positioned in the July 2015 Gartner Magic Quadrant for Data Center Outsourcing and Infrastructure Utility Services, North America. The industry-wide recognition has provided us with increased visibility and thought leadership.

Our key levers of expansion and growth continue to remain our consistent delivery excellence, in-depth expertise and digital preparedness. Backed by increasing demand for cloud-led services, we are well positioned to deliver on leading market enterprise technologies with our consulting expertise and delivery networks.

Talent building, key initiatives to retain and train existing talent across levels was an important focus area for us in 2015 and will continue to remain going forward too. In order to foster a culture of innovation and growth, your company did away with the bell curve system of performance appraisals. Introduction of globally recognized systems like 360 degree feedback, customized training and learning roadmaps as well as a newly formed HR operations team, your company is well posed to build the future workplace of choice.

APAX PARTNERS

Marina Holdco (FPI) Ltd., a fund advised by Apax Partners acquired a 23.2% stake in your company in line with our objective to add significant value in the next phase of our growth. Apax Partners is an independent global partnership focused solely on long-term investment in growth companies having USD 40 billion

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of portfolio investments across leading global companies. Your company will leverage their successful track record in the technology services space, gaining access to a wider global customer base and best industry practices.

THE INDUSTRY LANDSCAPE IN 2016 – 17

Global IT sourcing market grew at 9-10% in 2015, in comparison to the previous year, with India contributing 67% to the overall growth. The worldwide IT BPM spend was USD 1.2 trillion. Global IT spend (excluding hardware) stood at more than USD 160 billion.

One of the highlights going forward across the way global enterprises plan their IT budgets includes 51% spend towards new and digital technologies like cloud, mobile and big data. According to industry estimates, approximately 67% of the Global 2000 companies will have digital transformation at the core of their corporate planning and strategy. Market trends clearly lead with digital and bi-modal IT taking consumption of technology to a new adoption rates across multi-industry enterprises.

WORLDWIDE IT-BPM SPEND

The worldwide IT-BPM spend through 2015 saw a growth of 0.4% amounting to USD 1.2 trillion. The growth curve remained flat, as a result of the multiple volatilities faced by the worldwide IT sector.

In contrast to the flat global spend trends, the outsourcing services segment continued on a growth path reporting a growth of 8.5%. India retained the top spot as the leading destination for outsourcing services, commanding 56% share globally. Last year saw an increase in the number of worldwide delivery centres at 169 in total, at a growth rate of 13%, with India and Europe standing at 55% share. This was primarily in new and futuristic technologies like automation, robotics, IoT, connected enterprises and more. All digital technologies, including cloud, mobility, and social media are playing a pivotal role in driving new ways of implementing technology.

- BFSI and manufacturing remained the leading verticals on the growth path like last year at 60%
- Healthcare, retail, utilities and government increased adoption at the rate of 12% across digital technologies like social, mobility, analytics and the cloud
- CADM, as a segment saw maximum growth driven by digital transformation and mobility
- Bundled services were responsible for the average deal per value

Global IT sourcing market grew at 9-10% in 2015, with India contributing 67% to the overall growth. The year saw increased M&A activity with buyouts, spinoffs, mergers and acquisitions adding to various industry-wide changes. Some IT players saw organic and inorganic growth and business restructuring in some companies.

IT services deals saw a significant growth over 2014 at 57% with an increase in number of deals standing at 19%. While the total number of deals decreased, there was a significant increase in the deal value size. This was a clear indicator with companies wanting to develop competitive capabilities to remain relevant and leverage the benefits of digital led market trends.

America led deals grew by 50% and APAC grew 2X over the Americas. 70% of the deals were in the IT bundled and ICT services, with SMAC deals were valued at USD 2.6 billion. Europe grew at a small rate at 4%.

One of the key common denominators influencing IT decisions continued to be integration of digital technologies in different forms. The overall industry and business climate bore the brunt of multiple challenging trends—geopolitical, economy led and financial instability. Even in this tumultuous scenario, digital has contributed with interesting work being done in the area of robotics, cloud models, applications, Industrial internet and automation.

The Indian IT-BPM sector stood at USD 132 billion in 2015 and was projected to grow at 8.5% to USD 143 billion (excluding ecommerce) in 2016. This industry is expected to employ approximately 3.7 million people, constituting an addition of 200,000 individuals. The ecommerce market is expected to be USD 16.7 billion, a growth of 19% over last year. India has assumed the distinction of becoming the third largest destination for start-ups. Key contributors were IT services at 52%, BPM at 20%, ER&D and packaged software at 19% and hardware at 10%.

Indian IT-BPM exports reported a growth of 10.3%, valued at USD 108 billion. Leading drivers of the growth were ER&D and product development at 12.6%, influenced by connected devices and demands across customer's increasing interest in emerging technologies. Modernization of legacy and traditional systems has seen significant increase as customers demand SMAC tools and technologies. IT services remains on the same growth path as the overall IT-BPM

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exports. Key technologies driving the year on year growth of 9% include analytics, BPaaS and Mobility.

(Source: NASSCOM Strategic Review 2016)

VERTICAL STRATEGY DELIVERS RESULTS

Our vertical led strategy helped us to deliver more value and expertise to customers. Verticals seeing growth due to this approach include retail, manufacturing and banking, insurance. We have subject matter experts who combine technical expertise with the vertical implementation knowledge, leading to enhanced service and delivery models. We will continue to take this vertical approach ahead, strengthening it with digital led capabilities.

SERVICE LINES

Zensar continues to display consistent growth due to its comprehensive capabilities. Application management continued to contribute significantly, followed by Infrastructure management. Our digital commerce capability consists of 500 consultants globally, with 190 live implementations and more than 75 upgrades. This is a significant expansion of our market leading position.

Zensar has benefitted from consistent growth due to better operational efficiency as well as customer additions. In FY 16, your company has 2 customers in the USD 20 million segment, followed by 4 customers in the USD 10 million, 4 customers in the USD 5 million segment and an encouraging 65 customers in the USD 1million segment.

One of the clear success factors of your company is the traditional capability cutting across the new and emerging areas of digital offerings. Return on Digital will drive the next set of growth drivers for your company as we witness crossover of business and IT.

KEY PARTNERSHIPS AND ALLIANCES

Our alliances and partnerships with industry leading technology enable us to leverage industry leading point of views, expertise and solutions. Our customers gain in terms of best practices and measurable outcomes.

We are Oracle Platinum Partners and have more than 2900 trained Oracle consultants across global locations. Zensar's Oracle practice delivers Oracle enterprise and digital commerce solutions to retailers and manufacturers globally. Our range of Oracle expertise encompasses the entire range of Oracle offerings and solutions. We have more than 800 successful implementations, including upgrades and global rollouts. One of the key differentiators for us

continues to be in the area of developing customized solutions based on an enterprise's need.

Zensar is a certified SAP Gold partner. With over 400 experienced SAP professionals globally, SAP is a critical and key growth focus area for Zensar. It has complete SAP lifecycle service capabilities across the portfolio of SAP solutions covering Applications (Financials, Supply Chain Management & Distribution, Projects Systems, Human Capital Management), Analytics (Business Intelligence with SAP Business Warehouse, SAP Business Objects) and Mobility capabilities. Zensar also focuses on clients getting the maximum value from new dimension Innovations from SAP like SAP HANA with their ERP and BW Upgrade offerings. Zensar has over the years implemented several SAP life cycle projects and assimilated deep expertise and best practices which it effectively leverages for its clients.

Zensar is also focused on building a strong ecosystem of partnerships in the digital enterprise space, with niche providers in new technologies like social media, mobility, analytics and cloud. Some of the key partnerships include with JIVE software in the area of digital collaboration.

FOCUSED COST OPTIMIZATION

Continuous initiatives and investments have been made to make Zensar's operations more cost effective. This includes better resource management, cost effective operations, financial management and improving overall operational excellence. Finding smarter ways to work, automating internal systems and processes has helped in making life across the operational eco-system smarter and more productive.

We will keep focusing on internalizing and learning new industry led practices.

CUSTOMER DRIVEN INNOVATION

Your company's strategies and go to market propositions are led with a singular focus on customer centricity. We maintain our seamless service delivery excellence by constantly introducing new and innovative strategies to remain relevant for our customers. Our focus in enhanced customer service, includes continuous capability enhancement through training, new thinking into customer partnerships and a company-wide culture, where the customer is at the core of our actions. In fact, 'Customer Centricity' forms one of our value statements. We lead all our customer engagement initiatives with this guiding principle across the entire organization.

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ENLARGING OPERATIONAL SCOPE

Zensar understands, that in order to remain competitive and to continue being a trusted partner to our customers, we need to expand our scope of services and capabilities. Leading market indicators and changing customer demands need to be incorporated in our thinking. In order to stay ahead of the dynamically changing enterprise IT landscape, we have identified proven capabilities, narrowed our geographical markets and operate in niche industry segments. We have built a CoE led framework, strategic technology partnership led expertise and integrated our traditional offerings with new tools and technologies. This strategic approach ensures that we remain large, yet nimble to deliver.

ENABLING DIGITAL TRANSFORMATION

Your company has a consistent successful track record of providing market leading capabilities to global organizations. We are poised to deliver on critical IT systems, while helping customers benefit from disruptive digital tools. Helping enterprises to compete on global arena is our objective. Market trends are driving new accelerators of growth and expansion, for which we are clearly prepared. Steady customer partnerships, subject matter expertise, critical technical talent, broad based operations and successful implementations have put us in a frontrunner position to generate enhanced value and growth.

CORPORATE SOCIAL RESPONSIBILITY

Sustainable CSR continues to be a key focus across the organization. Our philanthropic outreach programs are mainly in the areas of Community Development, Employability Enhancement and Environment Sustenance. The last year has seen innovative ways of supporting the community across various tenets of sustainability. Some of the key initiatives included making a significant step towards advocating digital literacy under the aegis of government of India's National Digital Literacy Mission (NDLM). This included the launch of Pune's first digital literacy bus equipped with computers with the objective of teaching basic internet literacy to communities. Another initiative was the launch of the first digital literacy centre in a rural area in the village of Sudumbre, on the outskirts of Pune. Leveraging the strength of Zensar volunteers, all CSR activities display the spirit of agency.

SEGMENT-WISE PERFORMANCE

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

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. 29 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 environments the 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 compliance with applicable government and regulatory requirements, potentials risk area in various economic, social and industry environments Zensar operates. The risks are identified along with leading key risk indicators and assigned Risk Champions to monitor such risks as well as conducts periodic assessment of these risks. 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 a key business driver of Zensar's strategy in competitive market place and is 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, respective Function and Country heads.

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Risk Management Process:

The risk management process undertaken at Zensar is set of coordinated activities described as follows:

| Risk Governance | Risk Identification and Evaluation | Risk Mitigation & Response | Risk Monitoring & Reporting |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Board and Audit Committee 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 Function 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 and evaluation on parameters such as Insignificant, Minor, Major and Critical | <ul style="list-style-type: none"> Draw a mitigation plan. Assign Risk Champions and ownership for mitigation plan. Define timelines and key indicators for mitigation plans. Define Risk Response as Tolerate, Treat, Transfer and Terminate. | <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 elaborate security measures, including business continuity plan, using latest technology and tools available.

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 with a view to keep pace with the latest developments in the technology space augment portfolio of services to clients.

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

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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 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. The Company hedges a major part of the risk on exchange rate by entering into forward cover for predictable inward remittances minimizing the risks associated with foreign currency rate fluctuations.

INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

Compliance with the best of the breed practices and regular management oversight make the internal controls at Zensar strong. 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 firm. s, along with the key management personnel.

Internal Financial Control and Their Adequacy

Compliance with the best 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 internal audit is carried out by one of the leading audit and risk advisory firm.

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 2016 is as under:

A. BY SEGMENTS

| Rs. Crores | | |
|------------------------------------|----------------|----------------|
| SEGMENT | 2015-2016 | 2014-2015 |
| Application Management Services | 2179.61 | 1860.63 |
| Infrastructure Management Services | 534.67 | 534.97 |
| Products & Licences | 249.98 | 232.08 |
| Total | 2964.26 | 2627.68 |

B. BY GEOGRAPHY

| Rs. Crores | | |
|--------------------------|----------------|----------------|
| Geography | 2015-2016 | 2014-2015 |
| United States of America | 2286.53 | 2000.52 |
| United Kingdom | 294.13 | 268.49 |
| Rest of the World | 383.60 | 358.67 |
| Total | 2964.26 | 2627.68 |

BY LOCATION

| Rs. Crores | | |
|------------|-----------|-----------|
| Location | 2015-2016 | 2014-2015 |
| Onsite | 64% | 66% |
| Offshore | 36% | 34% |

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2. Other Income

Other Income comprises dividends from mutual fund investments, interest on bank deposits and others. Other income during the current year was Rs. 44.55 Crores as against Rs. 26.95 Crores in the previous year.

3. Share Capital

During the year, Company has allotted total 304,654 equity shares fully paid up of Rs. 10/- each. Out of these, 63,412 equity shares were allotted under 2002 Employees Stock Option Scheme" and 241,242 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 2016 were Rs. 1381.16 Crores as against Rs. 1112.65 Crores as on 31st March 2015.

5. Long Term Borrowings

As of 31st March 2016, Long term borrowings were Rs. 0.77 Crores (Previous year Rs.1.49 Crores) out of which Finance lease liabilities were Rs. 0.77 Crores (Previous year Rs.1.49 Crores).

The current maturities of long term finance lease obligation amounting to Rs. 1.20 Crores (Previous year: Rs.1.91 Crores) which is shown under Other Current Liabilities.

The portion of current maturities of long term loan is amounting to Rs. Nil (Previous year: Rs. 75.00 Crores) which is payable within twelve months, is shown under Other Current Liabilities.

6. Short Term Borrowings

As of 31st March 2016, Short term borrowings of Rs. 147.31 Crores (Rs. 102.69 crores taken by Zensar Technologies Inc., Rs. 31.37 Crores taken by PSI Holding Inc. and Rs. 13.25 crores taken by Zensar Technologies Limited) Previous year it was Rs. 97.16 Crores.

7. Fixed Assets

There was an increase in Net Gross Block of Fixed Assets by Rs. 23.29 Crores compared to previous year, which is on account of acquisition of assets for ordinary business.

8. Return on Capital Employed

The return on capital employed (ROCE) for the year 2015-16 is 28.10%.

9. DEBTORS

The position of outstanding debtors was:

| | Rs. Crores | |
|--------------------------------------|------------------------|------------------------|
| | As at 31st March, 2015 | As at 31st March, 2014 |
| Outstanding for less than six months | 415.93 | 454.02 |
| Outstanding for more than six months | 161.88 | 19.90 |
| Provision for doubtful debts | (35.07) | (20.04) |
| Total Sundry Debtors | 542.74 | 453.88 |

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 Rs. 282.25 Crores as on 31st March, 2016.

11. OTHER CURRENT ASSETS

Other Current Assets of Rs. 237.14 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 2016.

12. LOANS AND ADVANCES

The Loans and Advances largely comprise advances recoverable in cash or in kind for value to be received amounting to Rs. 147.50 Crores (Previous Year: Rs. 133.42 Crores) as on 31st March, 2016 out of which Long term was Rs. 40.34 Crores (Previous Year: 46.67 Crores) and Short Term was Rs.107.16 Crores (Previous year: 86.75 Crores), against which a provision for doubtful advances is Rs. Nil (Previous year was 0.02 Crores).

13. OTHER CURRENT LIABILITIES & PROVISIONS

Other Current liabilities & Provisions amounting to Rs. 284.87 Crores (Previous year Rs. 343.38 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 Rs. 116.91 Crores (Previous year Rs. 101.28 Crores).

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15. CONTINGENT LIABILITIES

Contingent Liabilities have been disclosed in Note 27 in the "Consolidated Financial Statement - Notes to the Accounts".

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

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 84.1% for FY15-16

The following is a summary of our key talent initiatives:

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.

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

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.

HR Digitalisation

We have embarked on a journey to make HR 100% digitalised. This will ensure that all HR process will be available to associates on their hand held devices at all the time. It will also provide leaders access to HR metrics to make informed decision.

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

Annexure G to the Directors' Report (Contd.)

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.

For and on behalf of the Board

H.V. Goenka

Chairman

Place: Mumbai

Dated: 22nd April, 2016

Annexure H to the Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[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 No.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 2016** 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 2016 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 (upto 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May, 2015);
- (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)**;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(not applicable to the company during the Audit Period)**.

(vi) The specific laws applicable to the Company:

- a) Special Economic Zone Act, 2005 and the Rules made thereunder;
- b) Trade Mark Act, 1999 and the Rules made thereunder;
- c) Information Technology Act, 2000 and the Rules made thereunder;
- d) Policy relating to Software Technology Parks of India and its Regulations;
- e) The Export and Import Policy of India;

We have also examined compliance with the

Annexure H to the Directors' Report (Contd.)

applicable clauses and regulations of the following:

- (i) Secretarial Standards issued by 'The Institute of Company Secretaries of India' effective from 1st July, 2015;
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) till 30th November, 2015; and the provision of sub regulation (4) of the Regulation 23 and Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable from 2nd September, 2015; and
- (iii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st December, 2015.

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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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:

1. The Electra Partners Mauritius Limited (EPML) one of the equity investors in the Company has sold its 23.17% shareholding in the Company to M/s. Marina Holdco (FPI) Ltd., Fund, a Mauritius based Company.
2. The Company has altered the Articles of Association of the Company to protect the interest of the investor i.e. M/s. Marina Holdco (FPI) Ltd.

Place: Pune

Date: 22nd April, 2016

For **SVD & Associates**

Company Secretaries

S. V. Deulkar

Partner

FCS No. 1321

C P No. 965

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.

Annexure H to the Directors' Report (Contd.)

‘ANNEXURE A’

To,
Members,
Zensar Technologies Limited
Zensar Knowledge Park Plot No.4
Kharadi MIDC off Nagar Road,
Pune - 411014

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune
Date: 22nd April, 2016

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "Listing Regulations") for the year ended 31st March, 2016 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 that 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, 2016, the Board comprises of ten Directors, two of which are Executive Directors and eight are Non-Executive Directors. The Company has a Non- Executive Chairman from the 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 six times during the Financial Year 2015-16

On 28th April, 2015, 15th July, 2015, 20th October, 2015, 14th December, 2015, 19th January, 2016 and 14th March, 2016. Composition of the Board and other Directorship/Membership of Committees held as on 31st March, 2016 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 2015-16 | Attendance in last AGM | Other Boards / Committees | | |
|---------|------------------------------------|---------------------------------------------------------|---------------------|---------------------------------------------|------------------------|---------------------------|------------|----------|
| | | | | | | Directorships* | Committee* | |
| | | | | | | | Member | Chairman |
| 1 | Mr. H. V. Goenka | Chairman Non- Independent Non- Executive Director | 04.09.2001 | 6 | No | 6 | Nil | Nil |
| 2 | Mr. Sandeep Kishore ^{\$} | Managing Director and CEO | 12.01.2016 | 2 | No | 1 | Nil | Nil |
| 3 | Dr. Ganesh Natarajan | Vice Chairman and Managing Director | 04.09.2001 | 4 | Yes | Nil | Nil | Nil |
| 4 | Mr. A.N. Agrawal | Non Independent Non- Executive Director | 29.01.2002 | 5 | No | 2 | Nil | Nil |
| 5 | Mr. P.K. Choksey [@] | Independent Non- Executive Director | 24.04.1980 | 3 | No | 1 | Nil | 1 |
| 6 | Mr. Venkatesh Kasturirangan | Independent Non- Executive Director | 28.01.2008 | 4 | Yes | 1 | Nil | Nil |
| 7 | Mr. John Levack [^] | Non-Independent Non- Executive Director | 16.01.2003 | 2 | Yes | 1 | 1 | Nil |
| 8 | Mr. Shashank Singh ^{\$\$} | Non-Independent Non- Executive Director | 20.10.2015 | 4 | No | 2 | Nil | Nil |
| 9 | Mr. Sudip Nandy ^{\$\$\$} | Independent Non-Executive Director | 15.07.2015 | 3 | No | Nil | Nil | Nil |
| 10 | Mr. P.K. Mohapatra | Independent Non- Executive Director | 31.01.2001 | 4 | Yes | 9 | Nil | Nil |
| 11 | Mr. A.T. Vaswani | Independent Non- Executive Director | 09.02.1996 | 6 | Yes | 2 | 1 | 1 |
| 12 | Ms. Madhabi Puri Buch | Independent Non -Executive Director | 30.09.2014 | 5 | Yes | 2 | 0 | 1 |

* 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 the provisions of Listing Regulations, Memberships/ Chairmanships of only Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies (excluding Zensar Technologies Limited) have been considered.

^{\$} Mr. Sandeep Kishore was appointed as Managing Director and Chief Executive Officer of the Company with effect from 12th January, 2016.

[@] Mr. P. K. Choksey ceased to be Director from 26th December, 2015 because of his passing away on that date.

[^] Mr. John Levack nominee director of Electra Partners Mauritius Ltd. resigned with effect from 9th October, 2015 pursuant to sale of stake by Electra Partners (Mauritius) Ltd. to Marina Holdco (FPI) Ltd.

^{\$\$} Mr. Shashank Singh was appointed on the Board of Directors of the Company with effect from 20th October, 2015 as Nominee Director of Marina Holdco (FPI) Ltd. pursuant to sale of stake by Electra Partners (Mauritius) Ltd. to Marina Holdco (FPI) Ltd.

^{\$\$\$} Mr. Sudip Nandy was appointed as Independent Non-Executive Director with effect from 15th July, 2015.

Note:

- 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 Listing Regulations have been made available to the Board from time to time.

The Company periodically places Compliance Reports / Certificates 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 Regulation 18 of Listing Regulations and Section 177 of the Companies Act, 2013. Currently, the Audit Committee has three members, Mr. A. T. Vaswani, Mr. P. K. Mohapatra and Mr. Shashank Singh. 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 2015-16, Eleven meetings of the Committee were held on 8th April, 2015, 28th April, 2015, 14th May, 2015, 15th July, 2015 3rd August, 2015, 16th September, 2015, 20th October, 2015, 17th November, 2015 14th December, 2015, 19th January, 2016 and 17th February, 2016.

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

| Name | No. of Meetings Attended |
|------------------------------|--------------------------|
| Mr. A. T. Vaswani (Chairman) | 11 |
| Mr. P. K. Choksey* | 7 |
| Mr. P. K. Mohapatra | 9 |
| Mr. Shashank Singh | 4 |

* Mr. P. K. Choksey ceased to be member of the Committee on 26th December, 2015.

The Chairman of the Audit Committee was present at the 52nd Annual General Meeting held on 14th July, 2015.

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 Regulation 18 of the Listing Regulations. 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 and auditors report thereon 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. Modified opinions 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 after assessing the qualifications, experience and background, etc of the candidate.
9. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.

Annexure I to the Directors' Report (Contd.)

10. Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
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 and Management Letters/Letters of internal control weaknesses issued by the statutory auditors.
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 including review of management discussion and analysis of financial condition and results of operations.
15. Approval or any subsequent modification of transactions of the company with related parties including review of statement of significant related party transactions submitted by the management.
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 and to review the functioning of the whistle blower mechanism.
20. To oversee Risk Management functions.
21. The appointment, removal and terms of remuneration of the chief internal auditor.
22. Quarterly Statement of deviation(s) including report of monitory agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
23. Carrying out functions as delegated by the Board of Directors from time to time.

3. Nomination and Remuneration Committee:

A. Composition:

The composition of the Committee complies with the requirements of Regulation 19 of Listing Regulations and Section 178 of the Companies Act, 2013. Currently, the Nomination and Remuneration Committee is comprised of Mr. P. K. Mohapatra, Mr. A. T. Vaswani, Mr. Arvind Agrawal. Mr. P. K. Mohapatra, Independent Non-Executive Director is the Chairman of the Committee.

B. Meetings:

During the Financial Year 2015-16, Fourteen meetings of the Committee were held on 27th April, 2015, 5th May, 2015, 25th June, 2015, 14th July, 2015, 3rd August, 2015, 27th August, 2015, 18th September, 2015, 20th October, 2015, 17th November, 2015, 14th December, 2015, 18th December, 2015, 18th January, 2016, 17th February, 2016 and 14th March, 2016.

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) | 9 |
| Mr. A. T. Vaswani | 14 |
| Mr. John Levack ^ | 2 |
| Mr. Arvind Agrawal | 12 |

^ Mr. John Levack nominee director of Electra Partners (Mauritius) Ltd. resigned with effect from 9th October, 2015 pursuant to sale of stake by Electra Partners Mauritius Ltd. to Marina Holdco (FPI) Ltd.

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 Regulation 19 of the Listing Regulations. 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. Formulate the criteria for evaluation of performance of every director and carrying out actual evaluation.
3. Determining the remuneration packages for Executive Director, the direct reports to the Managing Director /Chief Executive Officer.

Annexure I to the Directors' Report (Contd.)

