

Next Generation IT Enterprise Innovation

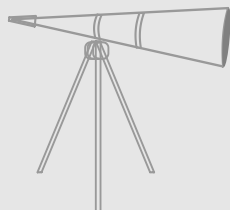
2011
ANNUAL REPORT

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

- Charles Darwin

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

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Vision

Transformation partners
to global corporations

Mission

Leveraging technology and
processes to help customers
attain their goals

Key financial highlights, 2010-11

1138.29

Turnover (Rs.Cr)

131.73

Post-tax profit (Rs.Cr)

14%

Operating profit (%)

29.14%

Return on capital
employed (%)

3.5

Dividend per
share (Rs.)

103

Book value
per share (Rs.)

0.53%

Debt equity ratio

Corporate Profile

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

Geographic Spread

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

Clientele

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

Highlights, 2010-11

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



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

Statement from Mr. Harsh Goenka, Chairman

Chairman's Note

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

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

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

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

Sincerely
Harsh Goenka

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



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

CEO's Note

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

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

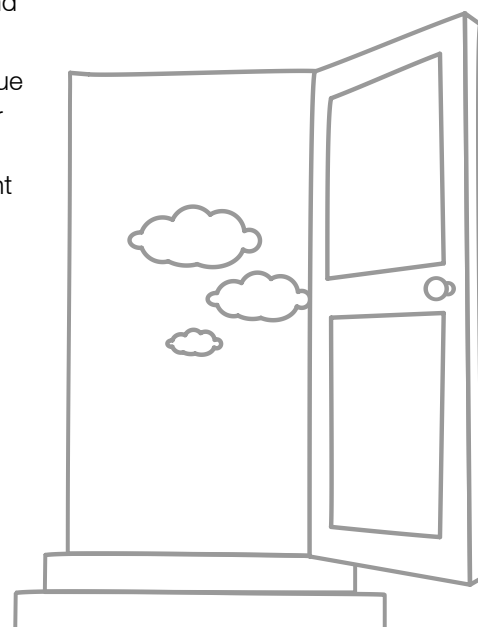
Zensar's success in the last decade has been the focus on Innovation and the outcomes have been rewarding for all stakeholders that Harvard Business School is now developing a new case study focused on this area. Our global delivery platform where centres in India, China, the USA and UK collaborate to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

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

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

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

Sincerely
Ganesh Natarajan



Leadership Team



Dr. Ganesh Natarajan
Vice Chairman and CEO



Vivek Gupta
Chief Executive, GTS and
Vice Chairman, Akibia



Nitin Parab
Chief Executive, EAS



Hiren Kulkarni
Head, BPO



Thomas Willson
Chairman, Akibia



Thomas Tucker
President and CEO,
Akibia



Krishna Ramaswami
Head, Strategic Services



S. Balasubramaniam
Chief Financial Officer



Gopalji Mehrotra
Head, Human Resources

Board of Directors

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman and CEO

Arvind Agrawal
Director

P. K. Mohapatra
Director

P. K. Choksey
Director

A. T. Vaswani
Director

John Levack
Director

Venkatesh Kasturirangan
Director

Niraj Bajaj
Director

Management Council

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

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

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

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

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

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

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

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

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

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

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

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

■ **Sandeep Suryavanshi**
CIO

Winning through Innovation

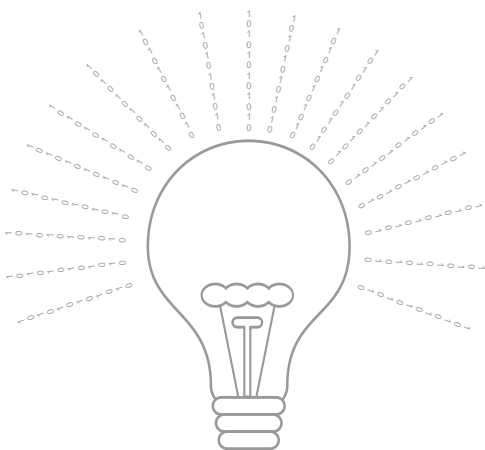
Over the years Zensar has been able to overcome the problems of a predominantly onsite model, technology focus and an undifferentiated value proposition that characterised most smaller software companies in the early part of this decade, to build a world class practice-based integrated offshore IT and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