4. Determine the quantum of commission payable to Non-Executive Directors.
5. Implementation of the Employees Stock Option Plan.
6. Allotment of shares consequent upon exercise of stock options.
7. Devising a policy on diversity of Board of Directors.
8. Whether to extend or continue the term of appointment of Independent Directors on the basis of report of performance evaluation of Independent Directors.
9. Carrying out functions as delegated by the Board of Directors from time to time.

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(s):

(i) Dr. Ganesh Natarajan:

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 Shareholders of the Company.

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

| | Particulars | Amount in Rs. Lacs* |
|-----|------------------------------|---------------------|
| (A) | Salary | 68.56 |
| (B) | Allowances | 167.24 |
| (C) | Annual Performance Incentive | 336.84 |

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

As on 31st March, 2016, Dr. Ganesh Natarajan held 1,92,764 Equity Shares of the Company and 40,000 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 & Managing Director | Period of service contract - 1st February, 2015 to 30th April, 2016 | Four months' notice |

(ii) Mr. Sandeep Kishore:

Since, the service contract of Dr. Ganesh Natarajan with the Company expires on 30th April, 2016, the Company on 14th December, 2015 has appointed Mr. Sandeep Kishore as Managing Director and Chief Executive Officer of the Company with effect from 12th January, 2016 in place of incumbent Dr. Ganesh Natarajan. Mr. Sandeep Kishore is paid remuneration as per the terms recommended by the Nomination and Remuneration Committee, approved by the Board of Directors and Shareholders of the Company.

The summary of remuneration paid to Mr. Sandeep Kishore during year under review was as follows:

| | Particulars | Amount in Rs. Lacs* |
|-----|------------------------------|---------------------|
| (A) | Salary | 2.93 |
| (B) | Allowances | - |
| (C) | Annual Performance Incentive | - |

* Excludes the value of employees stock options granted / exercised by Mr. Sandeep Kishore.

As on 31st March, 2016, Mr. Sandeep Kishore held NIL Equity Shares of the Company and 1,25,000 unvested stock options were granted to him in pursuance of Employees Stock Options Scheme, 2006 and additional options up to 300,000 under proposed new scheme 'Zensar Technologies Limited – Employee Performance Award Unit Plan 2016 (EPAP 2016).

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

| Name | Service contracts | Notice period |
|--------------------------------------------------------------------|----------------------------------------------------------------------|--------------------|
| Mr. Sandeep Kishore, Managing Director and Chief Executive Officer | Period of service contract - 5 year(s), beginning 12th January, 2016 | Six 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 Rs.75,000/- for each meeting of the Board, Rs.35,000/- for each meeting of Audit Committee, Rs.5,000/- for each meeting of Nomination and Remuneration Committee, Rs.5,000/- for each meeting of Corporate Social Responsibility Committee attended by them and Rs.1,000/- for each meeting of Stakeholders Relationship Committee and Banking Committee.

Annexure I to the Directors' Report (Contd.)

The members of the Company at their 52nd Annual General Meeting held on 14th July, 2015 had approved payment of Remuneration to Non-Executive Directors by way of Commission not exceeding one percent of Company's net profit.

During the year under review, apart from the Sitting Fees paid for attending the meetings of the Board and the Committees, the Non-Executive Directors have been paid 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.

Remuneration to Non-Executive Directors.

| Sr. No. | Name of the Director | Sitting fees paid during 2015-16 (In Rupees) | Commission paid in 2015-16 for the year 2014-15 (In Rupees) |
|---------|------------------------------------|----------------------------------------------|-------------------------------------------------------------|
| 1. | Mr. H. V. Goenka | 4,50,000 | 2,18,50,000 |
| 2. | Mr. P.K. Choksey [@] | 4,58,000 | 6,00,000 |
| 3. | Mr. Venkatesh Kasturirangan | 3,00,000 | 6,00,000 |
| 4. | Mr. John Levack [^] | 1,60,000 | 6,00,000 |
| 5. | Mr. P.K. Mohapatra | 6,45,000 | 6,00,000 |
| 6. | Mr. A.T. Vaswani | 9,02,000 | 6,00,000 |
| 7. | Mr. Arvind Agrawal | 4,35,000 | - |
| 8. | Ms. Madhabi Puri Buch | 3,75,000 | 3,00,000 |
| 9. | Mr. Shashank Singh ^{\$\$} | 4,40,000 | - |
| 10. | Mr. Sudip Nandy ^{\$\$\$} | 2,25,000 | - |
| 11. | Mr. Niraj Bajaj [#] | - | 4,50,000 |

[@] Mr. P. K. Choksey ceased to be Director from 26th December, 2015 on account of his passing away on that date.

[^] Mr. John Levack nominee director of Electra Partners (Mauritius) Ltd. resigned with effect from 9th October, 2015 pursuant to sale of stake by Electra Partners Mauritius Ltd. to Marina Holdco (FPI) Ltd.

^{\$\$} Mr. Shashank Singh was appointed on the Board of Directors of the Company with effect from 20th October, 2015 as Nominee Director of Marina Holdco (FPI) Ltd. pursuant to sale of stake by Electra Partners (Mauritius) Ltd. to Marina Holdco (FPI) Ltd.

^{\$\$\$} Mr. Sudip Nandy was appointed as Independent Non-Executive with effect from 15th July, 2015.

[#] Mr. Niraj Bajaj resigned from the directorship of the Board with effect from 8th January, 2015

Shareholding of Non-Executive Directors:

Mr. Harsh Goenka*, Mr. A. T. Vaswani and Mr. P. K. Choksey, Non-Executive Directors, holds 777, 10,000 and 800 equity shares of Rs. 10/- each respectively of

the Company and do not hold any convertible instruments of the Company. Apart from the above, other Non-Executive Directors do not hold any equity shares or convertible instruments of the Company.

* Mr. Harsh Goenka holds 774 equity shares as a Trustee of Crystal India Tech Trust and 1 Equity Share each as a Trustee of Nucleus Life Trust, Stellar Energy Trust and Monitor Portfolio Trust.

4. Stakeholders Relationship Committee:

A. Composition:

Currently, the Stakeholders Relationship Committee is comprised of Mr. A. T. Vaswani 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 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 2015-16, twelve Stakeholders Relationship Committee meetings were held on 28th April, 2015, 29th May, 2015, 24th June, 2015, 29th July, 2015, 31st August, 2015, 18th September, 2015, 20th October, 2015, 24th November, 2015, 29th December, 2015, 19th January, 2016, 24th February, 2016 and 28th March, 2016.

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) | 12 |
| Mr. P. K. Choksey [@] | 6 |
| Dr. Ganesh Natarajan | 12 |

[@] Mr. P. K. Choksey ceased to be member of Committee from 26th December, 2015 due to his demise on that date.

Annexure I to the Directors' Report (Contd.)

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 2015-16 are as follows:-

| Nature of Complaint | 2015-16 | |
|--------------------------------------------------------------------|------------|-------------|
| | Received | Attended to |
| Non- receipt of share certificates | 58 | 58 |
| Letters from Stock Exchanges, SEBI etc. | 4 | 4 |
| Non-receipt of Dividend / Debenture interest / Redemption warrants | 59 | 59 |
| Non- receipt of Annual Report | 6 | 6 |
| TOTAL | 127 | 127 |

There were no pending complaints as on 31st March, 2016.

5. Corporate Social Responsibility Committee:

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 2015-16 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 |

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. Banking Committee:

The Company has constituted the Banking Committee to delegate the matters regarding opening and closing of bank accounts in India and abroad, change in signatories to existing bank accounts, review of treasury operations, etc.

A. Composition:

Currently, the Banking Committee comprised of Dr. Ganesh Natarajan and Mr. A. T. Vaswani with Dr. Ganesh Natarajan as the Chairman of the Banking Committee.

B. Meetings:

During the Financial Year 2015-16, five Banking Committee meetings were held on 29th May, 2015, 18th August, 2015, 7th September, 2015, 19th January, 2016 and 14th March, 2016.

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) | 5 |
| Mr. A. T. Vaswani | 5 |
| Mr. P. K. Choksey® | 2 |

@ Mr. P. K. Choksey ceased to be member of Committee from 26th December, 2015 due to death.

Annexure I to the Directors' Report (Contd.)

C. Terms of Reference:

The Terms of Reference of the Banking Committee envisage the following:

- Authorising opening and closure of all types of bank accounts (including EEFC Account) in India and overseas.
- Authorising new signatories and/or change, removal of existing authorized signatories in relation to bank accounts, loans (granted and availed), working capital facilities and all other types of borrowings.
- Defining/amending signing powers of new/existing authorized signatories, in relation to bank accounts, loans (granted and availed), working capital facilities and all other type of borrowings.
- Authorising new signatories and/or change, removal of existing authorised signatories in terms of forward contracts and forex transactions.
- Review of Treasury Operations.

7. Meeting of Independent Directors:

During the year under review, the Independent Directors met on 19th October, 2015, inter alia, to discuss matters as prescribed under the Companies Act, 2013 and Listing Regulations. 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 2015-16. A declaration from the Managing Director and Chief Executive Officer confirming the above is annexed to this report.

8. FAMILIARISATION PROGRAMME FOR DIRECTORS:

The Company through its Managing Director and other Senior Officials of the Company have presentations sessions periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company. Such presentations provide an opportunity to the Independent Directors to interact with the Senior Officials of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organisation structure, finance, human resources and such other areas as may arise from time to time.

The details of the Familiarization programme have been uploaded on the Company's website: <http://www.zensar.com/sites/all/themes/zensar/pdf/Investors/FAMILIARISATION%20PROGRAMMES%20FOR%20INDEPENDENT%20DIRECTORS.pdf>

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

| Particulars | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 |
|---------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Date and Time | 16th July, 2013 at 12.00 Noon | 23rd July, 2014 at 12.00 Noon | 14th July, 2015 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:

- (i) In the Annual General Meeting held on 16th July, 2013.
- (a) Grant of additional Stock options under 2006 Employees Stock Options Plan to the employees of Company's subsidiaries.

- (ii) In the Annual General Meeting held on 23rd July, 2014
- (a) None

- (iii) In the Annual General Meeting held on 14th July, 2015.

- (a) Approval of Payment of Commission to Non-Executive Directors of the Company.

The Company conducted postal ballot to obtain

Annexure I to the Directors' Report (Contd.)

approval of its Shareholders as stated in table below for the Ordinary / Special 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 Regulation 44 of the Listing Regulations 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.

The result of the postal ballot was declared on 22nd March, 2016 wherein these Ordinary / Special Resolutions were declared passed with overwhelming majority by the Shareholders. Details of Voting Pattern are as under:

| Particulars / Description of item No. | No. of Shares held | No. of Votes Polled | % of Votes Polled | Votes in favour | Votes Against | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|-------------------|-----------------|---------------|---|---------|--------|
| | | | | | No. | % | No. | % |
| Appointment of Mr. Sudip Nandy (DIN: 07199187) as an Independent Director not liable to retire by rotation. | 44612638 | 37636102 | 84.361 | 37634301 | 99.995 | | 1841 | 0.005 |
| Amendments to Articles of Association of the Company. | 44612638 | 37629799 | 84.347 | 37628200 | 99.996 | | 1599 | 0.004 |
| Appointment of Mr. Shashank Singh (DIN: 02826978) as Non-Independent and Non-Executive Director liable to retire by rotation. | 44612638 | 37629820 | 84.348 | 33112913 | 87.996 | | 4516907 | 12.004 |
| Appointment of Mr. Sandeep Kishore (DIN: 07393680) as Managing Director and Chief Executive Officer of the Company. | 44612638 | 37629484 | 84.347 | 33112611 | 87.996 | | 4516873 | 12.004 |
| Approval of Zensar Technologies Limited – Employees Stock Options Plan 2016 (EPAP 2016). | 44612638 | 37629521 | 84.347 | 31996315 | 85.030 | | 5633206 | 14.970 |
| Grant of Performance Award Units to the employees of the Subsidiary Company (ies) of the Company under Zensar Technologies Limited – Employee Performance Award Unit Plan 2016 (EPAP 2016). | 44612638 | 37635667 | 84.361 | 32001113 | 85.029 | | 5634554 | 14.971 |

10. 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 Regulations. The Board has approved a 'Policy on Related Party Transactions' web link 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.

Annexure I to the Directors' Report (Contd.)

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 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 web link 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 Listing Regulations. 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 / Economic Times / Financial Express, Prabhat / Maharashtra Times / Loksatta, etc. in terms of Regulation 47 of the Listing Regulations.
- 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 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.

11. General Shareholder information:

- Annual General Meeting:** The Annual General Meeting of the Company will be held on 20th July, 2016, at the registered office of the Company at 12.00 Noon.
- Financial Year:** 1st April to 31st March
- Book Closure Dates:** The Company's Register of Members and Share Transfer Books will remain closed for the purpose of dividend from 13th July, 2016 to 20th July, 2016 (both days inclusive).
- Dividend payment:** The Board of Directors did not declared any final dividend to the Shareholders of the Company during the Financial Year 2015-16. However, earlier during the year, the Board of Directors declared two Interim Dividends at the rate of Rs.5/- and Rs.7/- per equity share of Rs.10/- each which was paid on 16th February, 2016 and 29th March, 2016.
- Financial calendar** (tentative and subject to change)

| Event | Due Date |
|------------------------------------------------------------------|--------------------------|
| Financial reporting for the quarter ending 30th June, 2016 | 15th August, 2016 |
| Financial reporting for the quarter ending 30th September, 2016 | 15th November, 2016 |
| Financial reporting for the quarter ending 31st December, 2016 | 15th February, 2017 |
| Financial reporting for the quarter ending 31st March, 2017 | 30th May, 2017 (Audited) |
| 54th Annual General Meeting for the year ending 31st March, 2017 | 19th September, 2017 |

Annexure I to the Directors' Report (Contd.)

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

- BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. (BSE)
- National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra –

Kurla Complex Bandra (E), Mumbai 400 051 (NSE)

Stock Code:

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

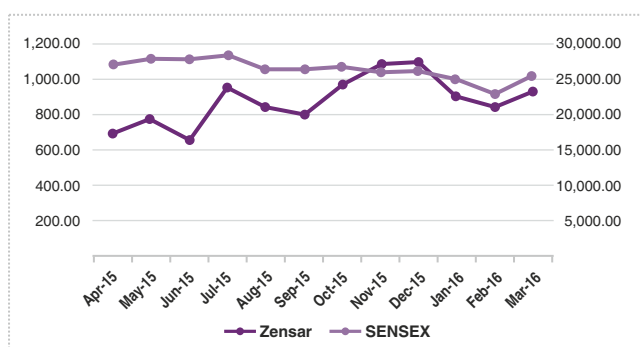
Listing fees have been paid for the Financial Year 2016-17.

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 Rs. | Low Rs. | Close Rs. | Total Traded Quantity | Sensex | High Rs. | Low Rs. | Close Rs. | Total Traded Quantity | Nifty |
| Apr –2015 | 788.10 | 648.80 | 697.55 | 235607 | 27,011.31 | 788.70 | 648.30 | 698.55 | 888280 | 8,181.50 |
| May-2015 | 774.00 | 675.05 | 768.45 | 107295 | 27,828.44 | 795.00 | 676.80 | 774.10 | 476860 | 8,433.65 |
| June -2015 | 790.00 | 636.50 | 656.90 | 255763 | 27,780.83 | 793.00 | 635.00 | 657.95 | 548104 | 8,368.50 |
| July –2015 | 973.60 | 651.95 | 955.25 | 791038 | 28,114.56 | 974.90 | 655.00 | 955.30 | 3299221 | 8,532.85 |
| Aug-2015 | 1011.00 | 752.65 | 837.10 | 351950 | 26,283.09 | 1010.00 | 745.20 | 836.45 | 1280768 | 7,971.30 |
| Sep –2015 | 871.55 | 755.00 | 806.85 | 179310 | 26,154.83 | 870.00 | 756.20 | 807.95 | 6,59,623 | 7,948.50 |
| Oct –2015 | 1020.00 | 801.15 | 967.65 | 763783 | 26,656.83 | 1022.00 | 804.00 | 963.20 | 3535538 | 8,065.80 |
| Nov-2015 | 1116.95 | 908.30 | 1,083.15 | 401447 | 26,145.67 | 1117.45 | 907.70 | 1085.00 | 2729843 | 7,935.25 |
| Dec-2015 | 1120.00 | 978.45 | 1,090.80 | 377234 | 26,117.54 | 1121.00 | 980.00 | 1089.45 | 1112228 | 7,946.35 |
| Jan –2016 | 1095.35 | 821.00 | 903.30 | 291950 | 24,870.69 | 1097.95 | 820.00 | 904.35 | 1131996 | 7,563.55 |
| Feb-2016 | 979.50 | 805.00 | 841.65 | 122615 | 23,002.00 | 979.90 | 803.00 | 842.95 | 595057 | 6,987.05 |
| Mar -2016 | 958.00 | 837.75 | 929.90 | 71418 | 25,341.86 | 960.05 | 844.25 | 933.35 | 487789 | 7,738.40 |

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 2015-16 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, 2016 the distribution of the Company's shareholding was as follows:

| No. of equity Shares held | As on 31st March, 2016 | | | |
|---------------------------|------------------------|--------------------|--------------------|--------------------|
| | No. of Share holders | % of Share holders | No. of Shares held | % of Share-holding |
| 1-500 | 25046 | 93.675 | 2282252 | 5.114 |
| 501-1000 | 948 | 3.546 | 707262 | 1.585 |
| 1001-2000 | 362 | 1.354 | 528173 | 1.183 |
| 2001-3000 | 131 | 0.490 | 331356 | 0.742 |
| 3001-4000 | 57 | 0.213 | 205037 | 0.459 |
| 4001-5000 | 36 | 0.135 | 167980 | 0.376 |
| 5001-10000 | 67 | 0.251 | 488752 | 1.095 |
| 10001 & above | 90 | 0.337 | 39920616 | 89.445 |
| Total | 26737 | 100 | 44631428 | 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, 2016 is as under:

| Particulars | No. of shares | % of total capital issued |
|-------------------------------------|-----------------|---------------------------|
| Held in dematerialized form in CDSL | 1386032 | 3.11 |
| Held in dematerialized form in NSDL | 42625845 | 95.50 |
| Physical | 619551 | 1.39 |
| Total | 44631428 | 100.00 |

12. Shareholding pattern:

Details of Shareholding as on 31st March, 2016 was as under:

| Category | As on 31st March, 2016 | | | |
|-----------------------------------------------------------------------|------------------------|--------------------|--------------------|-----------------|
| | No. of Share holders | % of Share holders | No. of Shares held | % Share-holding |
| Promoters | 9 | 0.03 | 21352891 | 47.84 |
| Mutual Funds, Financial Institutions, Banks Insurance Companies & FIs | 131 | 0.49 | 6534208 | 14.64 |
| Individual Shareholders | 25376 | 94.91 | 5308020 | 11.90 |
| Bodies Corporate | 649 | 2.43 | 854621 | 1.91 |
| NRI's OCBs | 572 | 2.14 | 10581688 | 23.71 |
| Total | 26737 | 100.00 | 44631428 | 100.00 |

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

As of 31st March 2016, 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. Disclosure of foreign exchange risks and hedging activities:

The Company had managed the foreign exchange risk. The details have been disclosed in Note No. 42 to the notes to Annual Accounts.

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

The Company has complied with all mandatory requirements laid down under Clause 49 of the erstwhile Listing Agreement and by Listing Regulations including compliance with Regulations* 17 to 27 and clauses (b) to (i) of the sub- Regulation 2 of Regulation 46 and sub-paras (2) to (10) as mentioned in Schedule V of Listing Regulations.

Annexure I to the Directors' Report (Contd.)

* Regulation 21 is not applicable to the Company as on March 31, 2016.

16. 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.

17. 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

Other Shareholders related information:

Provision of the Listing Regulations 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, 2015 | 1353 | 76425 |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the period 2015-16 | 19 | 1241 |
| Number of shareholders to whom the shares were transferred from the suspense account during the period 2015-16 | 19 | 1241 |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2016 | 1334 | 75184 |

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

For and on behalf of the Board

H.V. Goenka

Chairman

Place: Mumbai

Dated: 22nd April, 2016

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 provisions 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 2015-16.

Mr. Sandeep Kishore

Managing Director & Chief Executive Officer

Mumbai

Dated 22nd April, 2016

Annexure I to the Directors' Report (Contd.)

CEO/CFO CERTIFICATION

We, Sandeep Kishore, Managing Director and Chief Executive Officer 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 2016 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.

Sandeep Kishore

Managing Director and Chief Executive Officer

Mumbai

Dated 22nd April, 2016

S. Balasubramaniam

Chief Financial Officer

PRACTICING COMPANY SECRETARY'S CERTIFICATE

To,

The Members of Zensar Technologies Limited

We have examined the compliance of conditions of corporate governance by Zensar Technologies Limited (hereinafter referred "the Company"), for the year ended on 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015 ('Listing Regulations') for the period 1st December, 2015 to 31st March, 2016.

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 statements 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/Listing Regulations, as applicable.

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

For SVD & Associate

Company Secretaries

S. V. Deulkar

Partner

F.C.S. 1321

C.P. No. 965

Date: 22nd April, 2016

Place: Pune

Annexure J to the Directors' Report

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 SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

| 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 | 3,01,000 |
| 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 Compensation Committee Meeting held for granting of Stock Options. Compensation Committee may determine the Exercise Price at a premium or discount of a maximum of 20% on the market price. | The 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 2016 | 55,850 | 5,35,642 |
| 6 | Options exercised during the year | 63,412 | 2,41,242 |
| 7 | Total number of shares arising as a result of exercise of options till 31st March 2016 | 10,79,588 | 10,97,942 |
| 8 | Options lapsed / cancelled during the year ¹ | 5,428 | 97,606 |
| 9 | Variation of terms of options | Nil | Nil |
| 10 | Money realized by exercise of options during the year. | Rs. 46,04,424 | Rs. 3,88,44,018 |
| 11 | Total number of options in force at the end of the year | 55,850 | 10,29,982 |

Annexure J to the Directors' Report (Contd.)

| Sr. No | Description | | | | | | | | | | | | |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------|---------------------|----------|----------------|----------|-----------------|--------|------------------------|--------|
| 12 | Employee-wise details of Stock Options granted to Senior Managerial Personnel as on 31st March 2016. | 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 – 10407; 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 – 110000; Mr. Nitin Parab – 110000; S Balasubramanian – 9000; Prameela Kalive – 6000, Krishna Ramaswamy – 6000, Mr. Sandeep Kishore - 125000 Mr. Pinaki Kar- 100000, Mr. Harish Gala - 20000, Mr. Deepanjan Banerjee-20000 (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. | None | <table><tr><th>Name of Employee</th><th>No of Options</th></tr><tr><td>Mr. Sandeep Kishore</td><td>1,25,000</td></tr><tr><td>Mr. Pinaki Kar</td><td>1,00,000</td></tr><tr><td>Mr. Harish Gala</td><td>20,000</td></tr><tr><td>Mr. Deepanjan Banerjee</td><td>20,000</td></tr></table> | Name of Employee | No of Options | Mr. Sandeep Kishore | 1,25,000 | Mr. Pinaki Kar | 1,00,000 | Mr. Harish Gala | 20,000 | Mr. Deepanjan Banerjee | 20,000 |
| Name of Employee | No of Options | | | | | | | | | | | | |
| Mr. Sandeep Kishore | 1,25,000 | | | | | | | | | | | | |
| Mr. Pinaki Kar | 1,00,000 | | | | | | | | | | | | |
| Mr. Harish Gala | 20,000 | | | | | | | | | | | | |
| Mr. Deepanjan Banerjee | 20,000 | | | | | | | | | | | | |
| 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) | ₹ 52.00 | ₹ 52.00 | | | | | | | | | | |
| 16 | Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and EPS of the company shall also be disclosed. | The Company calculates the Employee Compensation Cost using the intrinsic value of the Stock Options. The difference between the Employee Compensation Cost computed as per Intrinsic Value method and Fair Value Method is Rs 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 Rs 2.57 Crores for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is Rs 2.57 Crores and Re. 0.57 respectively. | | | | | | | | | | |

Annexure J to the Directors' 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 | Not applicable as there were no grants during the year under this plan. | Weighted average exercise price of the options is Rs 812.43 Weighted average fair value of the options is 441.19 |
| 18 | Description of the method and significant assumptions used during the year to estimate the fair values of options: | <p>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:</p> <ol style="list-style-type: none"> 1. Risk-free interest rate : 7.59% - 7.99% 2. Expected life : 96 months 3. Weighted average of expected volatility : 36.18% - 42.28% 4. Expected dividends : 1.11% - 1.62% <p>The weighted average price of the underlying share in market at the time of option grant: Nil.</p> | <p>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:</p> <ol style="list-style-type: none"> 1. Risk-free interest rate : 7.59% - 7.99% 2. Expected life : 96 months 3. Weighted average of expected volatility : 36.18% - 42.28% 4. Expected dividends : 1.11% - 1.62% 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 839.94 |

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.

² No Option granted under ESOP 2002 scheme during the year.

For and on behalf of the Board

H.V. Goenka

Chairman

Place: Mumbai

Dated: 22nd April, 2016

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 2015-16

| Sr No | Name | Designation | Remuneration received in INR | Nature of employment whether contractual or otherwise | Qualifications | Experience | Date of commencement of employment | Age | 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 | Mr. Suhas Purushottam Joshi* | Associate Vice President | 28,73,905 | Contractual | Bachelor Of Engineering (BE) | 23 | 15-Oct-91 | 47 | Datapro Electronics | NA | NO |
| 2 | Mr. Sanjiv Muthana Nagraj* | Project Manager | 13,43,163 | Contractual | M.Sc | 21 | 24-Aug-98 | 45 | ITB (India) Private Limited | NA | NO |
| 3 | Ms. Prameela Nagamalati Kalive | Executive Vice President | 76,87,152 | Contractual | ME & MBA | 28 | 17-Nov-00 | 50 | Athena Consulting Private Ltd. | NA | NO |
| 4 | Dr. Ganesh Natarajan | Vice Chairman & CEO | 5,90,55,053 | Contractual | BE(Mech.), P.G.(Ind Engg), Phd. | 36 | 01-Mar-01 | 58 | Aptech Limited | NA | NO |
| 5 | Mr. Krishna Ramaswami | Sr Vice President | 66,75,222 | Contractual | Bachelor Of Science (B.sc), Post Management in System Management | 28 | 05-Nov-01 | 50 | Sanchez Capital Services | NA | NO |
| 6 | Mr. Ajay Bhandari | Sr Vice President | 67,63,767 | Contractual | CA & CWA | 24 | 01-Apr-04 | 47 | Fascel Ltd. | NA | NO |
| 7 | Mr. Balasubramaniam S | Executive Vice President - CFO | 71,46,065 | Contractual | CA & CWA | 34 | 01-Oct-05 | 58 | RPG Life Sciences Ltd | NA | NO |
| 8 | Mr. Srinivas Rao Polsani | Sr Vice President | 64,46,080 | Contractual | Bachelor Of Engineering (BE) | 23 | 23-Apr-08 | 47 | Satvam Computer Services | NA | NO |
| 9 | Mr. Harish Gala | Executive Vice President | 79,04,051 | Contractual | Master of Management Studies, BHU | 29 | 04-Jun-12 | 52 | Deloitte Cunsulting India Pvt Ltd | NA | NO |
| 10 | Mr. D K Venkatesh* | Vice President | 13,90,384 | Contractual | B. Tech | 15 | 03-Mar-14 | 39 | SAP Labs India Pvt Ltd | NA | NO |
| 11 | Mr. Syed Azfar Hussain | Sr Vice President | 66,63,408 | Contractual | Post Grad Dip (PG Dip) | 21 | 25-Nov-14 | 46 | Electronics | NA | NO |

*Employed for part of the year

Notes:

- 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
Place : Mumbai
Dated : 22nd April, 2016



FINANCIAL

STATEMENTS

Independent Auditors' 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, 2016, 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.

Auditors' 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 auditors' 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. 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, 2016, and its profit and its cash flows for the year ended on that date.

Independent Auditors' Report (Contd.)

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter 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 B 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 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.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' 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, 2016 on its financial position in its standalone financial statements – Refer Note 33;
 - ii. The Company has long-term contracts including derivative contracts as at March 31, 2016 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, 2016

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Amit Borkar

Partner

Place: Pune

Date: April 22, 2016

Membership No. 109846

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Zensar Technologies Limited on the standalone financial statements for the year ended 31st March, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Zensar Technologies Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate

internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Zensar Technologies Limited on the standalone financial statements for the year ended 31st March, 2016.

disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Amit Borkar

Partner

Place: Pune

Date: April 22, 2016

Membership No. 109846

Annexure B 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, 2016.

- 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.
- (c) The title deeds of immovable properties, as disclosed in Note 11 on fixed assets to the financial statements, are held in the name of the Company.
- 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) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
- (b) The Company has fully provided for the aforesaid loans in the books of account.
- (c) Except for INR 1,317.42 lakhs in respect of a liquidated subsidiary, which has been fully provided for, there is no amount which is overdue for more than ninety days.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the guarantees provided by it.
- 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, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

Annexure B to Independent Auditors' Report (Contd.)

- (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, service tax and value added tax as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs in lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|--------------------------------------|-----------------|----------------------|------------------------------------|-------------------------------------------|
| Income Tax Act | Income tax | 0.09 | Financial Year 2006-07 | Commissioner of Income-tax (Appeals) |
| Income Tax Act | Income tax | 3.77 | Financial Year 2008-09 | Income tax Appellate Tribunal |
| Income Tax Act | Income tax | 74.17 | Financial Year 2010-11 | Assistant Commissioner of Income Tax |
| Income Tax Act | Income tax | 1.13 | Financial Year 2007-08 | Income tax Appellate Tribunal |
| Wealth Tax Act | Wealth Tax | 19.19 | Financial Year 2003-04 | Income tax Appellate Tribunal |
| Finance Act, 1994 | Service tax | 9.57 | Financial Year 2005-06 | Commissioner of Central Excise (Appeals) |
| Finance Act, 1994 | Service tax | 1.72 | Financial Year 2005-06 | Commissioner of Central Excise (Appeals) |
| 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 | 170.63* | Financial Year 2011-12 | Deputy Commissioner of Sales tax |

*Net of amount paid under protest.

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year

Annexure B to Independent Auditors' Report (Contd.)

under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India

Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Amit Borkar

Partner

Place: Pune

Date: April 22, 2016

Membership No. 109846

Balance Sheet As at 31st March, 2016

(₹ in Lakhs)

| | Note | 2016 | 2015 |
|-------------------------------------|------|--------------------|------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share capital | 3 | 4,463.14 | 4,432.68 |
| Reserves and surplus | 4 | 89,887.66 | 72,603.64 |
| | | 94,350.80 | 77,036.32 |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 5 | 77.45 | 149.49 |
| Long-term provisions | 6 | 1,286.88 | 1,214.27 |
| | | 1,364.33 | 1,363.76 |
| CURRENT LIABILITIES | | | |
| Short term borrowings | 7 | 1,325.04 | - |
| Trade Payables | 8 | 3,475.95 | 1,984.90 |
| Other current liabilities | 9 | 7,976.14 | 5,406.40 |
| Short-term provisions | 10 | 2,004.65 | 5766.92 |
| | | 14,781.78 | 13,158.22 |
| Total | | 1,10,496.91 | 91,558.30 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Tangible assets | 11 | 8,201.68 | 7,749.41 |
| Intangible assets | 12 | 1,883.79 | 2,514.25 |
| Capital work-in-progress | | 15.95 | 55.58 |
| Intangible assets under development | | 150.82 | 78.99 |
| | | 10,252.24 | 10,398.23 |
| Non-current investments | 13 | 467.53 | 715.61 |
| Deferred tax asset (Net) | 14 | 1,364.03 | 913.43 |
| Long-term loans and advances | 15 | 3,058.04 | 4,012.38 |
| | | 15,141.84 | 16,039.65 |
| CURRENT ASSETS | | | |
| Current investments | 16 | 10,155.18 | 9,312.42 |
| Trade receivables | 17 | 52,539.88 | 45,137.22 |
| Cash and bank balances | 18 | 8,608.78 | 5,159.47 |
| Short-term loans and advances | 19 | 7,162.28 | 4,907.05 |
| Other current assets | 20 | 16,888.95 | 11,002.49 |
| | | 95,355.07 | 75,518.65 |
| Total | | 1,10,496.91 | 91,558.30 |

Summary of significant accounting policies 2

The accompanying 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

Amit Borkar
Partner
Membership No. 109846

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

H.V. Goenka
Chairman
DIN: 00026726

S. Balasubramaniam
Chief Financial Officer

Sandeep Kishore
Managing Director & CEO
DIN: 07393680

Nilesh Limaye
Company Secretary

Place: Pune
Date: April 22, 2016

Place: Mumbai
Date: April 22, 2016

Statement of Profit And Loss for the year ended March 31, 2016

(₹ in Lakhs)

| | Note | 2016 | 2015 |
|---------------------------------------------|-----------|--------------------|--------------------|
| Revenue from operations | | | |
| Software development and allied services | | 1,16,965.58 | 1,01,720.08 |
| Sale of licenses for software applications | | 6,346.74 | 3,525.22 |
| Other operating revenue | 21 | 1,282.14 | 2,747.88 |
| | | 1,24,594.46 | 1,07,993.18 |
| Other income | 22 | 4,679.02 | 2,079.44 |
| Total Revenue | | 1,29,273.48 | 1,10,072.62 |
| Expenses: | | | |
| Employee benefits expense | 23 | 64,249.08 | 57,714.87 |
| Other expenses | 24 | 29,425.78 | 23,620.71 |
| Depreciation and amortization expense | 11 and 12 | 3,726.88 | 3,276.43 |
| Finance costs | 25 | 155.80 | 115.16 |
| Total Expenses | | 97,557.55 | 84,727.17 |
| Profit before taxation | | 31,715.93 | 25,345.45 |
| Tax Expense [See Note 2(o)] | 45 | | |
| - Current Tax | | 8,741.92 | 6,187.86 |
| - Deferred Tax | | (450.60) | 846.15 |
| Profit for the year | | 23,424.61 | 18,311.45 |
| Earnings Per Equity Share | | Rs. | Rs. |
| [Face Value: Rs.10 (31st March 2015 Rs.10)] | | | |
| - Basic | | 52.69 | 41.69 |
| - Diluted | | 52.00 | 41.04 |

Summary of significant accounting policies 2

The accompanying 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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: April 22, 2016

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

H.V. Goenka
Chairman
DIN: 00026726

S. Balasubramaniam
Chief Financial Officer

Place: Mumbai
Date: April 22, 2016

Sandeep Kishore
Managing Director & CEO
DIN: 07393680

Nilesh Limaye
Company Secretary

Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

| | 2015-16 | 2014-15 |
|---------------------------------------------------------------------------------------------|-------------------|-------------------|
| A. Cash Flow from Operating Activities : | | |
| Profit before Taxation | 31,715.93 | 25,345.45 |
| Adjustments for | | |
| Depreciation and Amortisation | 3,726.88 | 3,276.43 |
| Unrealised foreign exchange (gain)/loss | (794.78) | (556.66) |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | (40.12) | (600.16) |
| Dividend Income | (1,188.13) | (476.84) |
| Guarantee Commission | (89.87) | (109.64) |
| (Profit) / Loss on Sale of Investments (net) | (306.93) | (347.66) |
| Interest Income | (345.16) | (180.38) |
| Finance Cost | 155.80 | 115.16 |
| (Profit) / Loss on Sale of tangible assets (net) | (8.53) | 7.13 |
| Employee Stock Compensation Expense | 17.40 | 17.04 |
| Provision for Doubtful Debts | 1,020.87 | (1,092.35) |
| Provision for diminution in the value of Investments | 248.08 | 250.00 |
| | 2,395.51 | 302.07 |
| Operating Profit before Working Capital Changes | 34,111.44 | 25,647.52 |
| Changes in Working Capital : | | |
| (Increase)/ decrease in long term loans and advances | 323.21 | 90.92 |
| (Increase)/ decrease in trade receivables | (8,423.54) | (6,834.37) |
| (Increase)/ decrease in short-term loans and advances | (1,788.73) | (190.86) |
| (Increase)/ decrease in other current assets | (5,886.46) | (529.82) |
| Increase/ (decrease) in long term provisions | 72.61 | 268.35 |
| Increase/ (decrease) in trade payables | 1,491.05 | (155.52) |
| Increase/ (decrease) in other current liabilities | 2,558.31 | 283.11 |
| Increase/ (decrease) in short-term provisions | (722.14) | 1,301.93 |
| | (12,375.69) | (5,766.26) |
| Cash generated from Operations | 21,735.75 | 19,881.26 |
| Taxes (Paid) / Received | (7,699.86) | (7,306.07) |
| [net of refunds] | (7,699.86) | (7,306.07) |
| Net Cash from Operating activities (A) | 14,035.89 | 12,575.19 |
| B. Cash Flow from Investing Activities | | |
| Purchase of tangible/intangible assets including Capital Work in Progress | (3,577.28) | (3,378.41) |
| Sale of tangible/intangible assets | 11.19 | - |
| Purchase of Business & Goodwill | - | (12,236.00) |
| Sale of non current investment | - | 0.20 |
| Purchase of current investments | (57,694.18) | (52,152.74) |
| Sale of current investments | 57,158.34 | 57,972.63 |
| Interest Income | 345.16 | 180.38 |
| Dividend Income | 1,188.13 | 476.84 |
| Net Cash used in Investing Activities (B) | (2,568.64) | (9,137.10) |

Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

| | 2015-16 | 2014-15 |
|----------------------------------------------------------------------------------------------------|-------------------|-------------------|
| C. Cash Flow from Financing Activities | | |
| Proceeds from share allotment under Employee Stock Option Schemes | 30.46 | 55.93 |
| Securities Premium | 404.02 | 561.63 |
| Interest paid | (155.80) | (115.16) |
| Proceeds / (Repayment) of short-term borrowings | 1,325.04 | - |
| Proceeds / (Repayment) of finance lease liability | (142.79) | (150.87) |
| Guarantee Commission | 89.87 | 109.64 |
| Dividend on Equity Shares and Tax Thereon | (9,692.48) | (5,441.25) |
| Net Cash used in Financing Activities (C) | (8,141.68) | (4,980.08) |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | 40.12 | 600.16 |
| D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 3,365.69 | (941.84) |
| Cash and cash Equivalents taken over in Business Acquisition | - | 413.69 |
| | 3,365.69 | (528.15) |
| Opening Balance of Cash & Cash Equivalents | 5,034.72 | 5,562.87 |
| Closing Balance of Cash & Cash Equivalents | 8,400.41 | 5,034.72 |

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:

| | 2015-16 | 2014-15 | 2013-14 |
|---------------------|-----------------|-----------------|-----------------|
| Cash on Hand | 4.59 | 3.84 | 3.13 |
| Balances with Banks | 8,395.82 | 5,030.88 | 5,559.74 |
| Total | 8,400.41 | 5,034.72 | 5,562.87 |

The accompanying 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

Amit Borkar
Partner
Membership No. 109846

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

H.V. Goenka
Chairman
DIN: 00026726

S. Balasubramaniam
Chief Financial Officer

Sandeep Kishore
Managing Director & CEO
DIN: 07393680

Nilesh Limaye
Company Secretary

Place: Pune
Date: April 22, 2016

Place: Mumbai
Date: April 22, 2016

Notes to the Financial Statements

as at and for the year ended March 31, 2016

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., Zensar Technologies IM 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. 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.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016 and has therefore not been considered for year ended March 31, 2016.

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. 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

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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

Finance Lease

As a lessee:

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 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 condition 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.

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.

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 |

ii. Intangible Assets

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

| Class of Asset | Useful Life |
|-------------------------------------------|-------------|
| Intangible Assets – Software | 1-5 years |
| Goodwill | 5 years |
| Technical Know-how (Internally generated) | 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 assets that generates cash inflows from continuing use that

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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.

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

I. 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 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 items 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 items that, in substance, form 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, bank borrowings 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 the Guidance Notes on Employee Share-based Payments issued by Institute of

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

Chartered Accountants of India as required by the SEBI (Share Based Employee Benefits) Regulations, 2014. 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".

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. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

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. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

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 the 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, 2016 (Contd.)

(₹ in Lakhs)

| | 2016 | 2015 |
|------------------------------------------------------------------------------------|-----------------|-----------------|
| 3. Share Capital | | |
| Authorised | | |
| 4,75,00,000 (Previous year: 4,75,00,000) Equity Shares of Rs. 10 each | 4,750.00 | 4,750.00 |
| 2,50,000 (Previous year: 2,50,000) Preference Shares of Rs. 100 each | 250.00 | 250.00 |
| | 5,000.00 | 5,000.00 |
| Issued, Subscribed and fully paid up | | |
| 4,46,31,428 (Previous Year 4,43,26,774) Equity Shares of Rs. 10 each fully paid-up | 4,463.14 | 4,432.68 |
| | 4,463.14 | 4,432.68 |

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

| | 2016 | | 2015 | |
|----------------------------------------------------------|--------------------|-----------------|--------------------|-----------------|
| | Nos | (Rs. in lakhs) | Nos | (Rs. in lakhs) |
| At the beginning of the year | 4,43,26,774 | 4,432.68 | 4,37,67,494 | 4,376.75 |
| Add: Shares issued on exercise of Employee Stock Options | 3,04,654 | 30.47 | 5,59,280 | 55.93 |
| Outstanding at the end of the year | 4,46,31,428 | 4,463.14 | 4,43,26,774 | 4,432.68 |

(ii) Terms/Rights attached to Equity Shares

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

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. The distribution will be in proportion to the number of equity shares held by the shareholders.

The board of directors in their meetings on January 19, 2016 and March 14, 2016 declared an interim dividend of Rs. 5.00 per equity share and Rs.7.00 per equity share respectively. The total dividend appropriation for the year ended March 31, 2016 amounted to Rs. 6,235.16 lakhs including corporate dividend tax of Rs. 880.33 lakhs.

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

| | As at March 31, 2016 | | As at March 31, 2015 | |
|------------------------------------------|----------------------|-------------|----------------------|-------------|
| | % Held | Nos | % Held | Nos |
| Electra Partners Mauritius Limited* | - | - | 23.24% | 1,03,01,294 |
| Marina Holdco (FPI) Ltd.* | 23.08% | 1,03,01,294 | - | - |
| Summit Securities Limited | 11.01% | 49,13,576 | 10.75% | 47,63,576 |
| Fidelity Management and Research Company | 7.84% | 35,00,000 | 7.90% | 35,00,000 |
| Swallow Associates LLP | 27.07% | 1,20,82,997 | 27.26% | 1,20,82,997 |
| Instant Holdings Limited | 7.35% | 32,78,919 | 7.24% | 32,06,819 |

*On October 9, 2015, Marina Holdco (FPI) Ltd acquired 1,03,01,294 equity shares of the Company from Electra Partners Mauritius Limited.

(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, 2016.

| Particulars | 2011 No of shares |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------|
| (a) Equity shares allotted as fully paid bonus shares by capitalisation of profits transferred from General Reserve | 2,15,89,818 |
| (v) For details of shares reserved for Issue under the Employee Stock Option Plan (ESOP) of the Company, please refer Note 27 | |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| | 2016 | 2015 |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|
| 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 | 1,151.74 | 535.07 |
| Add: Received during the year on exercise of stock options issued to employees | 413.42 | 616.67 |
| | 1,565.16 | 1,151.74 |
| General Reserve | | |
| Balance as at the beginning of the year | 60,598.05 | 50,598.05 |
| Add: ESOP Cancellation during the year | 9.64 | - |
| Add : Transferred from Statement of Profit and Loss | 14,000.00 | 10,000.00 |
| | 74,607.69 | 60,598.05 |
| Hedging Reserve | | |
| Balance as at the beginning of the year | 367.82 | 316.29 |
| Add : Movement during the year | 465.50 | 51.53 |
| | 833.32 | 367.82 |
| Employee Stock Options | | |
| Options granted till date | 106.17 | 162.11 |
| Add: Compensation for options granted during the year | 69.81 | 0.09 |
| Less: Transfer to securities premium on exercise of stock options during the year | 9.40 | 55.85 |
| Less : Deferred Employee Compensation | 135.31 | 75.69 |
| Balance as at the end of the year | 31.27 | 30.48 |
| Foreign Currency Translation Reserve | | |
| Balance as at the beginning of the year | (983.41) | (426.75) |
| Foreign Currency Translation Reserve for the year | (794.78) | (556.66) |
| | (1,778.19) | (983.41) |
| Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | 10,986.38 | 8,505.84 |
| Add: Profit for the year | 23,424.61 | 18,311.45 |
| Less: Transitional effect of change in the useful life of assets, as per the provisions of schedule II of the Companies Act 2013. | - | 30.43 |
| | 34,410.99 | 26,786.86 |
| Less: Appropriations | | |
| Interim Dividend | 5,354.83 | 1,978.51 |
| Proposed Dividend | - | 2,881.24 |
| Dividend distribution tax on Interim and Proposed dividend on Equity Shares | 880.33 | 940.73 |
| Transfer to General Reserve | 14,000.00 | 10,000.00 |
| | 20,235.16 | 15,800.48 |
| Balance as at the end of the year | 14,175.83 | 10,986.38 |
| | 89,887.66 | 72,603.64 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| | 2016 | 2015 |
|-----------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| 5. Long-term Borrowings | | |
| Finance Lease Obligation (Secured) [See Note 41 (B)] | 77.45 | 149.49 |
| | 77.45 | 149.49 |
| 6. Long-term provisions | | |
| Provision for Compensated Absences | 1,195.71 | 1,123.52 |
| Provision for Disputed statutory matters (See Note 29) | 27.25 | 27.25 |
| Other Obligations (See Note 29) | 63.92 | 63.50 |
| | 1,286.88 | 1,214.27 |
| 7. Short term borrowings | | |
| From Banks: | | |
| -Unsecured (Refer Note below) | 1,325.04 | - |
| | 1,325.04 | - |
| Note: | | |
| i) The Company has availed export packing credit of \$ 2 million for a tenor of 180 days. | | |
| ii) The Loan carries Interest rate of LIBOR + 30 basis points. | | |
| 8. Trade Payables | | |
| Dues to micro and small enterprises (See Note 39) | - | - |
| Dues to other than micro and small enterprises | 3,475.95 | 1,984.90 |
| | 3,475.95 | 1,984.90 |
| 9. Other Current liabilities | | |
| Current maturities of finance lease obligation (See Note 41 (B)) | 120.34 | 191.09 |
| Deferred Revenue | 702.78 | 407.74 |
| Unpaid Dividends | 208.37 | 124.76 |
| Employee benefits payable | 3,810.18 | 2,837.54 |
| Withholding and other taxes | 686.43 | 384.65 |
| Other Payables | 2,448.04 | 1,460.62 |
| | 7,976.14 | 5,406.40 |
| 10. Short-term provisions | | |
| Taxation less payments there against (net of advance tax of Rs. 7,825.82 lakhs, Previous year: Rs. 1,774.68 lakhs) | 545.44 | 128.25 |
| Proposed Dividend on Equity Shares | - | 2,881.24 |
| Tax on proposed dividend | - | 576.08 |
| Provision for Gratuity | 554.82 | 1,394.45 |
| Provision for Compensated Absences | 904.39 | 786.90 |
| | 2,004.65 | 5,766.92 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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

| Assets | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------------------------------|----------------------------|---------------------------|---------------------------|----------------------------|------------------------------------------------|-------------------------------------------|------------------------------------------------|------------------------------------------------|
| | Cost as at 31st March 2015 | Additions during the year | Deletions during the year | Cost as at 31st March 2016 | Accumulated Depreciation as at 31st March 2015 | Depreciation during the year on deletions | Accumulated Depreciation as at 31st March 2016 | As at 31st March 2016 As at 31st March 2015 |
| Tangible assets: | | | | | | | | |
| Land- | | | | | | | | |
| - Leasehold | 264.25 | - | - | 264.25 | 36.35 | 2.77 | 39.12 | 225.13 227.90 |
| - Freehold | 0.49 | - | - | 0.49 | - | - | - | 0.49 0.49 |
| Buildings | 5,369.10 | 24.27 | - | 5,393.37 | 1,457.31 | 178.94 | 1,636.25 | 3,757.12 3,911.79 |
| Improvement to Leasehold Premises | 959.56 | 33.46 | - | 993.02 | 547.42 | 163.34 | 710.76 | 282.26 412.14 |
| Plant and Equipment | 4,368.67 | 336.46 | 31.11 | 4,674.02 | 3,957.98 | 161.32 | 4,088.19 | 585.83 410.69 |
| Furniture and Fixtures | 2,883.42 | 343.81 | 17.10 | 3,210.13 | 2,050.73 | 188.32 | 2,221.95 | 988.18 832.69 |
| Office Equipment | 1,442.64 | 0.85 | - | 1,443.49 | 979.46 | 108.74 | 1,088.20 | 355.29 463.18 |
| Motor Vehicles | 343.36 | 39.91 | 6.32 | 376.95 | 191.52 | 63.93 | 251.31 | 125.64 151.84 |
| Data Processing Equipment-Own use | 6,008.63 | 1,434.73 | 107.06 | 7,336.30 | 4,900.15 | 778.62 | 5,571.71 | 1,764.59 1,108.48 |
| Data Processing Equipments taken on Finance Lease | 989.31 | 111.97 | 300.77 | 800.51 | 759.10 | 224.56 | 683.36 | 117.15 230.21 |
| TOTAL | 22,629.43 | 2,325.46 | 462.36 | 24,492.53 | 14,880.02 | 1,870.54 | 16,290.85 | 8,201.68 7,749.41 |
| Previous year | 20,446.10 | *2,249.07 | 65.69 | 22,629.43 | 13,149.81 | **1,795.73 | 14,880.02 | - |

* Includes Additions on Acquisition of Business from Professional Access Software Development - Rs. 304.51 lakhs (Refer Note 46)