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

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

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

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





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

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

Zensar: building a framework for innovation

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

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

Zensar: turning market trends into strategic advantages

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



Nitin Parab
Chief Executive -
Enterprise Application
Services

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



Hiren Kulkarni
Head - Business
Process Outsourcing

Zensar: The quest for process optimisation

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



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

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

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

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

At Zensar, we tap the best talent around the world to drive innovation and results for clients



Gopalji Mehrotra
Head, Human Resources

Zensar: Championing sustainable and responsible entrepreneurship in the organisation

Over the past decade in Zensar, associates' commitment to innovation has been the key driver of growth. While engaging with leading businesses across the world, Zensar provides its people with numerous opportunities of growth across all levels through specifically drawn career paths and alternatives for cross functional growth, building an environment that is stimulating with high levels of motivation, empowerment and recognition. Unique to Zensar, the Vision Community is an inclusive platform that invites ideas and thoughts for the advancement of the company from all the associates across the organisation, and this has been chosen to be the subject of a case study by the Harvard Business School this year.



S. Balasubramaniam
Chief Financial Officer

At Zensar, our greatest efforts have been to focus on innovation and provide the highest level of customer service while controlling costs and improving efficiency

Zensar: Comprehensive strategy to maximize success by accelerating business growth, increasing efficiency and mitigating risk

Anticipating the future requirements of any organisation is difficult, but it is clear that we need to move away from a reactive approach, and start investing in a comprehensive strategy that addresses key issues such as attracting skilled talent, improve speed-to-market, manage risk and optimise processes while focusing on right innovations that gives us the edge to stay ahead in today's global markets.

Innovation - the ability to define and develop new products and services and deliver them to market - is the fundamental source of value creation in companies and an important enabler of competitive advantage. In this section, we provide our story of Innovation through the eyes of Zensarians and customers.

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Because of Zensar's cooperation, focus on success, and creative thinking, we actually increased the number of FTE's at Zensar by 16% last year. This increase was a direct result of the quality of work performed by Zensar associates, the ease of conducting business with Zensar, on-time delivery of our requested services, all at a cost that contributed to our tough cost management targets. Once again, Zensar met this challenge. We wish to recognise Zensar for their superior efforts in meeting our challenge to them. Today, we are a stronger company due, in part, to this strong relationship.

One of the leading manufacturing and technology companies in the US,
customer with Zensar

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The Zensar Applications and Infrastructure Support Team is the key element in the provision of high quality IS services, business systems and infrastructure enhancement and change management delivered to Fulcrum Group Holdings.

Phil Harper, Fulcrum, customer with Zensar for over eight years

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Stakeholders Speak

The Zensar team was flexible in providing the necessary audit trail given our strict requirements in documentation given that our company is in a SOX and FDA environment. Also notable was Zensar's understanding of end user-requirements and the successful development of those requirements. Post implementation support was also very helpful and timely. I would definitely use Zensar again for any new implementation projects, and I would be happy to recommend them to any colleagues looking for an implementation partner.

Rodrigo Baca, Dexcom, customer with Zensar

Zensar's customer focus distinguishes them from their competitors. They are extremely responsive; it's about us rather than their internal processes.

One of the leading fortune 100 insurance companies in the US, customer with Zensar

Striving for innovation in every service delivered distinguishes Zensar in its long standing relationship with Cisco. The automation of most operational processes is a given but the real value of Zensar is the ability to continuously innovative to optimize certain key business processes at Cisco. 'Spark' is a complete Web 2.0 platform used by the Offshore Delivery Center (ODC) to retain knowledge and is effectively used across all services and is one of our key differentiator for Cisco. 'Operations Portal'- a decision making advantage for Cisco's centralized support operations is completely built by the Zensar team. These solutions not only reduce cost but also improves the overall process efficiency.