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

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

| Assets | GROSS BLOCK | | | AMORTISATION | | | NET BLOCK | |
|-----------------------------------------|----------------------------|---------------------------|---------------------------|----------------------------|------------------------------------------------|-------------------------------------------|------------------------------------------------|------------------------------------------------|
| | Cost as at 31st March 2015 | Additions during the year | Deletions during the year | Cost as at 31st March 2016 | Accumulated Amortisation as at 31st March 2015 | Amortisation during the year on deletions | Accumulated Amortisation as at 31st March 2016 | As at 31st March 2016 As at 31st March 2015 |
| Intangible assets : Acquired | | | | | | | | |
| Software | 5,705.94 | 1,225.88 | - | 6,931.82 | 4,892.54 | 1,406.19 | 6,298.73 | 633.09 813.40 |
| Goodwill | 1,276.29 | - | - | 1,276.29 | 158.59 | 255.26 | 413.85 | 862.44 1,117.70 |
| Internally Generated Technical Know-how | 583.15 | - | - | 583.15 | - | 194.89 | 194.89 | 388.26 583.15 |
| TOTAL | 7,565.38 | 1,225.88 | - | 8,791.26 | 5,051.13 | 1,856.34 | 6,907.47 | 1,883.79 2,514.25 |
| Previous year | 4,893.48 | *3,029.58 | 357.68 | 7,565.38 | 3,893.87 | 1,511.13 | 5,051.13 | 2,514.25 - |

* Includes Additions on Acquisition of Business from Professional Access Software Development - Rs. 97.23 lakhs (Refer Note 46)

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| | 2016 | 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| 13. Non-current Investments | | |
| Investments in Equity Instruments (valued at cost unless otherwise stated) | | |
| (A). Trade | | |
| Unquoted | | |
| Subsidiary Companies | | |
| 2,00,000 (Previous year: 2,00,000) Shares of an aggregate cost of US\$ 10,00,000 (Previous year: US\$ 10,00,000) of the common stock of Zensar Technologies Inc., USA, no par value | 290.30 | 290.30 |
| 3,00,000 (Previous year: 3,00,000) Shares of an aggregate cost of S\$ 3,00,000 (Previous year: S\$ 3,00,000) 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 [Net of Provision for diminution aggregating to Rs. 185.82 lakhs (Previous year : Rs. 185.82 lakhs)] [Refer Note 43] | - | - |
| Shares of an aggregate cost of US\$ 10,00,000 (Previous year: US\$ 10,00,000) in Zensar Technologies (Shanghai) Company Limited [Net of Provision for diminution aggregating to Rs. 498.08 lakhs (Previous year : Rs. 250 lakhs)] | - | 248.08 |
| 100 (Previous year: 100) Shares of an aggregate cost of ZAR 10,00,000 (Previous year: ZAR 10,00,000) of the common stock of Zensar (Africa) Holdings Pty Limited, no par value | 60.50 | 60.50 |
| | 467.33 | 715.41 |
| (B) Non-Trade | | |
| Quoted | | |
| 100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited | 0.02 | 0.02 |
| 100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in CESC Limited | 0.05 | 0.05 |
| 100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited | 0.04 | 0.04 |
| 100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited | 0.01 | 0.01 |
| 100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid up in Stel Holdings Limited | - | - |
| | 0.12 | 0.12 |
| Unquoted | | |
| 100 (Previous year: 100) Equity Shares of Rs. 9 (Previous year:Rs. 9) each fully paid-up in Spencer & Company Limited consequent to the reduction in the paid up capital | 0.08 | 0.08 |
| Total | 467.53 | 715.61 |
| Aggregate amount of Quoted Investments [Market Value Rs.0.82 lakhs (Previous year: Rs. 0.79 lakhs)] | 0.12 | 0.12 |
| Aggregate amount of Unquoted Investments | 1,151.31 | 1,151.31 |
| Aggregate provision for diminution in value of investments | 683.90 | 435.82 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| | 2016 | 2015 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| 14. Deferred Tax Asset (Net) | | |
| Deferred Tax Assets | | |
| The major components of the deferred tax asset are | | |
| Depreciation | 387.10 | 172.99 |
| Provision for doubtful debts | 872.88 | 510.30 |
| Provision for expenses allowable on payment basis | 819.88 | 616.07 |
| Others | 35.26 | 84.16 |
| | 2,115.12 | 1,383.52 |
| Deferred Tax Liability | | |
| Exchange difference | 751.09 | 470.09 |
| | 751.09 | 470.09 |
| Net Deferred Tax Asset | 1,364.03 | 913.43 |
| 15. Long-term Loans and Advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Capital Advances | 2.46 | 8.72 |
| Security and other deposits | 1,317.21 | 1,424.91 |
| Loans and advances to Related Parties (Subsidiaries) | | |
| - Considered good | - | - |
| - Considered doubtful | 1,417.28 | 1,310.30 |
| Maximum amount outstanding during the year: Rs. 1,458.35 lakhs (Previous year: Rs. 1,340.43 lakhs) | | |
| Other Loans and Advances | | |
| - Prepaid Expenses | 334.28 | 285.90 |
| - Balances with Government Authorities | - | 263.89 |
| - Taxes recoverable [taxes paid less provisions Rs. 17,071.52 lakhs (Previous year: Rs. 19,117.22 lakhs) thereagainst] | 1,404.09 | 2,028.96 |
| | 4,475.32 | 5,322.68 |
| Less : Provision for doubtful Loans and Advances | 1,417.28 | 1,310.30 |
| | 3,058.04 | 4,012.38 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| | 2016 | 2015 |
|---------------------------------------------------------------------------------------------------------------------|------------------|-----------------|
| 16. Current Investments (valued at lower of cost or fair value) | | |
| Investments in Mutual Funds | | |
| Unquoted | | |
| 2,59,022 (Previous Year: 2,59,022) units of Birla Sun Life Savings Fund - Growth Direct Plan | 635.68 | 635.68 |
| 27,31,076 (Previous Year : Nil) units of DSP BlackRock Ultra Short Term Fund - Growth Direct plan | 300.01 | - |
| NIL (Previous Year: 2,28,340) units of ICICI Prudential Flexible Income - Direct Plan Growth | - | 581.00 |
| 37,37,312 (Previous Year: NIL) units of Franklin India Ultra short bond fund super institutional plan Growth Direct | 734.00 | - |
| 4,31,881 (Previous Year : NIL) units of ICICI Prudential Saving Fund Direct Growth | 956.00 | - |
| NIL (Previous Year: 4,54,497) units of IDFC Money Manager Fund- Treasury Plan- Growth Direct Plan | - | 100.00 |
| NIL (Previous Year: 5,13,576) units of IDFC Ultra Short Term Fund -Growth- Direct Plan | - | 100.00 |
| 11,801 (Previous year : NIL) units of Kotak Low duration Fund Direct Growth | 210.00 | - |
| 23,997 (Previous Year : NIL) units of Religare Invesco Liquid Fund Direct Plan - Growth | 500.01 | - |
| 17,164 (Previous Year : NIL) units of Religare Invesco Ultra Short term Fund Direct Growth | 350.00 | - |
| 14,932 (Previous Year : NIL) units of SBI Magnum Insta Cash Fund Direct Plan Growth | 500.00 | - |
| 23,813 (Previous Year: 9,379) units of Reliance Money Manager Fund-Direct-Growth Plan growth option | 500.00 | 180.00 |
| NIL (Previous Year: 4,214) units of SBI Magnum Insta Cash Fund Liquid Floater-Direct Plan -Growth | - | 100.00 |
| NIL (Previous year: 19,610) units of Axis Banking Debt Fund- Direct -Growth | - | 250.00 |
| 7,22,678 (Previous year: 7,22,678) units of HDFC High Interest Fund-Direct Plan- Short term Plan Growth | 200.00 | 200.00 |
| 21,13,582 (Previous year: 21,13,582) units of ICICI Prudential Ultra Short term -Direct- Growth Plan | 300.00 | 300.00 |
| NIL (Previous year: 30,075) units of Axis Liquid Fund- Direct Plan-Growth Plan | - | 465.00 |
| NIL (Previous year: 1,89,978) units of Birla Sun Life Cash Plus Fund - Direct Plan- Growth Plan | - | 425.00 |
| 1,15,580 (Previous Year: 1,15,580) units of Birla Sun Life Treasury Optimizer Plan -Direct Plan-Growth Plan | 200.00 | 200.00 |
| 19,52,388 (Previous Year: 19,52,388) units of Franklin India Low Duration Fund Direct - Growth Plan | 300.00 | 300.00 |
| 1,51,415 (Previous Year: 1,51,415) units of Birla Sun Life Cash Manager-Direct Plan- Growth Plan | 502.00 | 502.00 |
| NIL (Previous Year: 18,268) units of LIC Nomura MF Liquid Fund -Direct Plan-Growth Plan | - | 458.00 |
| NIL (Previous Year: 33,986) units of ICICI Prudential Money Market Fund- Direct Plan- Growth Plan | - | 65.00 |
| 20,128 (Previous Year: 15,352) units of Kotak Floater Short Term-Direct Plan-Growth Plan | 500.00 | 352.00 |
| NIL (Previous Year: 61,88,018) units of Kotak Floater Long Term-Direct Plan-Daily Dividend-Reinvestment | - | 623.74 |
| 55,77,472 (Previous Year: 4,51,045) units of Kotak Treasury Advantage Fund-Direct Plan- Growth Plan | 1,283.48 | 100.00 |
| NIL (Previous Year: 20,955) units of Reliance Liquid Fund -Treasury Plan- Direct Plan- Growth Plan | - | 705.00 |
| NIL (Previous year: 12,11,980) units of Sundaram Money Fund Direct Plan-Growth Plan | - | 353.00 |
| 3,45,392 (Previous Year: 3,45,392) units of Reliance Medium Term Fund Direct Plan- Growth Plan | 100.00 | 100.00 |
| NIL (Previous Year: 9,08,917) units of UTI Banking & PSU Debt Fund-Direct Plan-Growth Plan | - | 100.00 |
| NIL (Previous Year: 12,992) units of SBI Treasury Advantage Fund Direct Plan-Growth Plan | - | 200.00 |
| NIL (Previous Year: 39,271) units of L&T Liquid fund-Direct Plan-Growth Plan | - | 743.00 |
| NIL (Previous Year: 8,903) units of L&T Cash Fund-Direct Plan-Growth Plan | - | 100.00 |
| 7,43,959 (Previous Year: 7,43,959) units of L&T Short Term Opportunities fund- Direct Plan- Growth Plan | 100.00 | 100.00 |
| 38,690 (Previous Year: 16,844) units of Tata Floater fund-Direct Plan-Growth Plan | 843.00 | 343.00 |
| 54,528 (Previous Year: 28,897) units of UTI Treasury Advantage fund-Institutional Plan- Direct Plan-Growth Plan | 1,041.00 | 531.00 |
| 5,93,718 (Previous Year: 5,93,718) units of UTI Short Term Income fund-Institutional Plan- Direct Plan-Growth Plan | 100.00 | 100.00 |
| | 10,155.18 | 9,312.42 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| | 2016 | 2015 |
|----------------------------------------------------------------------------------------------------|------------------|------------------|
| 17. Trade Receivables | | |
| (Unsecured) | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment: | | |
| Considered good | - | - |
| Considered doubtful | 2,482.40 | 1,501.32 |
| | 2,482.40 | 1,501.32 |
| Less : Provision for doubtful debts | 2,482.40 | 1,501.32 |
| (A) | - | - |
| Other Debts | | |
| Considered good | 52,539.88 | 45,137.22 |
| Considered doubtful | - | - |
| | 52,539.88 | 45,137.22 |
| Less : Provision for doubtful debts | - | - |
| (B) | 52,539.88 | 45,137.22 |
| Total (A+B) | 52,539.88 | 45,137.22 |
| 18. Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Cash on hand | 4.59 | 3.84 |
| Balances with Banks : | | |
| In current accounts | 7,953.88 | 4,746.69 |
| Deposits with original maturity of less than three months | 441.94 | 284.19 |
| | 8,400.41 | 5,034.72 |
| Other Bank Balances : | | |
| Unpaid dividend accounts | 208.37 | 124.75 |
| | 8,608.78 | 5,159.47 |
| 19. Short-term Loans and Advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Security and other deposits | 323.70 | 217.04 |
| Other receivables from Related Parties (subsidiaries) | | |
| - Considered good | 2,184.48 | 1,198.06 |
| - Considered doubtful | 150.95 | 134.04 |
| Other Loans and Advances | | |
| - Prepaid Expenses | 1,283.97 | 973.26 |
| - Balances with Government Authorities | 1,100.04 | 1,045.42 |
| - MTM gain on forward contracts | 833.32 | 367.82 |
| Others | | |
| - Considered good | 1,436.77 | 1,105.45 |
| - Considered doubtful | 2.26 | 2.26 |
| | 7,315.49 | 5,043.35 |
| Less : Provision for doubtful Loans and Advances | 153.21 | 136.30 |
| | 7,162.28 | 4,907.05 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| | 2016 | 2015 |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 20. Other Current Assets | | |
| Accrued Income (Unbilled Services) [Includes dues from subsidiary companies Rs. 13,426.58 lakhs (Previous year: Rs. 8,083 lakhs)] | 16,880.51 | 10,994.07 |
| Interest accrued on deposits | 8.44 | 8.42 |
| | 16,888.95 | 11,002.49 |
| 21. Other Operating Revenue | | |
| - Finders' fees | 837.62 | 862.68 |
| - Provisions no longer required and credit balances written back (net) | 240.39 | 1563.23 |
| - Miscellaneous Income | 204.13 | 321.97 |
| | 1,282.14 | 2,747.88 |
| 22. Other Income | | |
| Guarantee Commission | 89.87 | 109.64 |
| Dividend Income : | | |
| - From Subsidiaries | 1,083.29 | 181.66 |
| - On Current Investments | 104.84 | 295.18 |
| | 1,188.13 | 476.84 |
| - Profit on sale of current investments - Non Trade (net) | 306.93 | 347.66 |
| - Profit on sale of fixed assets (net) | 8.53 | - |
| - Others | 67.96 | - |
| Interest Income : | | |
| -On Deposits with banks | 126.38 | 127.88 |
| -On Loans to subsidiaries | 3.94 | 4.02 |
| -On Income Tax refund | 138.27 | 39.36 |
| -On Others | 76.57 | 9.12 |
| | 345.16 | 180.38 |
| Exchange gain (net) [See Note 2(l) and (m)] | 2,672.44 | 964.92 |
| | 4,679.02 | 2,079.44 |
| 23. Employee benefits expense | | |
| Salaries, Wages and Bonus | 59,302.83 | 52,933.45 |
| Contribution to Provident and other funds | 3,378.62 | 3,352.04 |
| Staff Welfare | 1,550.23 | 1,412.34 |
| Employee Stock Compensation Expense | 17.40 | 17.04 |
| | 64,249.08 | 57,714.87 |
| 24. Other Expenses | | |
| Travelling and conveyance | 5,342.97 | 4,227.00 |
| Cost of manpower hired | 3,029.85 | 2,672.81 |
| Recruitment Expenses | 379.39 | 294.63 |
| Training Expenses | 350.19 | 187.17 |
| Electricity and Power | 1,141.95 | 1,008.54 |
| Rent | 3,349.73 | 3,202.59 |
| Repairs and Maintenance to : | | |
| -Plant and Machinery | 318.34 | 251.22 |
| -Building | 1,402.99 | 1,412.34 |
| -Others | 119.51 | 96.08 |
| | 1,840.84 | 1,759.64 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| | 2016 | 2015 |
|--------------------------------------------------------------------------------------------|------------------|------------------|
| Insurance | 1,086.86 | 1,153.38 |
| Rates and Taxes | 422.53 | 193.05 |
| Consumable Media | 672.78 | 575.08 |
| Legal and Professional Charges | 1,631.29 | 1,704.87 |
| Postage, Telephone and E-Mail | 1,006.60 | 941.55 |
| Stationery and Printing | 92.39 | 76.74 |
| Carriage, Freight and Octroi | 19.73 | 2.65 |
| Vehicle Running expenses | 211.37 | 160.30 |
| Advertisement and Publicity | 795.85 | 712.99 |
| Loss on sale of fixed assets (net) | - | 7.13 |
| Purchases of Licenses for Software Applications | 5,258.60 | 2,642.64 |
| Bad Debts written off | 123.08 | 464.88 |
| Directors' Fees | 43.90 | 43.10 |
| Directors' Commission | 328.67 | 256.71 |
| Claims/Deposits written off | - | 155.68 |
| Provision for Doubtful Debts | 1,020.87 | - |
| Provision for Doubtful Loans and Advances | - | 208.55 |
| Provision for Diminution in the value of Investments | 248.08 | 250.00 |
| Expenditure towards Corporate Social Responsibility (CSR) (See Note 32) | 461.82 | 156.94 |
| Miscellaneous Expenses (See Note 34) | 566.44 | 562.09 |
| [Includes Donations made to an electoral trust Rs. NIL (Previous year : Rs. 134.00 lakhs)] | | |
| | 29,425.78 | 23,620.71 |
| 25. Finance costs | | |
| Interest Expense | 52.07 | 65.16 |
| Bank Charges | 103.73 | 50.00 |
| | 155.80 | 115.16 |
| 26. Earnings Per Share (EPS) | | |
| (a) Profits attributable to equity shareholders (Rs. in lakhs) | 23,424.61 | 18,311.45 |
| (b) Basic Earnings Per Share | | |
| Weighted Average No. of equity shares outstanding during the year | 4,44,54,099 | 4,39,18,334 |
| Basic EPS (Rs.) | 52.69 | 41.69 |
| (c) Diluted Earnings Per Share | | |
| Weighted Average No. of equity shares outstanding during the year | 4,44,54,099 | 4,39,18,334 |
| Effect of dilutive issue of stock options | 5,92,706 | 7,03,648 |
| Weighted Average No. of equity shares outstanding for Diluted EPS | 4,50,46,805 | 4,46,21,982 |
| Diluted EPS (Rs.) | 52.00 | 41.04 |

27. 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.

The Nomination and Remuneration Committee of the Company approved the Employee performance Award Unit Plan, 2016 in its meeting held on January 18, 2016. In accordance with the requirements of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 approval of the Shareholders was obtained by way of Postal Ballot as at March 31, 2016 no Performance Award Units were allotted under this scheme"

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

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

| | 2015-16 | | 2014-15 | |
|-----------------------------------|-------------------|-------------------------------------------|-------------------|-------------------------------------------|
| | Number of options | Weighted average exercise price in Rupees | Number of options | Weighted average exercise price in Rupees |
| Opening Balance | 1,24,690 | 76.08 | 1,94,718 | 77.68 |
| Exercised during the year | 63,412 | 72.61 | 63,854 | 83.18 |
| Cancelled during the year | 5,428 | 43.05 | 6,174 | 52.92 |
| Balance unexercised options | 55,850 | 83.24 | 1,24,690 | 76.08 |
| Exercisable at end of year | 55,850 | 83.24 | 1,24,690 | 76.08 |

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

| | 2015-16 | | 2014-15 | |
|-----------------------------------|-------------------|-------------------------------------------|-------------------|-------------------------------------------|
| | Number of options | Weighted average exercise price in Rupees | Number of options | Weighted average exercise price in Rupees |
| Opening Balance | 10,67,830 | 185.23 | 15,16,560 | 158.00 |
| Granted during the year | 3,01,000 | 812.43 | 2,45,000 | 478.24 |
| Exercised during the year | 2,41,242 | 161.02 | 4,95,426 | 113.93 |
| Cancelled during the year | 97,606 | 278.94 | 1,98,304 | 231.04 |
| Balance unexercised options | 10,29,982 | 420.39 | 10,67,830 | 238.35 |
| Exercisable at end of year | 5,35,642 | 216.82 | 3,27,081 | 185.23 |

(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-16 | Year ended 31-Mar-15 |
|----------------------------------------------------------------------------------|----------------------|----------------------|
| (a) Profit after taxation (Rs. in lakhs) | 23,424.61 | 18,311.45 |
| (b) Add: Employee stock compensation under intrinsic value method (Rs. in lakhs) | 17.40 | 17.04 |
| (c) Less: Employee stock compensation under fair value method (Rs. in lakhs) | 274.50 | 212.66 |
| (d) Profit after taxation as per fair value method | 23,167.51 | 18,115.83 |
| (e) Earnings Per Share | | |
| (i) Basic | | |
| -As reported | 52.69 | 41.69 |
| -Adjusted | 52.12 | 41.25 |
| (ii) Diluted | | |
| -As reported | 52.00 | 41.04 |
| -Adjusted | 51.43 | 40.60 |

The following assumptions were used for calculation of fair value of grants:

| | Year ended 31-Mar-16 | Year ended 31-Mar-15 |
|-----------------------------|----------------------|----------------------|
| Risk-free interest rate (%) | 7.59% - 7.99% | 7.80% - 8.70% |
| Expected life of options | 96 months | 96 months |
| Expected volatility | 36.18% - 42.28% | 40.80% - 41.40% |
| Dividend yield | 1.11% - 1.62% | 1.60% - 2.30% |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

28.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 Technologies (Shanghai) Company Limited
PSI Holding Group Inc.
Zensar Technologies IM Inc.
Zensar Technologies IM BV
Aquila Technology Corp.
Zensar (Africa) Holdings Pty Limited

Zensar (South Africa) Pty Limited
Professional Access Limited

(ii) Key Management Personnel

Dr. Ganesh Natarajan
Mr. Sandeep Kishore (with effect from January 12, 2016)
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 | | | |
|----------------------------------------------|-------------------------------------------------------|-------------------------------|------------------|-------------------------------------|---------------|------------------|---------------|
| | | 2015-16 | 2014-15 | 2016 | | 2015 | |
| | | | | Receivable | Payable | Receivable | Payable |
| A. Rendering of Software Services | | | | | | | |
| 1 | Wholly owned subsidiaries: | | | | | | |
| (i) | Zensar Technologies, Inc., USA | 54,004.63 | 50,497.26 | 37,430.35 | | 35,677.81 | |
| (ii) | Zensar Technologies (UK) Limited | 10,489.31 | 9,710.79 | 2,364.50 | | 1,672.05 | |
| (iii) | Professional Access Ltd.- USA | 20,099.47 | 8,987.12 | 12,764.35 | | 8,098.82 | |
| (iv) | Zensar Technologies IM Inc | 1,898.95 | 1,160.01 | 437.37 | | 159.89 | |
| (v) | Zensar (South Africa) Pty Limited | 8,148.91 | 172.73 | 4,918.73 | | 114.52 | |
| (vi) | Others | 896.27 | 841.40 | ***517.82 | | ***182.95 | |
| | Total of rendering of Software Services | 95,537.54 | 71,369.31 | 58,433.12 | | 45,906.04 | |
| B. Receipt of Software Services | | | | | | | |
| 1 | Wholly owned subsidiaries | | | | | | |
| (i) | Zensar Technologies (Singapore) Pte. Limited | 73.02 | 95.05 | | 15.49 | | 9.16 |
| (ii) | Zensar Technologies (Shanghai) Company Limited | 140.61 | 160.43 | | 36.80 | | 21.88 |
| (iii) | Zensar Technologies IM Inc | | 35.35 | | | | 35.35 |
| | Total of Receipt from Software Services | 213.63 | 290.83 | | 52.29 | | 66.39 |
| C. Rendering of Other Services | | | | | | | |
| 1 | Wholly owned subsidiaries: | | | | | | |
| (i) | Zensar Technologies, Inc., USA (Finders' Fee) | 487.40 | 509.53 | 348.82 | | 324.08 | |
| (ii) | Zensar Technologies (UK) Limited (Finders' Fee) | 311.54 | 301.96 | 101.48 | | 117.57 | |
| (iii) | Professional Access Ltd.- USA (Finders' Fee) | 38.68 | 51.19 | 3.88 | | 51.19 | |
| | Total of rendering of Other Services | 837.62 | 862.68 | 454.18 | | 492.84 | |
| D. Reimbursement of expenses incurred | | | | | | | |
| 1 | Wholly owned subsidiaries: | | | | | | |
| (i) | Zensar Technologies, Inc., USA | 1,626.63 | 1,788.71 | 919.09 | | 1,037.62 | |
| (ii) | Zensar Technologies (UK) Limited | 1,362.11 | 1,299.68 | 135.39 | | 82.25 | |
| (iii) | Zensar Technologies (Singapore) Pte. Limited | 31.78 | 57.77 | 12.98 | | 1.59 | |
| (iv) | Zensar Advanced Technologies Limited | - | - | *18.31 | | *15.97 | |
| (v) | Zensar Technologies (Shanghai) Co. Ltd | 18.54 | 25.09 | *141.70 | | *120.93 | |
| (vi) | Zensar Technologies IM Inc | 385.28 | 203.55 | 101.29 | | 26.30 | |
| (vii) | Zensar (South Africa) Pty Limited | 698.52 | 1.40 | 729.35 | | 1.40 | |
| (viii) | Professional Access Ltd.- USA (Net) | (669.03) | (129.90) | | 678.50 | | 210.56 |
| | Total reimbursement of expenses incurred (Net) | 3,453.83 | 3,246.30 | 2,058.11 | 678.50 | 1,286.06 | 210.56 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| Sr no. | Description of the nature of the transactions | Volume of transactions during | | Amount Outstanding as on 31st March | | | |
|----------------------------------------------------------------------|-----------------------------------------------|-------------------------------|---------------|-------------------------------------|----------|-----------------|---------------|
| | | 2015-16 | 2014-15 | 2016 | | 2015 | |
| | | | | 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 : | | | | | | | |
| Guarantee commission : | | | | | | | |
| (i) Zensar Technologies, Inc., USA | | 89.87 | 109.64 | 71.48 | - | 46.03 | - |
| Dividend received : | | | | | | | |
| (i) Zensar Technologies (UK) Limited | | 997.30 | - | | - | - | - |
| (ii) Zensar Technologies (Singapore) Pte. Limited | | 85.99 | 181.66 | | - | - | - |
| Total Other Income | | 1,173.16 | 291.30 | 71.48 | - | 46.03 | - |
| G. Loans granted/ (repaid) | | | | | | | |
| Wholly owned subsidiaries: | | | | | | | |
| (i) Zensar Advanced Technologies Limited | | - | - | **1,102.32 | - | **1,013.53 | - |
| (ii) Zensar Technologies (Shanghai) Company Limited | | - | - | **79.50 | - | **75.01 | - |
| Total of loans granted/ (repaid) | | - | - | 1,181.82 | - | 1,088.54 | - |
| H. Interest on Unsecured Loans | | | | | | | |
| Wholly owned subsidiaries: | | | | | | | |
| (i) Zensar Advanced Technologies Limited | | | - | **215.10 | - | **206.32 | - |
| (ii) Zensar Technologies (Shanghai) Company Limited | | 3.94 | 4.23 | **20.35 | - | **15.44 | - |
| Total of interest on Unsecured Loan | | 3.94 | 4.23 | 235.45 | - | 221.76 | - |
| I. Donation to Zensar Foundation | | 317.00 | 115.00 | - | - | - | - |
| Total Donation | | 317.00 | 115.00 | - | - | - | - |
| J. Remuneration to Key Management Personnel**** | | | | | | | |
| (i) Dr. Ganesh Natarajan | | 591.55 | 553.78 | - | - | - | - |
| (ii) Mr. Sandeep Kishore # | | ##2.93 | | - | - | - | - |
| (iii) Mr. S. Balasubramaniam | | 69.42 | 61.54 | | | | |
| Total remuneration of Key Management Personnel | | 663.90 | 615.32 | - | - | - | - |

* A provision of Rs.153.21 lakhs (Previous year : Rs.136.30 lakhs) has been made against the reimbursement of expenses incurred

** A provision of Rs.1,417.27 lakhs (Previous year : Rs. 1,310.30 lakhs) has been made against the above loan and interest outstanding

*** A provision of Rs 134.90 lakhs (Previous year : 120.72 lakhs) has been made on Intercompany receivables against the software services rendered.

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

Mr. Sandeep Kishore has been appointed as Managing Director and CEO with effect from January 12, 2016. The appointment is subject to approval of the Central Government for which the application has been filed.

Excludes Rs. 251.42 lakhs paid as remuneration by Zensar Technologies Inc.

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

29. Disclosure as per Accounting Standard – 29

(₹ in Lakhs)

| Particulars | 2015-16 | | | 2014-15 | | |
|------------------------|----------------------------|-------------------|--------------|----------------------------|-------------------|--------------|
| | Disputed Statutory Matters | Other Obligations | Total | Disputed Statutory Matters | Other Obligations | Total |
| Opening Balance | 27.25 | 63.50 | 90.75 | 32.25 | 55.34 | 87.59 |
| Additions | - | 7.96 | 7.96 | - | 11.66 | 11.66 |
| Utilisations | - | 7.55 | 7.55 | 5.00 | 3.50 | 8.50 |
| Closing Balance | 27.25 | 63.91 | 91.16 | 27.25 | 63.50 | 90.75 |

A. Disputed Statutory matters mainly includes:

- Provision for disputed statutory liabilities comprises matters under litigation with Sales-Tax and Customs & Service Tax 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.

- 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.

(₹ in Lakhs)

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

(A) Defined Contribution Plans

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

| | March 31, 2016 | March 31, 2015 |
|----------------------------------------------------|----------------|----------------|
| (a) Contribution to Employees' Family Pension Fund | 791.19 | 584.14 |
| (b) Contribution to Employees' Superannuation Fund | 41.83 | 32.04 |
| | 833.02 | 616.18 |

(B) Defined Benefit Plans- Gratuity

(i) Present Value of Defined Benefit Obligation

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|----------------------------------------------------------|-----------------------------------|-----------------------------------|
| (a) Balance as at the beginning of the year | 4,636.76 | 2,928.39 |
| (b) Interest Cost | 367.23 | 274.98 |
| (c) Past Service Cost | - | - |
| (d) Current Service Cost | 1,012.41 | 579.80 |
| (e) Liability transferred on acquisition (Refer Note 46) | - | 245.46 |
| (f) Curtailment Cost/(Credit) | - | - |
| (g) Settlement Cost/(Credit) | - | - |
| (h) Benefits Paid | (370.79) | (378.99) |
| (i) Actuarial (Gain)/Loss | 337.48 | 987.12 |
| (j) Balance as at the end of the year | 5,983.09 | 4,636.76 |

(ii) Fair value of Plan Assets

| | | |
|---------------------------------------------|----------|----------|
| (a) Balance as at the beginning of the year | 3,242.31 | 2,982.12 |
| (b) Expected Return on Plan Assets | 256.79 | 280.02 |
| (c) Actuarial Gain/(Loss) | 114.79 | (19.83) |
| (d) Contributions by the Company | 2,185.17 | 378.99 |
| (e) Benefits Paid | (370.79) | (378.99) |
| (f) Balance as at the end of the year | 5,428.27 | 3,242.31 |

(iii) Assets and Liabilities recognised in the Balance Sheet

| | | |
|-----------------------------------------------------------|----------|----------|
| (a) Present Value of Defined Benefit Obligation | 5,983.09 | 4,636.76 |
| (b) Less: Fair Value of Plan Assets | 5,428.27 | 3,242.31 |
| (c) Net (Asset)/Liability recognised in the Balance Sheet | 554.82 | 1,394.45 |

Note: The Company maintains gratuity fund, which is been administered by LIC. Fund value confirmed by LIC as at March, 31 2016 is considered to be the fair value.

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

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

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|-------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| (a) Current Service Cost | 1,012.41 | 579.80 |
| (b) Interest Cost | 367.23 | 274.98 |
| (c) Expected Return on Plan Assets | (256.79) | (280.02) |
| (d) Net actuarial (Gain)/Loss | 222.69 | 1,006.95 |
| (e) Total Expenses recognised in the Statement of Profit and Loss | 1,345.54 | 1,581.71 |

(v) As at 31st March, 2016 and 31st March, 2015, 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

| | 2015-2016 | 2014-2015 |
|------------------------------|-----------|-----------|
| Actual return on plan assets | 371.58 | 260.19 |

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

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|-----------------------------------------------|----------|----------|----------|----------|----------|
| (a) Defined Benefit Obligations | 5,983.09 | 4,636.76 | 2,928.39 | 2,521.62 | 2,309.32 |
| (b) Plan Assets | 5,428.27 | 3,242.31 | 2,982.12 | 2,539.85 | 2,001.04 |
| (c) (Surplus)/Deficit | 554.82 | 1,394.45 | (53.73) | (18.23) | 308.28 |
| (d) Experience Adjustment on Plan Liabilities | 288.08 | 342.79 | (165.90) | (180.62) | 97.44 |
| (e) Experience Adjustment on Plan Assets | 114.79 | (19.83) | 32.73 | 60.43 | (40.24) |

(ix) Actuarial Assumptions

| | 2015-16 | 2014-15 |
|--------------------------------------------|---------|---------|
| (a) Discount Rate | 7.86% | 7.92% |
| (b) Expected Rate of Return on Plan Assets | 7.86% | 7.92% |
| (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, 2016 | Year ended March 31, 2015 |
|----------|------------------------------|------------------------------|
| Gratuity | 1,719.97 | 1,314.50 |

(C) Defined Benefit Plans- Provident Fund

(i) Present Value of Defined Benefit Obligation

| | 2016 | 2015 |
|---------------------------------------------|---------|---------|
| (a) Balance as at the beginning of the year | 17,100 | 14,134 |
| (b) Interest Cost | 1,445 | 1,141 |
| (c) Current Service Cost | 1,116 | 1,828 |
| (d) Employee Contribution | 2,153 | 1,043 |
| (e) Liability Transferred In | 1,094 | 479 |
| (f) Liability Transferred Out | - | - |
| (g) Benefit Paid | (1,977) | (1,525) |
| (h) Actuarial (Gains)/Losses | - | - |
| (i) Balance as at the end of the year | 20,931 | 17,100 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(ii) Fair value of Plan Assets

(₹ in Lakhs)

| | 2016 | 2015 |
|---------------------------------------------|---------|---------|
| (a) Balance as at the beginning of the year | 17,276 | 14,134 |
| (b) Expected Return on Plan Assets | 1,445 | 1,141 |
| (c) Contributions by the Company | 3,269 | 2,872 |
| (d) Transfer From Other Company | 1,094 | 479 |
| (e) Transfer to Other Company | - | - |
| (f) Benefit Paid | (1,977) | (1,525) |
| (g) Actuarial Gains/(Losses) | 118 | 175 |
| (h) Balance as at the end of the year | 21,225 | 17,276 |

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--------------------------------------------------------------|--------------------------------------|--------------------------------------|
| (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, 2016 | For the year ended March 31, 2015 |
|-------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| (a) Current Service Cost | 1,116 | 1,828 |
| (b) Interest Cost | 1,445 | 1,141 |
| (c) Expected Return on Plan Assets | (1,445) | (1,141) |
| (d) Surplus Utilised | - | - |
| (e) Interest Shortfall | - | - |
| (f) Total Expenses recognised in the Statement of Profit and Loss | 1,116 | 1,828 |

(v) As at 31st March, 2016 and 31st March, 2015, the plan assets have been primarily invested in securities of Central Government of India, State Government and Bonds.

(vi) Actuarial Assumptions

| | 2016 | 2015 |
|--------------------------------------------|---------|---------|
| (a) Discount Rate | 7.86% | 7.92% |
| (b) Expected Rate of Return on Plan Assets | 8.80% | 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.

31. Capital Commitments

| | 2016 | 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs.2.46 lakhs (Previous year: Rs. 8.72 lakhs)] | 588.24 | 558.14 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

32. Corporate Social Responsibility Expenditure

(₹ in Lakhs)

| | 2016 | 2015 |
|-------------------------------------------------------------------|--------|--------|
| -Gross amount required to be spent by the Company during the year | 467.00 | 394.00 |
| -Amount spent during the year on: | 461.82 | 156.94 |

| Sr. No. | Particulars | In Cash | Yet to be paid in Cash | Total |
|---------|---------------------------------------|---------|------------------------|--------|
| (i) | Construction/acquisition of any asset | - | - | - |
| (ii) | On purposes other than (i) above | 461.82 | - | 461.82 |

33. Contingent Liabilities

| | 2016 | 2015 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|
| (a) Income Tax: | | |
| Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal. | 981.07 | 990.94 |
| Matters on which the Company is in appeal | 592.16 | 635.19 |
| (b) Sales Tax / Value Added Tax: | | |
| Claims against the Company regarding sales tax against which the Company has preferred appeals. | 252.41 | 253.03 |
| (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. | 223.61 | 211.94 |
| (e) Claims against the Company not acknowledged as debts. | 190.41 | 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. | 10,252.50 | 7,500.60 |

34. Miscellaneous Expenses include Auditors' Remuneration and Expenses as under:

| | 2016 | 2015 |
|---------------------------------------------------------------|-------|-------|
| (a) As auditors | | |
| Audit Fee | 64.50 | 54.50 |
| Tax Audit Fee | 7.00 | 7.00 |
| (b) As advisors, or in any other capacity, in respect of | | |
| Other services | 16.51 | 18.00 |
| (c) Out of pocket expenses reimbursed [for (a) and (b) above] | 2.30 | 5.20 |

35. Earnings in foreign exchange

| | | |
|------------------------------------------------------------------------------------------------------|-------------|-----------|
| Includes fees for technical services ,finder's fees, dividend, guarantee commission and other income | 1,05,731.97 | 85,120.60 |
|------------------------------------------------------------------------------------------------------|-------------|-----------|

36. Expenditure in foreign currency

| | 2016 | 2015 |
|--------------------------------------------------------------------------------------------|----------|----------|
| (subject to deduction of tax at source, where applicable) | | |
| (a) Travelling (including Salaries & allowances to staff on deputation to other countries) | 3,904.70 | 3,669.93 |
| (b) Professional and Consultation fees | 193.89 | 212.90 |
| (c) Others | 230.11 | 305.01 |

37. Value of imports calculated on C.I.F. basis

| | | |
|-------------------|----------|--------|
| (a) Software | 24.22 | 51.79 |
| (b) Capital Goods | 1,261.19 | 833.17 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

38. Remittance in foreign currency on account of dividend to non-resident shareholders

| | 2016 | 2015 |
|-------------------------------------------------|------|-----------|
| Final dividend | | |
| (a) Number of shareholders | - | 1 |
| (b) Number of shares on which dividend was paid | - | 10,30,922 |
| (c) Financials to which dividend relates | - | 2013-14 |
| (d) Amount of dividend remitted (Rs. in Lakhs) | - | 61.86 |
| Interim dividend | | |
| (a) Number of shareholders | - | 1 |
| (b) Number of shares on which dividend was paid | - | 10,30,922 |
| (c) Financials to which dividend relates | - | 2014-15 |
| (d) Amount of dividend remitted (Rs. in Lakhs) | - | 46.39 |

39. 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 2016, 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.

40. 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 Rs. NIL (Previous year : Rs. 0.41 lakhs) on development activities during the year.

41. 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 Rs. 3,349.73 lakhs (Previous year Rs. 3,202.59 lakhs)

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

| Particulars | 2016 | 2015 |
|---------------------------------------------------|----------|----------|
| Not later than one year | 1,001.04 | 1,321.55 |
| Later than one year and not later than five years | 1,420.89 | 1,137.84 |
| Later than five years | - | - |

(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 | 137.45 | 220.23 |
| (ii) later than one year but not later than five years | 82.87 | 167.44 |
| (iii) later than five years | - | - |
| Total | 220.32 | 387.67 |

(b) Present value of minimum lease payments

| | | |
|--------------------------------------------------------|---------------|---------------|
| (i) not later than one year | 120.34 | 191.09 |
| (ii) later than one year but not later than five years | 77.45 | 149.49 |
| (iii) later than five years | - | - |
| Total | 197.79 | 340.58 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| Particulars | 2016 | 2015 |
|--------------------------------------------------------------------------------------------------------|--------|--------|
| (c) Reconciliation of minimum lease payments and present value | | |
| Minimum lease rentals payable as per (a) above | 220.32 | 387.67 |
| Less: Finance charges to be recognized in subsequent periods | 22.53 | 47.09 |
| Present value of minimum lease payments payable as per (b) above | 197.79 | 340.58 |
| (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 | | |

42. Derivative instruments and unhedged foreign currency exposure

| Particulars | Purpose | 2016 | 2015 |
|-------------------------------------------------------------|-------------------------------------|-------------|-------------|
| (a) Derivatives outstanding as at the reporting date | | | |
| In US \$ | Hedge highly probable forecast sale | 4,51,00,000 | 3,85,00,000 |
| (Equivalent approximate in Rs. lakhs) | | 30,807.28 | 24,970.67 |
| In GBP £ | Hedge highly probable forecast sale | 18,00,000 | - |
| (Equivalent approximate in Rs. lakhs) | | 1,776.10 | - |
| In ZAR R | Hedge highly probable forecast sale | 50,00,000 | - |
| (Equivalent approximate in Rs. lakhs) | | 224.82 | - |

- (b) As of the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by derivative instruments or otherwise is Rs. 67,997.53 lakhs (Previous year: Rs. 53,197.18 lakhs)

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

| | 2015-16 | | 2014-15 | |
|----------------------------------------|-------------------------|---------------------------|-------------------------|---------------------------|
| | 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 | 30.44 | 549.13 | 12.11 | 206.15 |
| AUD | 24.31 | 1,238.42 | 9.83 | 467.30 |
| CHF | 0.26 | 18.10 | 0.04 | 2.49 |
| CNY | 3.85 | 39.51 | 1.79 | 18.08 |
| EUR | 2.22 | 167.50 | 0.39 | 26.58 |
| GBP | 27.12 | 2,589.13 | 20.02 | 1,851.40 |
| JPY | 191.97 | 113.24 | 191.97 | 100.11 |
| KES | 4,091.67 | 2,623.70 | 2.65 | 1.76 |
| SAR | 0.49 | 8.57 | - | - |
| SGD | 4.01 | 197.38 | 0.66 | 29.83 |
| USD | 833.72 | 55,235.44 | 767.86 | 47,994.79 |
| ZAR | 538.60 | 2,424.79 | 296.23 | 1,519.36 |
| Loans - Granted to subsidiaries | | | | |
| USD | 13.16 | 872.01 | 13.10 | 818.93 |
| JPY | 788.01 | 464.85 | 788.01 | 410.95 |

Notes to the Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in Lakhs)

| | 2015-16 | | 2014-15 | |
|---------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | Amount in FC (in lakhs) | Amount in INR- (in lakhs) | Amount in FC (in lakhs) | Amount in INR- (in lakhs) |
| Trade and other payables | | | | |
| AED | 35.24 | 635.71 | 30.67 | 521.91 |
| AUD | 4.25 | 216.77 | 4.06 | 193.06 |
| CHF | 0.04 | 2.68 | 0.01 | 0.84 |
| CNY | 0.10 | 1.07 | 0.10 | 1.05 |
| EUR | 1.72 | 129.45 | 1.72 | 115.89 |
| GBP | 0.16 | 14.88 | - | - |
| JPY | 3.69 | 2.18 | 3.69 | 1.93 |
| KES | 1,550.18 | 994.02 | 6.26 | 4.16 |
| SGD | 0.05 | 2.65 | 0.05 | 2.43 |
| USD | 24.67 | 1,634.44 | 10.60 | 662.60 |
| ZAR | 11.29 | 50.84 | 11.41 | 58.53 |
| Cash and Bank balances | | | | |
| USD | 56.25 | 3,726.66 | 8.29 | 518.39 |
| GBP | 5.01 | 478.58 | - | - |
| AED | 29.64 | 534.68 | 20.61 | 350.75 |
| AUD | 6.30 | 321.06 | 8.73 | 415.09 |
| KES | 123.90 | 79.45 | 41.56 | 27.60 |

43. 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.

44. 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 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.

45. Tax Expense for the year ended March 31, 2016 and March 31, 2015 is net of excess provision for earlier years written back - Rs. 779 lakhs and Rs. 169 lakhs respectively.

46. Business Acquisition

On August 14, 2014, the Company had 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 Rs. 8,987.12 lakhs and Profit before taxation of Rs. 3,445.81 lakhs) and are therefore not comparable.

47. 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

Amit Borkar
Partner
Membership No. 109846

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

H.V. Goenka
Chairman
DIN: 00026726

S. Balasubramaniam
Chief Financial Officer

Sandeep Kishore
Managing Director & CEO
DIN: 07393680

Nilesh Limaye
Company Secretary

Place: Pune
Date: April 22, 2016

Place: Mumbai
Date: April 22, 2016



CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of Zensar Technologies Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Zensar Technologies Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") (refer Note 1(b) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2016, 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 prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that 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 Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for

preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, 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.
4. 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 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of

Independent Auditors' Report (Contd.)

Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in subparagraph 8 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statements of 4 subsidiaries whose financial statements reflect total assets of Rs 8,515 lakhs and net assets of Rs 1,666 lakhs as at March 31, 2016, total revenue of Rs. 13,126 lakhs, net profit of Rs 1,288 lakhs and net cash flows amounting to Rs 2,544 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company including relevant records relating to the preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with 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 Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A

Independent Auditors' Report (Contd.)

- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2016 on the consolidated financial position of the Group. Refer Note 27 to the consolidated financial statements.
 - ii. The Group had long-term contracts including derivative contracts as at March 31, 2016 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 Holding Company during the year ended March 31, 2016.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Amit Borkar

Partner

Place: Pune

Date: April 22, 2016

Membership No. 109846

Annexure A to Independent Auditors' Report

Referred to in paragraph 9(f) of the Independent Auditors' Report of even date to the members of Zensar Technologies Limited on the consolidated financial statements for the year ended March 31, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Zensar Technologies Limited (hereinafter referred to as "the Holding Company") as of that date. The Holding Company does not have any subsidiaries incorporated in India.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure A to Independent Auditors' Report (Contd.)

Referred to in paragraph 9(f) of the Independent Auditors' Report of even date to the members of Zensar Technologies Limited on the consolidated financial statements for the year ended March 31, 2016.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Amit Borkar

Partner

Place: Pune

Date: April 22, 2016

Membership No. 109846

Consolidated Balance Sheet As at 31st March, 2016

(All amounts in Rs. Lakhs, unless otherwise stated)

| | Note No. | 2016 | 2015 |
|-------------------------------------|----------|--------------------|--------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 4,463.14 | 4,432.68 |
| Reserves and Surplus | 3 | 1,38,116.16 | 1,11,268.57 |
| | | 1,42,579.30 | 1,15,701.25 |
| Minority Interest | | 391.10 | 116.07 |
| Non-Current Liabilities | | | |
| Long-term borrowings | 4 | 77.45 | 149.49 |
| Other Long-term liabilities | 5 | 187.29 | 382.79 |
| Long-term provisions | 6 | 3,781.55 | 3,706.79 |
| | | 4,046.29 | 4,239.07 |
| Current Liabilities | | | |
| Short-term borrowings | 7 | 14,731.48 | 9,715.87 |
| Trade Payables | 8 | 16,429.21 | 13,046.96 |
| Other current liabilities | 9 | 21,177.08 | 24,257.84 |
| Short-term provisions | 10 | 2,928.61 | 6,373.31 |
| | | 55,266.38 | 53,393.98 |
| Total | | 2,02,283.07 | 1,73,450.37 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible assets | 11.a | 9,362.93 | 8,720.82 |
| Intangible assets | 11.b | 47,701.13 | 46,014.41 |
| Capital work-in-progress | | 15.95 | 64.29 |
| Intangible assets under development | | 150.82 | 78.99 |
| | | 57,230.83 | 54,878.51 |
| Non-current investments | 12 | 0.20 | 80.18 |
| Deferred Tax Asset (Net) | 13 | 1,130.90 | 1,423.00 |
| Long-term loans and advances | 14 | 4,034.07 | 4,666.87 |
| | | 62,396.00 | 61,048.56 |
| Current Assets | | | |
| Current Investments | 15 | 10,155.17 | 9,312.42 |
| Inventories | 16 | 12,586.66 | 12,262.25 |
| Trade Receivables | 17 | 54,274.52 | 45,388.35 |
| Cash and Bank Balances | 18 | 28,440.93 | 19,724.59 |
| Short-term loans and advances | 19 | 10,715.86 | 8,672.96 |
| Other current assets | 20 | 23,713.93 | 17,041.24 |
| | | 1,39,887.07 | 1,12,401.81 |
| Total | | 2,02,283.07 | 1,73,450.37 |

Summary of Significant Accounting Policies 1

The accompanying notes (1 to 40) 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

Amit Borkar
Partner
Membership No. 109846

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

H.V. Goenka
Chairman
DIN: 00026726

S. Balasubramaniam
Chief Financial Officer

Sandeep Kishore
Managing Director & CEO
DIN: 07393680

Nilesh Limaye
Company Secretary

Place: Pune
Date: April 22, 2016

Place: Mumbai
Date: April 22, 2016

Consolidated Statement of Profit And Loss

for the year ended March 31, 2016

(All amounts in Rs. Lakhs, unless otherwise stated)

| | Note No. | 2016 | 2015 |
|---------------------------------------------------------------------|----------|--------------------|--------------------|
| Revenue from operations | | | |
| Software development, infrastructure management and allied services | | 2,71,427.67 | 2,39,559.36 |
| Sale of Licenses for Software Applications | | 7,434.48 | 4,486.53 |
| Product revenue | | 17,564.16 | 18,721.92 |
| Other Operating revenue | 21 | 1,378.05 | 2,810.41 |
| | | 2,97,804.36 | 2,65,578.22 |
| Other income | 22 | 4,454.90 | 2,694.97 |
| Total revenue | | 3,02,259.26 | 2,68,273.19 |
| Expenses: | | | |
| Purchase of network and security products | | 15,450.79 | 16,199.19 |
| (Increase)/Decrease in inventories | | (324.41) | 615.66 |
| Employee benefits expense | 23 | 1,47,927.44 | 1,29,440.56 |
| Other expenses | 24 | 90,711.13 | 80,156.96 |
| Depreciation and amortization expense | 11 | 4,546.97 | 4,153.84 |
| Finance costs | 25 | 1,066.33 | 1,116.29 |
| Total expenses | | 2,59,378.25 | 2,31,682.50 |
| PROFIT BEFORE TAXATION | | 42,881.01 | 36,590.69 |
| Tax Expense [Refer note 1(P)] | 39 | | |
| - Current Tax | | 11,297.92 | 8,509.20 |
| - Deferred Tax | | 393.38 | 1,618.43 |
| PROFIT AFTER TAXATION BEFORE MINORITY INTEREST | | 31,189.71 | 26,463.06 |
| Less: Minority Interest | | 275.03 | 3.57 |
| PROFIT AFTER TAXATION | | 30,914.68 | 26,459.49 |
| Earnings Per Equity Share | | ₹ | ₹ |
| [Face Value Rs. 10 (31st March 2015 - Rs.10)] | | | |
| (See Note 32) | | | |
| - Basic | | 69.54 | 60.25 |
| - Diluted | | 68.63 | 59.30 |