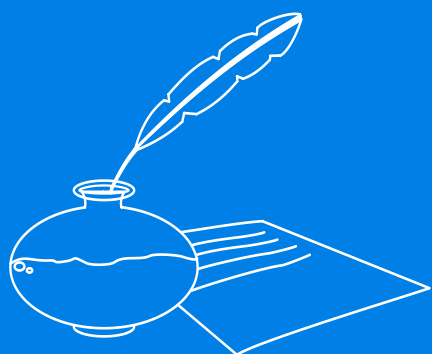
Ajit Pethkar - Cisco Offshore Delivery Center, has been with Zensar for over nine years now

At Zensar, it has been our strong endeavor to provide business - driven technology solutions to the Insurance industry worldwide. Zensar's Insurance vertical with its in-depth domain experience and extensive knowledge in technology, tools and methodologies has developed a wide array of innovative solutions using a unique technology framework - Solution Blue Print (SBP). The SBP framework is completely conceptualized and created by Zensar to help address today's complex business challenges in the Insurance world. Insurance specific solutions like Multichannel Platform on the cloud, SOA framework and Compliance Enabled Testing frameworks have been created to help insurers address issues like quick time-to-market in the most cost effective manner as well as meet compliance deadlines and risks.

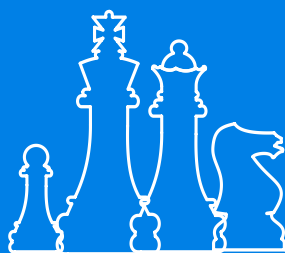
Satish Joshi - Insurance Vertical, has been with Zensar for over nine years now

At Zensar, we look at each opportunity to innovate and develop simpler processes to make them more responsive to the shifting needs of the customer. We have been able to automate frameworks to minimize manual intervention. With the human effort of software programming replaced by an automated framework, there is a significant reduction in project time lines, effectively reducing costs. With automated processes, it is easier to gain a holistic view of the software solution and to identify transformational opportunities.

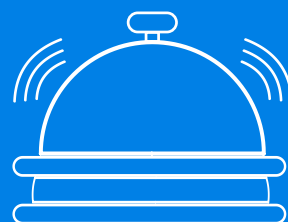
Nupur Mittal - Technology Innovation Group, has been with Zensar for over four years now



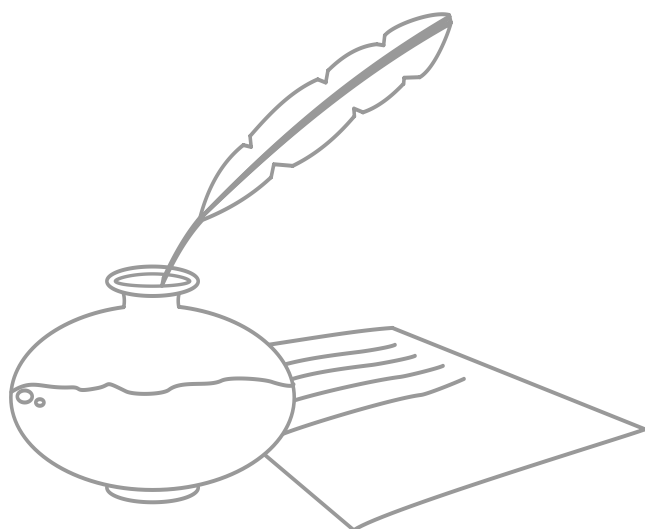
Director's Report 2010-11



Corporate Governance



**Management Discussion
and Analysis**



Director's Report 2010-11

Dear Shareholders

Your Directors are pleased to present their 48th Annual Report together with the Audited Accounts for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS:

The Financial Results for the year are as under:

Zensar Technologies Limited

(Rs. Crore)

	Year ended 31st March 2011	Year ended 31st March 2010
Income from operations	567.00	497.08
Miscellaneous Income	24.82	8.15
Total	591.82	505.24
Profit Before Taxation	86.23	86.59
Profit After Taxation	88.48	84.15
Proposed Dividend	15.16	11.87
Transfer to General Reserves	75.00	75.00

Zensar Technologies and Subsidiaries (Consolidated)

(Rs. Crore)