Summary of Significant Accounting Policies 1

The accompanying notes (1 to 40) 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

Amit Borkar
Partner
Membership No. 109846

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

H.V. Goenka
Chairman
DIN: 00026726

S. Balasubramaniam
Chief Financial Officer

Sandeep Kishore
Managing Director & CEO
DIN: 07393680

Nilesh Limaye
Company Secretary

Place: Pune
Date: April 22, 2016

Place: Mumbai
Date: April 22, 2016

Consolidated Cash Flow Statement for the year ended March 31, 2016

(All amounts in Rs. Lakhs, unless otherwise stated)

| | 2015-16 | 2014-15 |
|---------------------------------------------------------------------------|-------------------|--------------------|
| A. Cash Flow from Operating Activities : | | |
| Profit before Taxation | 42,881.01 | 36,590.69 |
| Adjustments for | | |
| Depreciation and Amortisation | 4,546.97 | 4,153.84 |
| Unrealised foreign exchange (gain)/loss | (1,443.96) | (1,130.16) |
| Dividend Income | (104.84) | (295.18) |
| Finance Costs | 1,066.33 | 1,116.29 |
| (Profit) / Loss on Sale of Current Investments - non trade (net) | (306.93) | (347.66) |
| Interest Income | (356.66) | (205.03) |
| (Profit) / Loss on Sale of fixed assets (net) | (8.53) | 10.76 |
| Employee Stock Compensation Expense | 19.85 | 17.04 |
| Provision for Doubtful Debts | 3,316.14 | 613.98 |
| Provision no longer required and credit balances written back (net) | (1,099.99) | (2,408.85) |
| | 5,628.38 | 1,525.03 |
| Operating Profit before Working Capital Changes | 48,509.39 | 38,115.72 |
| Changes in Working Capital : | | |
| (Increase)/ decrease in long term loans and advances | 7.96 | 130.25 |
| (Increase)/ decrease in trade receivables | (12,202.31) | (5,267.84) |
| (Increase)/ decrease in short-term Loans and Advances | (1,282.53) | 7,025.34 |
| (Increase)/ decrease in other Current Assets | (6,672.67) | (21.99) |
| (Increase)/ decrease in inventories | (324.41) | 615.66 |
| Increase/ (decrease) in other Long term liabilities | (195.50) | (154.36) |
| Increase/ (decrease) in long term provisions | 74.76 | 465.94 |
| Increase/ (decrease) in trade payables | 3,382.25 | (2,048.42) |
| Increase/ (decrease) in other current liabilities | 5,531.43 | 3,349.58 |
| Increase/ (decrease) in short-term Provisions | (494.44) | (269.79) |
| | (12,175.46) | 3,824.37 |
| Cash generated from Operations | 36,333.93 | 41,940.09 |
| Taxes (Paid) / Received [net of refunds] | (10,460.89) | (9,883.14) |
| | (10,460.89) | (9,883.14) |
| Net Cash from Operating activities (A) | 25,873.04 | 32,056.95 |
| B. Cash Flow from Investing Activities | | |
| Purchase of tangible/intangible assets including Capital Work in Progress | (4,240.33) | (3,720.09) |
| Sale of fixed assets | 11.18 | 2.54 |
| Purchase of Business & Goodwill | - | (20,791.80) |
| Purchase of Non Current Investment | - | (5.38) |
| Sale of Non Current Investment | 79.98 | 0.19 |
| Purchase of current investments | (57,694.18) | (52,152.74) |
| Sale of current investments | 57,158.34 | 57,972.34 |
| Interest Income | 356.64 | 204.81 |
| Dividend Income | 104.84 | 295.18 |
| Net Cash used in Investing Activities (B) | (4,223.53) | (18,194.95) |

Consolidated Cash Flow Statement for the year ended March 31, 2016

(All amounts in Rs. Lakhs, unless otherwise stated)

| | 2015-16 | 2014-15 |
|------------------------------------------------------------------------|--------------------|-------------------|
| C. Cash Flow from Financing Activities | | |
| Proceeds from share allotment under Employee Stock Option Schemes | 424.82 | 617.55 |
| Proceeds / (Repayment) of Short-term borrowings | 4,984.57 | 4,838.86 |
| Proceeds / (Repayment) of long-term borrowings | (7,643.39) | (7,544.07) |
| Interest and Structuring Fee payment | (1,090.79) | (1,241.14) |
| Dividend on Equity Shares and Tax Thereon | (9,692.00) | (5,415.51) |
| Net Cash used in Financing Activities (C) | (13,016.79) | (8,744.31) |
| D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 8,632.72 | 5,117.69 |
| Opening Balance of Cash & Cash Equivalents | 19,599.84 | 14,482.15 |
| Closing Balance of Cash & Cash Equivalents | 28,232.56 | 19,599.84 |

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:

| | 2015-16 | 2014-15 | 2013-14 |
|---------------------|------------------|------------------|------------------|
| Cash on Hand | 7.96 | 7.00 | 6.20 |
| Balances with Banks | 28,224.60 | 19,592.84 | 14,475.95 |
| Total | 28,232.56 | 19,599.84 | 14,482.15 |

(₹ in lakhs)

The accompanying notes (1 to 40) 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

Amit Borkar
Partner
Membership No. 109846

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

H.V. Goenka
Chairman
DIN: 00026726

S. Balasubramaniam
Chief Financial Officer

Sandeep Kishore
Managing Director & CEO
DIN: 07393680

Nilesh Limaye
Company Secretary

Place: Pune
Date: April 22, 2016

Place: Mumbai
Date: April 22, 2016

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016

Company overview

Zensar Technologies Limited (the "Company") along with its wholly owned and controlled subsidiaries Zensar Technologies Inc., Zensar Technologies (UK) Limited, Zensar Technologies (Singapore) Pte. Limited, Zensar Technologies (Shanghai) Company Limited, PSI Holding Group Inc., Zensar Technologies IM Inc., Zensar Technologies IM B.V., Aquila Technology Corp., Zensar (Africa) Holdings Pty Limited, 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).

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. 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. The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30th March 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016

and has therefore not been considered for year ended March 31, 2016.

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 their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and 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 relate to Zensar Technologies Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'). 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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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, 2016 | Extent of holding as on March 31, 2015 |
|---------|----------------------------------------------------------------------------|----------------------------|----------------------------------------|----------------------------------------|
| 1 | Zensar Technologies Inc. [ZTI] Subsidiaries of Zensar Technologies Inc. | USA | 100% | 100% |
| I) | PSI Holding Group, Inc. | USA | 100% | 100% |
| - | Subsidiaries of PSI Holding Group Inc. | | | |
| a | Zensar Technologies IM, Inc | USA | 100% | 100% |
| b | Aquila Technology Corp. | USA | 100% | 100% |
| c | Zensar Technologies IM, B.V. | Netherlands | 100% | 100% |
| II) | Professional Access Ltd. | USA | 100% | 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 (Africa) Holdings Pty Ltd. | South Africa | 100% | 100% |
| - | Subsidiary of Zensar (Africa) Holdings Pty Ltd. | | | |
| a | Zensar (South Africa) Pty Ltd. | South Africa | 75% | 75% |
| 6 | Zensar Advance Technologies Limited | Japan | Refer Note 37 | Refer Note 37 |

(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. 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 licenses for software applications is recognised on transfer of the title in the user license.

ii) IT Infrastructure services

Revenue from sale of products is recognized when risk and reward of ownership have been transferred to the customer, the sale price is fixed or determinable and collectability is reasonably assured. Revenue related to products with installation services that are critical to the products is recognized when installation of networking equipment at customer site is completed and accepted by the customer.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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 ratable allocation of discount amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount. Also, when 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 Deferred Revenue (Billed in Advance).

(e) 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.

(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.

(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.

Goodwill arising on acquisition of business is presented as an intangible asset. Goodwill comprises the excess of purchase consideration

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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) refer note 11:

| Class of Assets | Useful Life as per prescribed in Schedule II | Useful Life as followed by the Company |
|---------------------------------|----------------------------------------------|----------------------------------------|
| Server and Networking Equipment | 6 Years | 4 Years |

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

| Class of Assets | Useful Life |
|-------------------------------------------|-------------|
| Intangible Assets – Software (Acquired) | 1-5 Years |
| Goodwill (Acquired) | 5 Years |
| Technical Know-how (Internally generated) | 3 Years |

(i) Leases

Finance Lease

As a lessee:

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 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.

(j) 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.

(k) 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.

(l) 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

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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. 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) Social Security Fund - The Company has Defined Contribution Plans for Post-employment benefits (i) for all eligible employees in the USA, governed by USA laws in the form of 401(k) Fund and Social Security Fund, ii) for all eligible employees in the UK, governed by UK laws in the form of NIC. These plans 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.

(m) 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 items 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 monetary items that, in substance, form part of an enterprise's net investment in a non-integral foreign operation are accumulated in the

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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.

(n) 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, bank borrowings 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.

(o) 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 the guidance note on employee share based payment issued by The Institute of Chartered Accountant of India as required by the Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014. 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".

(P) Taxation

Current Tax

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

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

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 the Company will pay income tax higher than MAT during the specified period.

(q) 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.

(r) 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.

(s) 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.

(t) Goodwill

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

(u) Inventories

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Cost is determined using weighted average method. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

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as at and for the year ended March 31, 2016 (Contd.)

(v) 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)

| | 2016 | 2015 |
|------------------------------------------------------------------------------------|----------|----------|
| 2. Share Capital | | |
| Authorised | | |
| 4,75,00,000 (Previous year: 4,75,00,000) Equity Shares of Rs. 10 each | 4,750.00 | 4,750.00 |
| 2,50,000 (Previous year: 2,50,000) Preference Shares of Rs. 100 each | 250.00 | 250.00 |
| | 5,000.00 | 5,000.00 |
| Issued, Subscribed and fully paid up | | |
| 4,46,31,428 (Previous year: 44,326,774) Equity Shares of Rs. 10 each fully paid-up | 4,463.14 | 4,432.68 |
| | 4,463.14 | 4,432.68 |

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

| | 2016 | | 2015 | |
|----------------------------------------------------------|-------------|----------|-------------|----------|
| | Nos | Rs. | Nos | Rs. |
| At the beginning of the year | 4,43,26,774 | 4,432.68 | 4,37,67,494 | 4,376.75 |
| Add: Shares issued on exercise of Employee Stock Options | 3,04,654 | 30.46 | 5,59,280 | 55.93 |
| Outstanding at the end of the year | 4,46,31,428 | 4,463.14 | 4,43,26,774 | 4,432.68 |

(ii) Terms/Rights attached to Equity Shares

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

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. The distribution will be in proportion to the number of equity shares held by the shareholders.

The board of directors in their meetings on January 19, 2016 and March 14, 2016 declared an interim dividend of Rs. 5.00 per equity share and Rs.7.00 per equity share respectively. The total dividend appropriation for the year ended March 31, 2016 amounted to Rs. 6,235.16 lakhs including corporate dividend tax of Rs. 880.33 lakhs.

Notes to the Consolidated Financial Statements

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

(₹ in lakhs)

| | As at March 31, 2016 | | As at March 31, 2015 | |
|------------------------------------------|----------------------|-------------|----------------------|-------------|
| | % Held | Nos | % Held | Nos |
| Electra Partners Mauritius Limited * | - | - | 23.24% | 1,03,01,294 |
| Marina Holdco (FPI) Ltd. * | 23.08% | 1,03,01,294 | - | - |
| Summit Securities Limited | 11.01% | 49,13,576 | 10.75% | 47,63,576 |
| Fidelity Management and Research Company | 7.84% | 35,00,000 | 7.90% | 35,00,000 |
| Swallow Associates LLP | 27.07% | 1,20,82,997 | 27.26% | 1,20,82,997 |
| Instant Holdings Limited | 7.35% | 32,78,919 | 7.24% | 32,06,819 |

* On October 9, 2015, Marina Holdco (FPI) Ltd, acquired 1,03,01,294 equity shares of the Company from Electra Partners Mauritius Limited.

(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 March 31, 2016.

| Particulars | 2011 |
|----------------------------------------------------------------------------------------------------------------------|--------------|
| | No of shares |
| (a) Equity shares allotted as fully paid bonus shares by capitalisation of profits transferred from General Reserve. | 2,15,89,818 |

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

| | 2016 | 2015 |
|--------------------------------------------------------------------------------|-----------|-----------|
| 3. Reserves and Surplus | | |
| Capital Reserve | | |
| Balance as at the beginning and end of the year | 303.14 | 303.14 |
| Capital Redemption Reserve | | |
| Balance as at the beginning and end of the year | 442.40 | 442.40 |
| Securities Premium Account | | |
| Balance as at the beginning of the year | 1,151.74 | 535.07 |
| Add: Received during the year on exercise of stock options issued to employees | 413.42 | 616.67 |
| Balance as at the end of the year | 1,565.16 | 1,151.74 |
| General Reserve | | |
| Balance as at the beginning of the year | 60,622.94 | 50,622.94 |
| Add : ESOP Cancellation during the year | 9.64 | - |
| Add : Transferred from Statement of Profit and Loss | 14,000.00 | 10,000.00 |
| Balance as at the end of the year | 74,632.58 | 60,622.94 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| | 2016 | 2015 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Hedging Reserve | | |
| Balance as at the beginning of the year | 367.82 | 316.29 |
| Add : Movement during the year | 465.50 | 51.53 |
| Balance as at the end of the year | 833.32 | 367.82 |
| Employee Stock Options | | |
| Options granted till date | 106.17 | 162.11 |
| Add: Compensation for options granted during the year | 69.81 | (0.09) |
| Less: Transfer to securities premium on exercise of stock options during the year | 9.40 | 55.85 |
| Less : Deferred Employee Compensation | 135.31 | 75.69 |
| | 31.27 | 30.48 |
| Foreign Currency Translation Reserve | | |
| Balance as at the beginning of the year | 3,073.76 | 3,236.05 |
| Foreign Currency Translation Reserve for the year | 1,278.72 | (162.29) |
| Balance as at the end of the year | 4,352.48 | 3,073.76 |
| Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | 45,276.29 | 34,649.11 |
| Add : Profit after Taxation transferred from Statement of Profit and Loss | 30,914.68 | 26,459.49 |
| 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 |
| | 76,190.97 | 61,076.77 |
| Less: Appropriations | | |
| Interim Dividend | 5,354.83 | 1,978.51 |
| Proposed Dividend | - | 2,881.24 |
| Dividend distribution tax on Interim and Proposed dividend on Equity Shares | 880.33 | 940.73 |
| Transfer to General Reserve | 14,000.00 | 10,000.00 |
| | 20,235.16 | 15,800.48 |
| Balance as at the end of the year | 55,955.81 | 45,276.29 |
| | 1,38,116.16 | 1,11,268.57 |
| 4. Long-term Borrowings | | |
| Finance Lease Obligations (Secured) (See Note 31(B)) | 77.45 | 149.49 |
| | 77.45 | 149.49 |
| 5. Other Long term liabilities | | |
| Deferred Revenue | 70.10 | 240.50 |
| Deferred Lease Rent | 117.19 | 142.29 |
| | 187.29 | 382.79 |
| 6. Long-term provisions | | |
| Provision for Disputed statutory matters (Refer Note 34) | 27.25 | 27.25 |
| Provision for Compensated Absences | 3,690.38 | 3,616.04 |
| Other Obligations (Refer Note 34) | 63.92 | 63.50 |
| | 3,781.55 | 3,706.79 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| | 2016 | 2015 |
|--------------------------------------------|------------------|-----------------|
| 7. Short Term Borrowing | | |
| From Banks: | | |
| Secured: | | |
| Term Loan [Refer Note a below] | - | 7,500.60 |
| Credit Facility [Refer Note b and c below] | 13,406.44 | 2,215.27 |
| Unsecured: | | |
| Credit Facility [Refer Note d below] | 1,325.04 | - |
| | 14,731.48 | 9,715.87 |

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

- Last installment of Term Loan availed from Standard Chartered Bank, INR 7,500.60 lakhs was repaid during the year. Balance NIL (March 31, 2015 : INR 7,500.60 lakhs)
- During the year the Company has obtained SBLC facility from Citibank Bank with rate of interest at LIBOR + 130 basis points p.a. This SBLC facility is secured by way of hypothecation of the current and movable assets and mortgage of immovable assets of the Holding Company.
- 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 February 2, 2016, maturity was extended to May 31, 2016. Revolving credit facility with the bank is secured by the assets of the Company.
- The Company has availed export packing credit of \$ 2 million for a tenor of 180 days. The Loan carries Interest rate of LIBOR + 30 basis points.

8. Trade Payables

| | | |
|--------------------------------------------------------|------------------|------------------|
| Dues to micro and small enterprises (Refer Note below) | - | - |
| Dues to other than micro and small enterprises | 16,429.21 | 13,046.96 |
| | 16,429.21 | 13,046.96 |

Note: The Company has compiled this information based on the current information in its possession. As at 31st March 2016, 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.

9. Other Current liabilities

| | | |
|------------------------------------------------------------------|------------------|------------------|
| Current maturities of long term debt | - | 7,500.60 |
| Current maturities of finance lease obligation; (See Note 31(B)) | 120.34 | 191.09 |
| Interest accrued but not due on borrowings | 9.60 | 34.06 |
| Deferred Revenue | 8,390.97 | 7,486.50 |
| Unpaid Dividend | 208.37 | 124.76 |
| Employee Benefits | 8,661.94 | 5,673.03 |
| Withholding and other taxes | 893.16 | 737.12 |
| Other Payables | 2,892.70 | 2,510.68 |
| | 21,177.08 | 24,257.84 |

10. Short-term provisions

| | | |
|----------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Taxation less payments there against [(net of advance tax of Rs. 9,838.82 lakhs (Previous year: Rs. 1,774.68 lakhs)] | 1,147.21 | 640.15 |
| Proposed Dividend on Equity Shares | - | 2,881.24 |
| Tax on proposed dividend | - | 576.08 |
| Provision for Gratuity | 554.82 | 1,394.45 |
| Provision for Compensated Absences | 1,226.58 | 881.39 |
| | 2,928.61 | 6,373.31 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

11. a - Tangible Assets

| Assets | GROSS BLOCK | | | | DEPRECIATION/ AMORTISATION | | | | NET BLOCK | |
|---------------------------------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------|-------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------|----------------------|----------------------|
| | Cost as at March 31, 2015 | Additions/ Adjustment during the year | Deletions during the year | Cost as at March 31, 2016 | Accumulated Depreciation/ Amortisation as at March 31, 2015 | Depreciation/ Amortisation for the year the year | Depreciation/ Amortisation written back on deletions during the year | Accumulated Depreciation/ Amortisation as at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| Tangible Assets : | | | | | | | | | | |
| Land- Leasehold | 264.25 | - | - | 264.25 | 36.35 | 2.77 | - | 39.12 | 225.13 | 227.90 |
| Freehold | 0.49 | - | - | 0.49 | - | - | - | - | 0.49 | 0.49 |
| Buildings | 5,369.78 | 24.27 | - | 5,394.05 | 1,457.27 | 178.94 | - | 1,636.21 | 3,757.84 | 3,912.51 |
| Improvement to Leasehold Premises | 3,211.09 | 48.35 | - | 3,259.44 | 2,577.94 | 308.59 | - | 2,886.53 | 372.91 | 633.15 |
| Plant and Machinery | 4,352.15 | 336.46 | 31.11 | 4,657.50 | 3,958.93 | 161.32 | 31.11 | 4,089.14 | 568.36 | 393.22 |
| Furniture and Fixtures | 3,306.44 | 349.67 | 17.10 | 3,639.01 | 2,429.68 | 240.00 | 17.10 | 2,652.58 | 986.43 | 876.76 |
| Office Equipment | 2,705.89 | 217.16 | - | 2,923.05 | 2,103.58 | 349.46 | - | 2,453.04 | 470.01 | 602.31 |
| Motor Vehicles | 343.36 | 39.91 | 6.32 | 376.95 | 191.51 | 63.93 | 4.14 | 251.30 | 125.65 | 151.85 |
| Data Processing Equipment- Own use | 10,373.12 | 1,857.93 | 107.06 | 12,123.99 | 8,939.90 | 1,055.14 | 107.06 | 9,887.98 | 2,236.01 | 1,433.22 |
| Data Processing Equipments taken on Finance Lease | 989.31 | 111.97 | 300.77 | 800.51 | 759.10 | 224.56 | 300.30 | 683.36 | 117.15 | 230.21 |
| Exchange Fluctuation on Consolidation | | | | | | | | | 502.95 | 259.20 |
| Total | 30,915.88 | 2,985.72 | 462.36 | 33,439.24 | 22,454.26 | 2,594.71 | 459.71 | 24,579.26 | 9,362.93 | 8,720.82 |
| Previous year | 27,966.14 | *3054.46 | 104.71 | 30,915.88 | **19999.96 | #2550.35 | 96.05 | 22,454.26 | 8,720.82 | |

* Includes additions on acquisition of subsidiary in the United States of America and business acquisition in India - Rs. 963.38 lakhs (Refer Note 36)

** Includes additions on acquisition of subsidiary in the United States of America and business acquisition in India - Rs. 603.76 lakhs (Refer Note 36)

Includes Rs. 31.83 lakhs recognised in opening balance of retained earnings, based on transitional provision referred to in Schedule II to the Companies Act, 2013

11. b - Intangible Assets

| Assets | GROSS BLOCK | | | | DEPRECIATION/ AMORTISATION | | | | NET BLOCK | |
|---------------------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------|-------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------|----------------------|----------------------|
| | Cost as at March 31, 2015 | Additions/ Adjustment during the year | Deletions during the year | Cost as at March 31, 2016 | Accumulated Depreciation/ Amortisation as at March 31, 2015 | Depreciation/ Amortisation for the year the year | Depreciation/ Amortisation written back on deletions during the year | Accumulated Depreciation/ Amortisation as at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| Intangible assets : | | | | | | | | | | |
| Acquired: | | | | | | | | | | |
| Goodwill on acquisition | 1,276.29 | - | - | 1,276.29 | 158.81 | 255.26 | - | 414.07 | 862.22 | 1,117.48 |
| Software | 5,743.66 | 1,231.12 | - | 6,974.78 | 4,813.97 | 1,512.10 | - | 6,326.07 | 648.71 | 929.69 |
| Self Generated: | | | | | | | | | | |
| Technical Know-how | 583.15 | - | - | 583.15 | - | 194.90 | - | 194.90 | 388.25 | 583.15 |
| Goodwill on consolidation | 33,736.23 | - | - | 33,736.23 | 109.49 | - | - | 109.49 | 33,626.74 | 33,626.74 |
| Exchange Fluctuation on Consolidation | | | | | | | | | 12,175.21 | 9,757.35 |
| Total | 41,339.33 | 1,231.12 | - | 42,570.45 | 5,082.27 | 1,962.26 | - | 7,044.53 | 47,701.13 | 46,014.41 |
| Previous year | 29,016.56 | *12684.29 | 361.52 | 41,339.33 | 3,803.82 | 1,635.32 | 356.87 | 5,082.27 | 46,014.41 | |

* Includes additions on acquisition of subsidiary in the United States of America and business acquisition in India - Rs. 10,960.69 lakhs (Refer Note 36)

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| | 2016 | 2015 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| 12. Non-current Investments | | |
| Non-Trade | | |
| Quoted | | |
| Investment in equity instruments | | |
| 100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited | 0.02 | 0.02 |
| 100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in CESC Limited | 0.05 | 0.05 |
| 100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited | 0.04 | 0.04 |
| 100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited | 0.01 | 0.01 |
| 100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid up in Stel Holdings Limited | - | - |
| Nil (Previous year: 1,591) units of Prudential Financial Common Stock (face value of Rs. 0.45 each) | - | 77.82 |
| Nil (Previous Year : 144) units of Eastman Kodak Co (Face Value of Rs. 2.20 each) | - | 2.16 |
| | 0.12 | 80.10 |
| Unquoted | | |
| 100 (Previous year: 100) Equity Shares of Rs. 9 (Previous year:Rs. 9) each fully paid-up in Spencer & Company Limited consequent to the reduction in the paid up capital | 0.08 | 0.08 |
| | 0.20 | 80.18 |
| Aggregate amount of Quoted Investments | 0.12 | 80.10 |
| [Market Value Rs. 0.82 lakhs (Previous year: Rs. 87.13 lakhs)] | | |
| Aggregate amount of Unquoted Investments | 0.08 | 0.08 |
| | 0.20 | 80.18 |
| 13. Deferred Tax Asset (net) | | |
| The major components of the deferred tax asset are | | |
| Deferred Tax Asset | | |
| Depreciation | 747.46 | 508.13 |
| Provision for doubtful debts | 1,879.56 | 1,217.83 |
| Provision for expenses allowable on payment basis | 2,053.89 | 1,316.62 |
| Others | 540.30 | 144.13 |
| Deferred Tax Liability | | |
| Exchange difference | 751.09 | 470.09 |
| Others [Includes Rs.3,126.44 lakhs towards inventory reserve (Previous year: Rs.1,092.77 lakhs)] | 3,339.22 | 1,293.62 |
| | 1,130.90 | 1,423.00 |
| 14. Long-term Loans and Advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Capital Advances | 2.46 | 8.72 |
| Security and other deposits | | |
| - Considered good | 1,388.72 | 1,973.86 |
| Other Loans and Advances | | |
| Prepaid Expenses | 353.45 | 331.30 |
| Others | 885.32 | 324.03 |
| Taxes recoverable [taxes paid less provisions Rs.17,071.52 lakhs (Previous year: Rs. 19,117.22 lakhs) thereagainst] | 1,404.12 | 2,028.96 |
| | 4,034.07 | 4,666.87 |
| | 4,034.07 | 4,666.87 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| | 2016 | 2015 |
|---------------------------------------------------------------------------------------------------------------------|----------|--------|
| 15. Current Investments (valued at lower of cost or fair value) | | |
| Investments in Mutual Funds | | |
| 4,31,881 (Previous Year : NIL) units of ICICI Prudential Saving Fund Direct Growth | 956.00 | - |
| 23,997 (Previous Year : NIL) units of Religare Invesco Liquid Fund Direct Plan - Growth | 500.00 | - |
| 17,164 (Previous Year : NIL) units of Religare Invesco Ultra Short term Fund Direct Growth | 350.00 | - |
| 14,932 (Previous Year : NIL) units of SBI Magnum Insta Cash Fund Direct Plan Growth | 500.00 | - |
| 2,59,022 (Previous Year : 2,59,022) units of Birla Sun Life Savings Fund - Growth Direct Plan | 635.68 | 635.68 |
| 11,801 (Previous Year : NIL) units of Kotak Low duration Fund Direct Growth | 210.00 | - |
| Nil (Previous Year : 2,28,340) units of ICICI Prudential Flexible Income - Direct Plan Growth | - | 581.00 |
| 27,31,076 (Previous Year : Nil) units of DSP BlackRock Ultra Short Term Fund - Growth Direct plan | 300.01 | - |
| 3,737,312 (Previous Year: NIL) units of Franklin India Ultra short bond fund super institutional plan Growth Direct | 734.00 | - |
| Nil (Previous Year : 4,54,497) units of IDFC Money Manager Fund- Treasury Plan- Growth Direct Plan | - | 100.00 |
| Nil (Previous Year: 5,13,576) units of IDFC Ultra Short Term Fund -Growth-Direct Plan | - | 100.00 |
| 23,813 (Previous Year : 9,379) units of Reliance Money Manager Fund - Direct -Growth plan growth option | 500.00 | 180.00 |
| Nil (Previous Year : 4,214) units of SBI Magnum Insta Cash Fund Liquid Floater-Direct Plan -Growth | - | 100.00 |
| Nil (Previous Year: 19,610) units of Axis Banking Debt Fund- Direct -Growth | - | 250.00 |
| 7,22,678 (Previous Year: 7,22,678) units of HDFC High Interest Fund-Direct Plan-Short term Plan Growth | 200.00 | 200.00 |
| 21,13,582 (Previous Year: 21,13,582) units of ICICI Prudential Ultra Short term - Direct- Growth Plan | 300.00 | 300.00 |
| Nil (Previous Year: 30,075) units of Axis Liquid Fund- Direct Plan-Growth Plan | - | 465.00 |
| Nil (Previous Year: 1,89,978) units of Birla Sun Life Cash Plus Fund - Direct Plan- Growth Plan | - | 425.00 |
| 1,15,580 (Previous Year: 1,15,580) units of Birla Sun Life Treasury Optimizer Plan -Direct Plan-Growth Plan | 200.00 | 200.00 |
| 19,52,388 (Previous Year: 19,52,388) units of Franklin India Low Duration Fund Direct -Growth Plan | 300.00 | 300.00 |
| 1,51,415 (Previous Year: 1,51,415) units of Birla Sun Life Cash Manager-Direct Plan-Growth Plan | 502.00 | 502.00 |
| Nil (Previous Year: 18,268) units of LIC Nomura MF Liquid Fund -Direct Plan-Growth Plan | - | 458.00 |
| Nil (Previous Year: 33,986) units of ICICI Prudential Money Market Fund- Direct Plan-Growth Plan | - | 65.00 |
| 20,128 (Previous Year: 15,352) units of Kotak Floater Short Term-Direct Plan-Growth Plan | 500.00 | 352.00 |
| Nil (Previous Year: 61,88,018) units of Kotak Floater Long Term-Direct Plan-Daily Dividend-Reinvestment | - | 623.74 |
| 55,77,472 (Previous Year: 4,51,045) units of Kotak Treasury Advantage Fund-Direct Plan-Growth Plan | 1,283.48 | 100.00 |
| Nil (Previous Year: 20,955) units of Reliance Liquid Fund -Treasury Plan- Direct Plan-Growth Plan | - | 705.00 |
| Nil (Previous Year: 12,11,980) units of Sundaram Money Fund Direct Plan-Growth Plan | - | 353.00 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| | 2016 | 2015 |
|--------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 3,45,392 (Previous Year: 3,45,392) units of Reliance Medium Term Fund Direct Plan- Growth Plan | 100.00 | 100.00 |
| Nil (Previous Year: 9,08,917) units of UTI Banking & PSU Debt Fund-Direct Plan-Growth Plan | - | 100.00 |
| Nil (Previous Year: 12,992) units of SBI Treasury Advantage Fund Direct Plan-Growth Plan | - | 200.00 |
| Nil (Previous Year: 39,271) units of L&T Liquid fund-Direct Plan-Growth Plan | - | 743.00 |
| Nil (Previous Year: 8,903) units of L&T Cash Fund-Direct Plan-Growth Plan | - | 100.00 |
| 7,43,959 (Previous Year: 7,43,959) units of L&T Short Term Opportunities fund- Direct Plan- Growth Plan | 100.00 | 100.00 |
| 38,690 (Previous Year: 16,844) units of Tata Floater fund-Direct Plan-Growth Plan | 843.00 | 343.00 |
| 54,528 (Previous Year: 28,897) units of UTI Treasury Advantage fund-Institutional Plan- Direct Plan-Growth Plan | 1,041.00 | 531.00 |
| 5,93,718 (Previous Year: 5,93,718) units of UTI Short Term Income fund-Institutional Plan- Direct Plan-Growth Plan | 100.00 | 100.00 |
| | 10,155.17 | 9,312.42 |
| 16. Inventories | | |
| [See Note 1(u)] | | |
| Spare Parts in support of computer hardware maintenance contracts | 12,586.66 | 12,262.25 |
| [Goods in transit Rs. 72.22 Lakhs (Previous year: Rs. 292.03 Lakhs)] | | |
| | 12,586.66 | 12,262.25 |
| 17. Trade Receivables | | |
| (Unsecured) | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment: | | |
| Considered good | 13,139.62 | 98.13 |
| Considered doubtful | 3,048.45 | 1,892.34 |
| | 16,188.07 | 1,990.47 |
| Less : Provision for doubtful debts | 3,048.45 | 1,892.34 |
| (A) | 13,139.62 | 98.13 |
| Other Debts | | |
| Considered good | 41,134.90 | 45,290.22 |
| Considered doubtful | 458.16 | 111.70 |
| | 41,593.06 | 45,401.92 |
| Less : Provision for doubtful debts | 458.16 | 111.70 |
| (B) | 41,134.90 | 45,290.22 |
| Total (A+B) | 54,274.52 | 45,388.35 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| | 2016 | 2015 |
|---------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 18. Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Cash on hand | 7.96 | 7.00 |
| Balances with Banks : | | |
| In current accounts | 26,844.34 | 18,356.64 |
| Deposits with original maturity of less than three months | 1,380.26 | 1,236.20 |
| | 28,224.60 | 19,592.84 |
| Other Balances with Banks : | | |
| Unpaid dividend accounts | 208.37 | 124.75 |
| | 28,440.93 | 19,724.59 |
| 19. Short-term Loans and Advances | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Security and other deposits | 401.01 | 217.04 |
| Other Loans and Advances | | |
| Prepaid Expenses | 1,971.39 | 1,875.61 |
| Balances with Government Authorities | 1,100.04 | 1,045.42 |
| MTM gain/loss on forward contract | 833.32 | 367.82 |
| Others | 5,094.78 | 4,146.62 |
| Taxes recoverable {taxes paid less provisions Rs. 3,210.64 lakhs (Previous year: Rs. 2,552.59 lakhs) there against} | 1,315.32 | 1,020.45 |
| | 10,715.86 | 8,672.96 |
| 20. Other Current Assets | | |
| Accrued Income (Unbilled Services) | 23,528.98 | 16,848.66 |
| Interest accrued on deposits | 8.44 | 8.42 |
| Others | 176.51 | 184.16 |
| | 23,713.93 | 17,041.24 |
| 21. Other Operating Revenue | | |
| Provisions no longer required and credit balances written back (net) | 1,099.99 | 2,408.85 |
| Miscellaneous Income | 278.06 | 401.56 |
| | 1,378.05 | 2,810.41 |
| 22. Other Income | | |
| Dividend Income : | | |
| - On Current Investments | 104.84 | 295.18 |
| | 104.84 | 295.18 |
| Profit on sale of current investments - Non Trade | 306.93 | 347.66 |
| Profit on sale of fixed assets (net) | 8.53 | - |
| Others | 67.96 | - |
| Interest Income : | | |
| -On Deposits with banks | 194.82 | 154.33 |
| -On Others | 161.84 | 50.70 |
| | 356.66 | 205.03 |
| Exchange gain (net) [See note 1(m) and 1(n)] | 3,609.98 | 1,847.10 |
| | 4,454.90 | 2,694.97 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| | 2016 | 2015 |
|----------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 23. Employee benefits expenses | | |
| Salaries, Wages and Bonus | 1,31,382.97 | 1,14,847.45 |
| Contribution to Provident and other funds | 9,633.95 | 8,681.29 |
| Staff Welfare | 6,890.67 | 5,894.78 |
| Employee Stock Compensation Expense | 19.85 | 17.04 |
| | 1,47,927.44 | 1,29,440.56 |
| 24. Other Expenses | | |
| Travelling and conveyance | 10,906.02 | 7,959.46 |
| Cost of spare parts and outsourced services in support of computer hardware maintenance contracts | 6,537.81 | 8,495.70 |
| Cost of manpower hired | 35,107.54 | 33,084.82 |
| Recruitment Expenses | 702.69 | 624.77 |
| Training Expenses | 497.33 | 254.52 |
| Electricity and Power | 1,371.86 | 1,307.76 |
| Rent | 6,271.35 | 6,085.21 |
| Repairs and Maintenance to : | | |
| -Plant and Machinery | 318.39 | 251.22 |
| -Building | 1,523.77 | 1,547.86 |
| -Others | 666.38 | 670.08 |
| | 2,508.54 | 2,469.16 |
| Insurance | 1,402.78 | 1,419.07 |
| Rates and Taxes | 560.05 | 293.22 |
| Consumable Media | 851.24 | 618.66 |
| Legal and Professional Charges | 4,189.58 | 4,718.79 |
| Postage, Telephone and E-Mail | 2,400.85 | 1,975.96 |
| Stationery and Printing | 228.45 | 235.05 |
| Carriage, Freight and Octroi | 2,161.82 | 2,530.48 |
| Vehicle Running expenses | 276.08 | 234.26 |
| Advertisement and Publicity | 1,536.28 | 1,198.81 |
| Purchases of Licenses for Software Applications | 6,313.09 | 3,427.86 |
| Loss on Disposal of Fixed Assets (net) | - | 10.76 |
| Lease Rentals | 295.66 | 271.86 |
| Bad Debts written off | 246.78 | 613.98 |
| Directors' Fees | 45.18 | 19.81 |
| Directors' Commission | 328.67 | 280.00 |
| Provision for Doubtful Debts | 3,316.14 | - |
| Expenditure towards Corporate Social Responsibility (CSR) | 461.82 | 156.94 |
| Miscellaneous Expenses [Includes Donations made to an electoral trust Rs. Nil (Previous year : Rs. 134.00 lakhs)] | 2,193.52 | 1,870.15 |
| | 90,711.13 | 80,156.96 |
| 25. Finance costs | | |
| Interest Expense | 107.27 | 120.83 |
| Finance and other charges | 959.06 | 995.46 |
| | 1,066.33 | 1,116.29 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| | As at March 31, 2016 | As at March 31, 2015 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| 26 Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 2.46 lakhs (Previous year: Rs. 8.72 lakhs)] - Tangible Assets | 588.24 | 558.14 |
| 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. | 981.07 | 990.94 |
| Matters on which the Company is in appeal | 592.16 | 635.19 |
| (b) Sales Tax / Value Added Tax: | | |
| Claims against the Company regarding sales tax against which the Company has preferred appeals. | 252.41 | 253.03 |
| (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. | 223.61 | 211.94 |
| (e) Claims against the Company not acknowledged as debts. | 190.41 | 62.28 |

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.

The Nomination and Remuneration Committee of the Company approved the Employee performance Award Unit Plan, 2016 in its meeting held on January 18, 2016.

In accordance with the requirements of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 approval of the Shareholders was obtained by way of Postal Ballot. As at March 31, 2016 no Performance Award Units were allotted under this scheme.

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

| | 2015-16 | | 2014-15 | |
|-----------------------------|-------------------|-------------------------------------------|-------------------|-------------------------------------------|
| Particulars | Number of options | Weighted average exercise price in Rupees | Number of options | Weighted average exercise price in Rupees |
| Opening Balance | 1,24,690 | 76.08 | 1,94,718 | 77.68 |
| Exercised during the year | 63,412 | 72.61 | 63,854 | 83.18 |
| Cancelled during the year | 5,428 | 43.05 | 6,174 | 52.92 |
| Balance unexercised options | 55,850 | 83.24 | 1,24,690 | 76.08 |
| Exercisable at end of year | 55,850 | 83.24 | 1,24,690 | 76.08 |

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

| | 2015-16 | | 2014-15 | |
|-----------------------------|-------------------|-------------------------------------------|-------------------|-------------------------------------------|
| Particulars | Number of options | Weighted average exercise price in Rupees | Number of options | Weighted average exercise price in Rupees |
| Opening Balance | 10,67,830 | 185.23 | 15,16,560 | 158.00 |
| Granted during the year | 3,01,000 | 812.43 | 2,45,000 | 478.24 |
| Exercised during the year | 2,41,242 | 161.02 | 4,95,426 | 113.93 |
| Cancelled during the year | 97,606 | 278.94 | 1,98,304 | 231.04 |
| Balance unexercised options | 10,29,982 | 420.39 | 10,67,830 | 238.35 |
| Exercisable at end of year | 5,35,642 | 216.82 | 3,27,081 | 185.23 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

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 2016 | For year ended 31st March 2015 |
|------------------------------------------------------------------------------|--------------------------------------|-----------------------------------|
| Profit after taxation and minority interest (Rs. in lakhs) | 30,914.68 | 26,459.49 |
| Add: Employee stock compensation under intrinsic value method (Rs. in lakhs) | 19.85 | 17.04 |
| Less: Employee stock compensation under fair value method (Rs. in lakhs) | 274.50 | 212.66 |
| Profit after taxation as per fair value method | 30,660.03 | 26,263.87 |
| Earnings Per Share | Rs. | Rs. |
| Basic | | |
| -As reported | 69.54 | 60.25 |
| -Adjusted | 68.97 | 59.80 |
| Diluted | | |
| -As reported | 68.63 | 59.30 |
| -Adjusted | 68.06 | 58.86 |
| | For year ended 31st March 2016 | For year ended 31st March 2015 |
| The following assumptions were used for calculation of fair value of grants: | | |
| Risk-free interest rate (%) | 7.59% - 7.99% | 7.80% - 8.70% |
| Expected life of options (years) | 96 months | 96 months |
| Expected volatility | 36.18% - 42.28% | 40.80% - 41.40% |
| Dividend yield | 1.11% - 1.62% | 1.60% - 2.30% |

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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

Primary Segments - Business Segment

(₹ in lakhs)

| 2015-16 | AMS | IM | Products & Licenses | Unallocated | Total |
|-------------------------------------------|-------------|-----------|---------------------|-------------|-------------|
| Sales to External Customers | 2,17,961.01 | 53,467.36 | 24,997.94 | - | 2,96,426.31 |
| Segment Result | 41,764.69 | 2,997.20 | 712.25 | - | 45,474.14 |
| Interest and Finance cost | - | - | - | 1,066.33 | 1,066.33 |
| Unallocable Income(net) | - | - | - | 1,526.80 | 1,526.80 |
| Profit before Tax | 41,764.69 | 2,997.20 | 712.25 | (2,593.13) | 42,881.01 |
| Tax | - | - | - | 11,691.30 | 11,691.30 |
| Profit after Tax before Minority Interest | 41,764.69 | 2,997.20 | 712.25 | (14,284.43) | 31,189.71 |
| Profit after Tax | 41,764.69 | 2,997.20 | 712.25 | (14,559.46) | 30,914.68 |
| 2014-15 | AMS | IM | Products & Licenses | Unallocated | Total |
| Sales to External Customers | 1,86,063.24 | 53,496.60 | 23,207.97 | - | 2,62,767.81 |
| 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 |

Secondary Segment - Geographical Segment

| Segment Revenue by Geographical Location | 2015-16 | 2014-15 |
|------------------------------------------|--------------------|--------------------|
| United States of America | 2,28,653.31 | 2,00,052.23 |
| United Kingdom | 29,413.20 | 26,848.87 |
| Rest of the World | 38,359.80 | 35,866.71 |
| Total | 2,96,426.31 | 2,62,767.81 |

30 Related Party disclosures as per Accounting Standard 18

(i) Key Management Personnel

Dr. Ganesh Natarajan
Mr. Sandeep Kishore (with effect from January 12, 2016)
Mr. S. Balasubramaniam

(ii) Entity with common Key Management Personnel

Zensar Foundation

| Description of the nature of the transactions | Volume of transactions during | | Amount Outstanding as on 31st March | | | |
|------------------------------------------------------|-------------------------------|---------|-------------------------------------|---------|------------|---------|
| | 2015-16 | 2014-15 | 2016 | | 2015 | |
| | | | Receivable | Payable | Receivable | Payable |
| a) Remuneration to Key Management Personnel * | | | | | | |
| Dr. Ganesh Natarajan | 591.55 | 553.78 | - | - | - | - |
| Mr. Sandeep Kishore # | 254.35 | - | - | - | - | - |
| Mr. S. Balasubramaniam | 69.42 | 61.54 | - | - | - | - |
| Total remuneration of Key Management Personnel | 915.32 | 615.32 | - | - | - | - |
| b) Donation to Zensar Foundation | | | | | | |
| Total Donation | 317.00 | 115.00 | - | - | - | - |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

31 Lease Obligations

(A) Operating leases

The Company has operating leases for certain facilities and equipments. These lease arrangements expire over the next five years. Rental expense incurred by the Company under operating lease agreements totaled approximately Rs. 4,766.51 lakhs (Previous year Rs. 4,493.54 lakhs)

(₹ in lakhs)

| Future minimum lease payments in respect of non-cancellable operating lease | As at March 31, 2016 | As at March 31, 2015 |
|-----------------------------------------------------------------------------|----------------------|----------------------|
| Not later than one year | 2,205.69 | 2,806.47 |
| Later than one year and not later than five years | 3,536.31 | 4,096.57 |
| Later than five years | - | - |
| Total | 5,742.00 | 6,903.04 |

(B) Finance lease: Company as lessee

The Company has taken laptops and desktops under finance lease for a period of four years.

| | 2016 | 2015 |
|----------------------------------------------------|---------------|---------------|
| (a) Minimum lease rentals payable | | |
| Not later than one year | 137.45 | 220.23 |
| Later than one year but not later than five years | 82.87 | 167.44 |
| Later than five years | - | - |
| Total | 220.32 | 387.67 |
| (b) Present value of minimum lease payments | | |
| Not later than one year | 120.34 | 191.09 |
| Later than one year but not later than five years | 77.45 | 149.49 |
| Later than five years | - | - |
| Total | 197.79 | 340.58 |

| | 2016 | 2015 |
|----------------------------------------------------------------------------------------------------------|--------|--------|
| (c) Reconciliation of minimum lease payments and present value | | |
| Minimum lease rentals payable as per (a) above | 220.32 | 387.67 |
| Less: Finance charges to be recognized in subsequent periods | 22.54 | 47.09 |
| Present value of minimum lease payments payable as per (b) above | 197.78 | 340.58 |
| (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 | 2015 - 16 | 2014 - 15 |
|--------------------------------------------------------------------|-------------|-------------|
| a. Profits attributable to equity shareholders | 30,914.68 | 26,459.49 |
| b. Basic Earnings Per Share | | |
| Weighted Average No. of equity shares outstanding during the year. | 4,44,54,099 | 4,39,18,334 |
| Basic EPS (Rs.) | 69.54 | 60.25 |
| c. Diluted Earnings Per Share | | |
| Weighted Average No. of equity shares outstanding during the year | 4,44,54,099 | 4,39,18,334 |
| Effect of dilutive issue of stock options | 5,92,706 | 7,03,648 |
| Weighted average no. of equity shares outstanding for Diluted EPS | 4,50,46,805 | 4,46,21,982 |
| Diluted EPS (Rs.) | 68.63 | 59.30 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

33. Derivative instruments and unhedged foreign currency exposure

| Derivatives Outstanding as at the reporting date | Purpose | As at March 31, 2016 | As at March 31, 2015 |
|---------------------------------------------------|-------------------------------------|-----------------------------|-----------------------------|
| In US \$ (Equivalent approximate in Rs. lakhs) | Hedge highly probable forecast sale | 4,51,00,000.00 30,807.28 | 3,85,00,000.00 24,970.67 |
| In GBP £ (Equivalent approximate in Rs. lakhs) | Hedge highly probable forecast sale | 18,00,000.00 1,776.10 | - - |
| In ZAR R (Equivalent approximate in Rs. lakhs) | Hedge highly probable forecast sale | 50,00,000.00 224.82 | - - |

As of the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by derivative instruments or otherwise is Rs. 67,997.53 lakhs (Previous year: Rs. 53,197.18 lakhs)

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

| | As at March 31, 2016 | | As at March 31, 2015 | |
|----------------------------------------|-------------------------|---------------------------|-------------------------|---------------------------|
| | 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 | 30.44 | 549.13 | 12.11 | 206.15 |
| AUD | 24.31 | 1,238.42 | 9.83 | 467.30 |
| CHF | 0.26 | 18.10 | 0.04 | 2.49 |
| CNY | 3.85 | 39.51 | 1.79 | 18.08 |
| EUR | 2.22 | 167.50 | 0.39 | 26.58 |
| GBP | 27.12 | 2,589.13 | 20.02 | 1,851.40 |
| JPY | 191.97 | 113.24 | 191.97 | 100.11 |
| KES | 4,091.67 | 2,623.70 | 2.65 | 1.76 |
| SAR | 0.49 | 8.57 | - | - |
| SGD | 4.01 | 197.38 | 0.66 | 29.83 |
| USD | 833.72 | 55,235.44 | 767.86 | 47,994.79 |
| ZAR | 538.60 | 2,424.79 | 296.23 | 1,519.36 |
| Loans - Granted to subsidiaries | | | | |
| USD | 13.16 | 872.01 | 13.10 | 818.93 |
| JPY | 788.01 | 464.85 | 788.01 | 410.95 |
| Trade and other payables | | | | |
| AED | 35.24 | 635.71 | 30.67 | 521.91 |
| AUD | 4.25 | 216.77 | 4.06 | 193.06 |
| CHF | 0.04 | 2.68 | 0.01 | 0.84 |
| CNY | 0.10 | 1.07 | 0.10 | 1.05 |
| EUR | 1.72 | 129.45 | 1.72 | 115.89 |
| GBP | 0.16 | 14.88 | - | - |
| JPY | 3.69 | 2.18 | 3.69 | 1.93 |
| KES | 1,550.18 | 994.02 | 6.26 | 4.16 |
| SGD | 0.05 | 2.65 | 0.05 | 2.43 |
| USD | 24.67 | 1,634.44 | 10.60 | 662.60 |
| ZAR | 11.29 | 50.84 | 11.41 | 58.53 |
| Cash and Bank balances | | | | |
| USD | 56.25 | 3,726.66 | 8.29 | 518.39 |
| GBP | 5.01 | 478.58 | - | - |
| AED | 29.64 | 534.68 | 20.61 | 350.75 |
| AUD | 6.30 | 321.06 | 8.73 | 415.09 |
| KES | 123.90 | 79.45 | 41.56 | 27.60 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

34 Disclosure as per Accounting Standard – 29

| Particulars | 2015-16 | | | 2014-15 | | |
|------------------------|----------------------------|-------------------|--------------|----------------------------|-------------------|--------------|
| | Disputed Statutory Matters | Other Obligations | Total | Disputed Statutory Matters | Other Obligations | Total |
| Opening Balance | 27.25 | 63.50 | 90.75 | 32.25 | 55.34 | 87.59 |
| Additions | - | 7.96 | 7.96 | - | 11.66 | 11.66 |
| Utilisations | - | 7.55 | 7.55 | 5.00 | 3.50 | 8.50 |
| Closing Balance | 27.25 | 63.92 | 91.17 | 27.25 | 63.50 | 90.75 |

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:

| Particulars | 2015-16 | 2014-15 |
|-----------------------------------------------------|-----------------|-----------------|
| Contribution to Employees' Social Security Fund | 2,247.34 | 1,826.52 |
| Contribution to Employees' Family Pension Fund | 834.29 | 614.57 |
| Contribution to National Insurance of UK | 912.29 | 884.16 |
| Contribution to Employees' Superannuation Fund | 41.83 | 32.04 |
| Contribution to Employees 401 (K) Retirement Plan | 275.24 | 584.01 |
| Contribution to Central Provident Fund in Singapore | 30.29 | 41.61 |
| Contribution to Social Security in China | 51.71 | 92.16 |
| Contribution to Medicare Fund | 109.86 | 59.72 |
| Total | 4,502.87 | 4,134.79 |

(b) Defined Benefit Plans- Provident Fund

(i) Present Value of Defined Benefit Obligation

| | | |
|-----------------------------------------|------------|------------|
| Balance as at the beginning of the year | 17,100.00 | 14,134.00 |
| Interest Cost | 1,444.78 | 1,141.00 |
| Current Service Cost | 1,116.47 | 1,828.00 |
| Employee Contribution | 2,152.70 | 1,043.00 |
| Liability Transferred In | 1,093.57 | 479.00 |
| Liability Transferred Out | - | - |
| Benefit Paid | (1,976.63) | (1,525.00) |
| Actuarial (Gains)/Losses On Obligations | - | - |
| Balance as at the end of the year | 20,930.89 | 17,100.00 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| Particulars | 2015-16 | 2014-15 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| (ii) Fair value of Plan Assets | | |
| Balance as at the beginning of the year | 17,276.00 | 14,134.00 |
| Expected Return on Plan Assets | 1,444.58 | 1,141.00 |
| Contributions by the Company | 3,269.17 | 2,872.00 |
| Transfer From Other Company | 1,093.51 | 479.00 |
| Transfer to Other Company | - | - |
| Benefit Paid | (1,976.76) | (1,525.00) |
| Actuarial Gains/(Losses) On Plan Assets | 117.99 | 175.00 |
| Balance as at the end of the year | 21,224.49 | 17,276.00 |
| (iii) Assets & Liabilities recognised in the balance sheet | - | - |
| (iv) Expenses recognised in the Statement of Profit and Loss | | |
| Current Service Cost | 1,116.47 | 1,828.00 |
| Interest Cost | 1,444.78 | 1,141.00 |
| (Expected Return on Plan Assets) | (1,444.78) | (1,141.00) |
| Surplus Utilised | - | - |
| Interest Shortfall | - | - |
| Total Expenses recognised in the Statement of Profit and Loss | 1,116.47 | 1,828.00 |
| (v) As at 31st March, 2016 and 31st March 2015, the plan assets have been primarily invested in securities of Central Government of India, State Government and Bonds | | |
| (vi) Actuarial Assumptions : | | |
| Discount Rate | 7.86% | 7.92% |
| Expected Rate of Return on Plan Assets | 8.80% | 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

| Particulars | For year ended 31st March 2016 | For year ended 31st March 2015 |
|----------------------------------------------------------|--------------------------------------|-----------------------------------|
| Balance as at beginning of the year | 4,636.76 | 2,928.39 |
| Interest Cost | 367.23 | 274.98 |
| Past Service Cost | - | - |
| Current Service Cost | 1,012.41 | 579.80 |
| Liability transferred in /acquisition (Refer Note No 36) | - | 245.46 |
| Curtailment Cost/(Credit) | - | - |
| Settlement Cost/(Credit) | - | - |
| Benefits Paid | (370.79) | (378.99) |
| Actuarial (Gain)/Loss | 337.48 | 987.12 |
| Balance at end of the year | 5,983.09 | 4,636.76 |
| (ii) Fair value of Plan Assets | | |
| Balance as at beginning of the year | 3,242.31 | 2,982.12 |
| Expected Return on Plan Assets | 256.79 | 280.02 |
| Actuarial Gain/(Loss) | 114.79 | (19.83) |
| Contributions | 2,185.17 | 378.99 |
| Benefits Paid | (370.79) | (378.99) |
| Balance at end of the year | 5,428.27 | 3,242.31 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

(₹ in lakhs)

| Particulars | For year ended 31st March 2016 | For year ended 31st March 2015 |
|-----------------------------------------------------------------------|--------------------------------------|-----------------------------------|
| (iii) Assets & Liabilities recognised in the balance sheet | | |
| Present Value of Defined Benefit Obligation | 5,983.09 | 4,636.76 |
| Less : Fair Value of Plan Assets | 5,428.27 | 3,242.31 |
| Net Asset/Liability recognised in the Balance Sheet | 554.82 | 1,394.45 |
| Recognised under: | | |
| Short Term Provisions (Refer Note No 10) | 554.82 | 1,394.45 |

Note: The Company maintains gratuity fund, which is been administered by LIC. Fund value confirmed by LIC as at 31st March, 2016 is considered to be the fair value.

| | | |
|---------------------------------------------------------------------|----------|----------|
| (iv) Expenses recognised in the Statement of Profit and Loss | | |
| Current Service Cost | 1,012.41 | 579.80 |
| Interest Cost | 367.23 | 274.98 |
| Expected Return on Plan Assets | (256.79) | (280.02) |
| Net actuarial (Gain)/Loss | 222.69 | 1,006.95 |
| Total Expenses recognised in the Statement of Profit and Loss | 1,345.54 | 1,581.71 |

(v) As at 31st March, 2016 and 31st March, 2015, 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 | | |
| Actual return on plan assets | 371.58 | 260.19 |

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

| Particulars | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|-------------------------------------------|----------|----------|----------|----------|----------|
| Defined Benefit Obligations | 5,983.09 | 4,636.76 | 2,928.39 | 2,521.62 | 2,309.32 |
| Plan Assets | 5,428.27 | 3,242.31 | 2,982.12 | 2,539.85 | 2,001.04 |
| (Surplus)/ Deficit | 554.82 | 1,394.45 | (53.73) | (18.23) | 308.28 |
| Experience Adjustment on plan Liabilities | 288.08 | 342.79 | (165.90) | (180.62) | 97.44 |
| Experience Adjustment on plan Assets | 114.79 | (19.83) | 32.73 | 60.43 | (40.24) |

(ix) Actuarial Assumptions

| Particulars | For year ended 31st March 2016 | For year ended 31st March 2015 |
|----------------------------------------|--------------------------------------|-----------------------------------|
| Discount Rate | 7.86% | 7.92% |
| Expected Rate of Return on Plan Assets | 7.86% | 7.92% |
| 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 | | |
| Gratuity | 1,719.97 | 1,314.50 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

36 Acquisition of Subsidiary in the United States of America and Business Acquisition in India

During the Financial Year 2014-15, the Company, through its wholly owned subsidiary, Zensar Technologies, Inc. acquired 100% equity interest in Professional Access Limited vide agreement dated August 14, 2014 and also 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 previous 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 Rs. 18,862 lakhs and Profit before tax of Rs. 4,006.61 lakhs) and are therefore not comparable with figures of the current 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 had ceased its operations effective March, 31 2014 and had 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 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 (Rs. in lakhs) | As % of consolidated profit or loss | Amount (Rs. in lakhs) |
| Foreign Subsidiaries | | | | |
| 1. Zensar Technologies Inc. [ZTI] | 20.6% | 31,620.82 | 18.2% | 5,690.98 |
| -PSI Holding Group, Inc. | 0.2% | 353.38 | -0.1% | (19.13) |
| a. Zensar Technologies IM, Inc (formerly known as Akibia, Inc.) | 8.5% | 13,022.91 | -4.2% | (1,323.75) |
| b. Aquila Technology Corp. | 0.6% | 853.15 | 0.2% | 70.77 |
| c. Zensar Technologies IM, B.V. (formerly known as Akibia B.V.) | 0.8% | 1,248.53 | 0.2% | 58.77 |
| -Professional Access Ltd. | 0.8% | 1,177.23 | 0.8% | 248.13 |
| 2. Zensar Technologies (Singapore) Pte Ltd | 0.6% | 906.57 | 0.6% | 184.61 |
| 3. Zensar Technology (Shanghai) Company Limited | -0.1% | (117.96) | 0.0% | (13.95) |
| 4. Zensar Technologies (UK) Limited [ZT (UK)] | 5.9% | 9,014.45 | 8.4% | 2,610.85 |
| 5. Zensar (Africa) holdings (Pty) Ltd. | 0.0% | 52.40 | 0.0% | (0.29) |
| - Zensar (South Africa) (Pty) Ltd. | 0.9% | 1,343.88 | 3.5% | 1,100.13 |
| Minority Interest in Foreign Subsidiaries | | | | |
| 1. Zensar (South Africa) (Pty) Ltd | 0.3% | 391.10 | 0.9% | 275.03 |

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2016 (Contd.)

39 Tax Expense for the year ended March 31, 2016 and March 31, 2015 is net of excess provision for earlier years written back - Rs. 1,120.31 lakhs and Rs. 174.05 lakhs respectively.

40 Reclassification

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

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: April 22, 2016

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

H.V. Goenka
Chairman
DIN: 00026726

S. Balasubramaniam
Chief Financial Officer

Place: Mumbai
Date: April 22, 2016

Sandeep Kishore
Managing Director & CEO
DIN: 07393680

Nilesh Limaye
Company Secretary

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| Age Group | Percentage |
|-----------|------------|
| 18-24 | 10% |
| 25-34 | 15% |
| 35-44 | 20% |
| 45-54 | 25% |
| 55-64 | 30% |
| 65-74 | 35% |
| 75-84 | 40% |
| 85+ | 45% |

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 53RD 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 WEDNESDAY, 20TH DAY, OF JULY, 2016 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, 2016 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, 2016 and the Auditors' Report thereon.

Item No. 2 – Approve the payment of Interim Dividend paid during the year 2015-16.

To confirm payment of First and Second Interim Dividends for the financial year ended 31st March, 2016.

Item No. 3 – Re - appointment of Mr. Arvind Agrawal.

To appoint a Director in place of Mr. Arvind Agrawal (DIN 00193566), who retires by rotation, and being eligible, offers himself for re-appointment. Members are requested to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to provisions of Section 152 and other applicable provisions of the Companies Act 2013, the approval of the members of the Company be and is hereby accorded to the reappointment of Mr. Arvind Agrawal as a Non-executive Director liable to retire by rotation.

Item No. 4 – Appointment of Auditors.

To appoint M/s Price Waterhouse, Chartered Accountants 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. Members are requested to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder as amended from time to time, pursuant to the recommendation of the Audit Committee and the Board of Directors, approval of the Members of the Company be and is hereby accorded for appointment of M/s Price Waterhouse, Chartered Accountants having ICAI Firm Registration No.301112E as auditors of the company to hold the office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting for conducting audit of financial statements of the company for financial year 2016-17 and Board / Audit Committee is authorised to fix the remuneration in consultation with the Auditors.

SPECIAL BUSINESS

Item No. 5 – Cancellation of ungranted Stock Options from 2002 Employees Stock Option Plan.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution

RESOLVED THAT pursuant to Companies (Share Capital and Debentures) Rules, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and including any statutory modification(s) or re-enactment(s) thereof, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be required, and subject to such conditions or modifications as may be prescribed, imposed or suggested while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board' which expression shall be deemed to include the Nomination and Remuneration Committee of the Board which has been authorised to exercise the powers conferred by this resolution), consent of the members be and is hereby accorded for cancellation of ungranted 2,00,000 number of Stock Options in 2002 Employees Stock Option Plan (2002 ESOP) of the Company

FURTHER RESOLVED THAT any Director of the Company, Mr. S. Balasubramaniam - Chief Financial Officer and Mr. Nilesh Limaye, Company Secretary be and is hereby authorised to take necessary steps for taking requisite approvals from Bombay Stock Exchange Limited and The National Stock Exchange of India Limited and/or any other Statutory or Governmental authority for delisting/cancellation of un granted 2,00,000 number of Stock Options of 2002 ESOP of the Company.

FURTHER RESOLVED THAT any Director of the Company, Mr. S. Balasubramaniam - Chief Financial Officer and Mr. Nilesh Limaye, Company Secretary be and are hereby severally authorized to do all such acts and deeds as may be required to give effect to this resolution.

Item No. 6 - Addition of Performance Award Units to Employee Performance Award Unit Plan 2016

To consider and if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution

RESOLVED THAT pursuant to Companies (Share Capital and Debentures) Rules, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and including any statutory modification(s) or re-enactment(s) thereof, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be required, and subject to such conditions or modifications as may be prescribed, imposed or suggested while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board' which expression shall be deemed to include the Nomination and Remuneration Committee of the Board which has been authorised to exercise the powers conferred by this resolution), consent of the members be and is hereby accorded to Increase the number of "Performance Award Units" in Zensar Technologies Limited – Employee Performance Award Unit Plan 2016 (EPAP 2016) by 2,00,000 number of Stock Options.

FURTHER RESOLVED THAT any Director of the Company, Mr. S. Balasubramaniam - Chief Financial Officer and Mr. Nilesh Limaye, Company Secretary be and is hereby authorised to take necessary steps for taking requisite approvals from Bombay Stock Exchange Limited and The National Stock Exchange and/or any other Statutory or Governmental authority for in principal listing for increased 200,000 number of Stock Options in "Performance Award Units" in EPAP 2016.

FURTHER RESOLVED THAT any Director of the Company, Mr. S. Balasubramaniam - Chief Financial Officer and Mr. Nilesh Limaye, Company Secretary be and are hereby severally authorized to do all such acts and deeds as may be required to give effect to this resolution.

By Order of the Board of Directors
NILESH LIMAYE
Company Secretary
Membership No A4075

Mumbai, 22nd April, 2016

Zensar Technologies Limited
Regd Office: Zensar Knowledge Park, Plot#4,
MIDC, Kharadi, Off Nagar Road, Pune-411014

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 MEMBERS HOLDING SHARES IN DEMATERIALISED FORM ARE REQUESTED TO KINDLY UPDATE THEIR BANK ACCOUNT DETAILS WITH THEIR RESPECTIVE DEPOSITORY PARTICIPANTS (DP). MEMBERS 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. Only registered Members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting. Corporate Members intending to send their representatives are requested to send a certified true copy of the Resolution authorizing the representative to attend and vote at the Annual General Meeting.
5. In terms of the Provisions of the Companies Act, 2013 and rules made thereunder and Articles of Association of the Company, Mr. Arvind Agrawal retire by rotation and being eligible offer himself for Re-appointment. A brief resume of Mr. Arvind Agrawal along with nature of his expertise are given herewith and forms part of the notice convening the Annual General Meeting.
6. 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: +91-22-67720300/400
7. Members are requested to bring their copy of the Annual Report with them to the Meeting.
8. 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.
9. The Company's Register of Members and Share Transfer Books will remain closed from 13th July, 2016 to 20th July, 2016 (both days inclusive).
10. Pursuant to the provisions of the Section 205A of the Companies Act, 1956, Company has transferred unpaid Dividend up to the year 2008 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 it Registrar and Share Transfer Agents.
11. Investors may address their queries/communications to investor@zensar.com and/or sharepro@shareproservices.com.
12. The Annual Report 2015-16 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 2015-16 are being sent by permitted mode.
13. To support the Green initiatives taken by Ministry of Corporate Affairs, Members are requested to register their Email Address with Depository Participant/Company so that all communications / documents can be sent in electronic mode.
14. 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) and 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
15. 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.

16. 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 forthwith.
17. 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
18. 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 53rd 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 17th July, 2016 (9:00 am) and ends on 19th July, 2016 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 13th July, 2016 that is the cut-off date, may cast their vote electronically. 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.
 - III. The Notice convening the Annual General Meeting along with Annual Report for the year 2015-16 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 13th July, 2016 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 17th July, 2016 (9:00 am) and ends on 19th July, 2016 (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 13 th July, 2016 and who have not updated their PAN with the Company/Depository Participant can send an email to companysecretarial@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 17th July, 2016 (9:00 am) and ends on 19th July, 2016 (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 | <ul style="list-style-type: none"> Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) |
| | <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. |
| | <ul style="list-style-type: none"> 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. |
| Dividend Bank Details | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. |
| OR Date of Birth (DOB) | If both 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). |

- 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 changed 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") e-voting Manual available at www.evotingindia.com, under help section or write an e-mail to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5 & 6:

Company in which no new stock options have been granted after the year 2008.

The Company now has launched Zensar Technologies Limited – Employee Performance Award Unit Plan 2016 (EPAP 2016) for which approval of the Members was obtained by way of Postal Ballot in March 2016.

The Company does not intend to grant any further stock options under 2002 ESOP and hence, it is proposed to cancel un granted 2,00,000 number of Stock Options in 2002 Employees Stock Option Plan (2002 ESOP) of the Company and to Increase the number of Performance Award Units in Zensar Technologies Limited – Employee Performance Award Unit Plan 2016 (EPAP 2016) by 2,00,000 and approval of the members is sought for the same.

The other terms and conditions with respect to 2002 ESOP and EPAP 2016 remains unchanged.

None of the Directors, KMPs and their relatives of the Company is concerned or interested in any way in this Resolution except to the number of Performance Award Units that may be granted to them in future from EPAP 2016.

ADDITIONAL INFORMATION:
DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT

BRIEF RESUME OF MR. ARVIND AGRAWAL

Currently serving as Non - executive Director on the Board of Zensar Technologies Limited and an IIM (Ahmedabad) Alumnus. He has vast experience of 33 years in HR, TQM, Corporate Strategy and General Management. He was awarded "National HRD Award" in 1992. He has been the "President" of the National HRD network during 2000-02. He has worked with reputed organisations such as IBP, Escorts, Modi Xerox.

Mr. Arvind Agrawal does not hold any shares in the company.

Mr. Arvind Agrawal and his relatives may be deemed to be interested in the resolution pertaining to his reappointment to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution.

Mr. Arvind Agrawal is currently Non-Executive Director on the board of the Company and Member of Nomination and remuneration Committee, Banking Committee, Stakeholders Relationship Committee and CSR Committee of the Board of Directors of the Company.

Mr. Arvind Agrawal holds Directorships in following Companies/Associations and does not hold position of Chairman/Member of Committees other than those mentioned above.

| Name of the Company | Designation |
|-----------------------------------------|--------------------|
| AFS Intercultural Programs of India Ltd | Director |
| Withya HR Fund Pvt Ltd | Director |
| Global HR Heads Partners LLP | Partner |
| Withya HR Fund LLP | Partner |

By Order of the Board of Directors
NILESH LIMAYE
Company Secretary
Membership No A4075

Mumbai, 22nd April, 2016

Zensar Technologies Limited
Regd Office: Zensar Knowledge Park, Plot#4,
MIDC, Kharadi, Off Nagar Road, Pune-411014



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 53rd Annual General Meeting of the Company to be held on the 20th day of July, 2016 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 (Ordinary Resolution)
2. Approve the payment of Interim Dividend paid during the year 2016-16 (Ordinary Resolution)
3. Re - appointment of Mr. Arvind Agrawal (Ordinary Resolution)
4. Appointment of Auditors (Ordinary Resolution)
5. Cancellation of ungranted Stock Options from 2002 Employees Stock Option Plan (Special Resolution)
6. Addition of Performance Award Units to Employee Performance Award Unit Plan 2016 (Special Resolution)

Signed this day of 2016

Signature of shareholder : _____

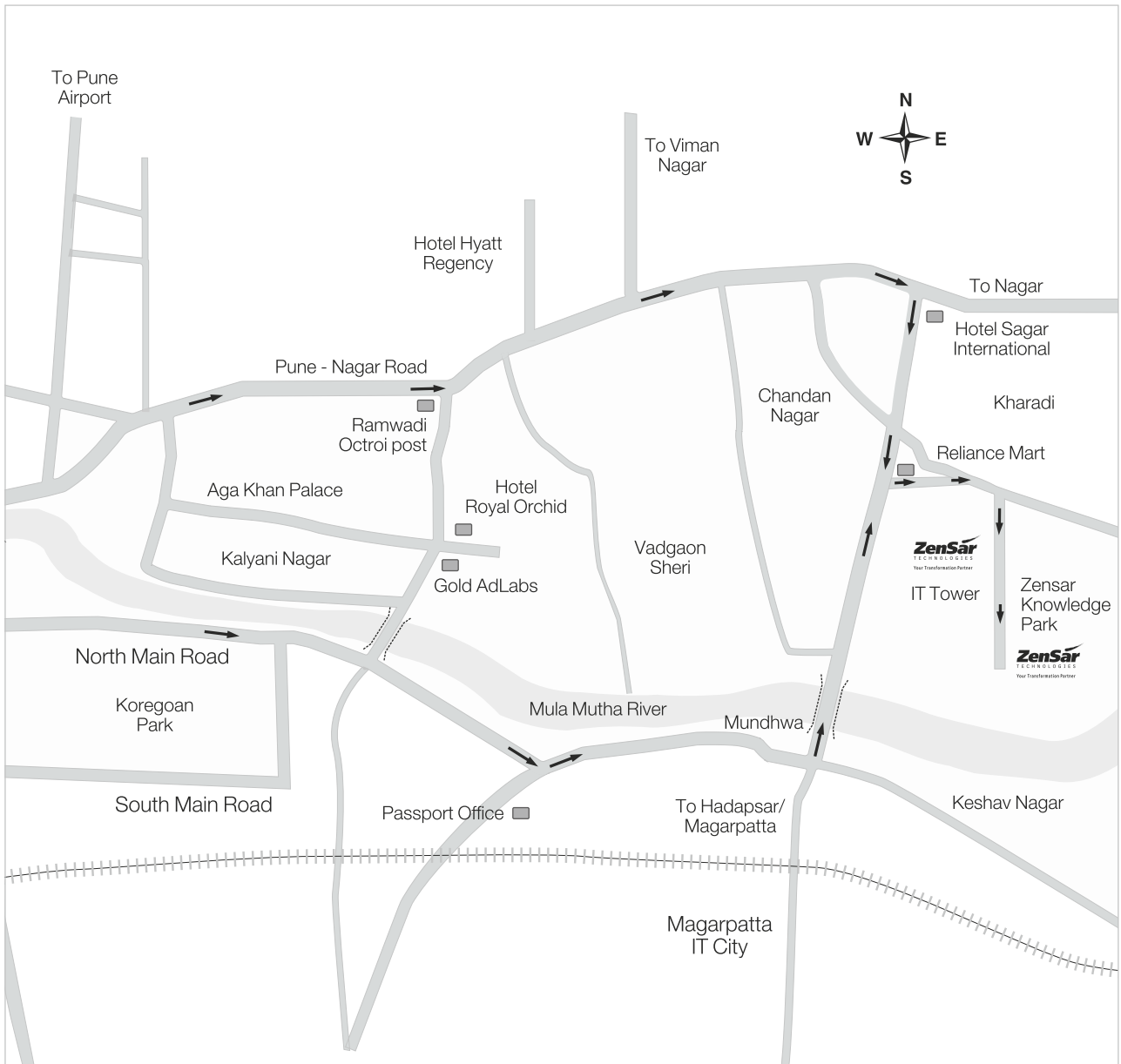
Signature of Proxy holder(s): _____

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

Route map to the venue of the AGM



Zensar Technologies Ltd., Zensar Knowledge Park, Kharadi,
Plot #4, MIDC, Off Nagar Road, Pune 411 014, India
Tel: +91(20)66074000, 27004000 Fax: +91(20)66074433



Your Transformation Partner

Zensar Technologies Limited

Zensar Knowledge Park, Kharadi, Plot # 4, MIDC,
Off Nagar Road, Pune - 411014, Maharashtra, India

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marcom@zensar.com | www.zensar.com