	Year ended 31st March 2011	Year ended 31st March 2010
Income from operations	1138.29	952.76
Miscellaneous Income	28.37	8.28
Total	1166.66	961.03
Profit Before Taxation & Minority Interest	150.12	149.15
Profit After Taxation and before Minority Interest	131.73	127.26
Minority Interest	0	(0.30)
Profit After Taxation	131.73	127.56

FINANCIAL RESULTS

During the financial year 2010-11, your Company recorded total income of Rs. 591.82 Crore comprising Income from Software Development and Allied Services of Rs. 567.00 Crore, and other income of Rs. 24.82 Crore. The Company recorded a net profit of Rs. 88.48 Crore reflecting a growth of 5%.

On a consolidated basis, your Company has maintained steady growth with Total income of Rs. 1166.66 Crore comprising Income from Software Development and Allied Services of Rs. 1138.29 Crore and other income of Rs. 28.22 Crore. The Consolidated Profit after Taxation was Rs. 131.73 Crore reflecting an increase of 3%.

BUSINESS UPDATE

The global economic downturn of the past year had an effect on the GDP growth and employment in developed markets. However, based on pent-up demand from the corporate sector and return of discretionary spending, there was a surge in IT spending across markets, both traditional and emerging.

In this environment, your company continued to retain its position as a leading global organization in 2010, by increasing its competitiveness through focus on innovation, emerging markets and non linear growth strategies. Zensar was ranked amongst India's top 20 software companies by NASSCOM, which was possible due to the development of a set of factors unique to Zensar that has multiplied the Company's value proposition manifold. While the cost advantage that Zensar offered to its customers remained as a constant, your company continued to focus on customer's business through unmatched service delivery across multiple geographies. With customers also pushing for more collaborative contracts where there is business metric performance measurement and greater risk-reward sharing, Zensar continued to be driven by the need to bring in strategic benefit to clients.

In the year - your company has continued to focus on cost control and efficiency measures as customers continued to evaluate how investments in IT impact can further business goals - ROI led transformation - was a hallmark of most large contracts in the year. Services such as virtualisation, consolidation, and managed services that focus on ROI in the short term continued to drive opportunities for Zensar. Your company continued to focus on alternative IT models - Cloud, on-demand services and SaaS - in order to reduce hardware infrastructure costs and provide scalability on demand for customers across segments.

In keeping with the trend in the global IT-BPO industry your Company focused on multiple parameters such as Markets, Service Offerings and Innovation. Growth in the

next two years is expected to be driven by new markets in SMBs, public sector and government-influenced entities in India and SAARC region which will become a priority customer base. Service Offerings that are high-end, deeply embedded in customer value chains and delivery is expected to become location-agnostic leading to new opportunities such as design services in manufacturing, Remote Infrastructure Management, etc. Driven by the focus that your company has on expertise and intellectual property, offerings are also expected to shift from piecemeal, technology-centric applications to a range of integrated solutions and higher-end services, spanning new service lines.

Your company is well placed to tap potential in the SMB sector and new verticals (Healthcare, Utilities, Transportation), with their experience in emerging markets, mature service capabilities, global footprint and talent pool. Suitably exploiting these emerging opportunities both in the global and domestic markets can help Zensar double its revenue in 2 years. The emerging markets of India, South Africa, Middle East, and Australia continue to be drivers of new business for the Company and amongst the new wins in these territories are, one of the world's largest insurance groups with over 60,000 employees and serving in more than 170 countries, one of the leading retailers in the Middle East with over 180 stores across the nation and the biggest retailer in South Africa and the brand of choice of the highest percentage of South Africans consumers.

Your company has also seen expansion of Zensar's Global Delivery Platform to cater to the growing demand of innovative technology business solutions. Your company also launched its first Intellectual Property Showcase Centre in Delhi to bring the complete range of transformation services and easily deployable solutions to Indian customers. Additionally, a third center in Hyderabad was also launched to help support and develop solutions for both Global and Local customers.

The company's expansion into cloud computing, analytics and new geographic markets has provided for significant opportunity for revenue growth. The development and execution of its end to end service capabilities ranging from Applications Development and Maintenance, Enterprise Services including package implementation, support and business intelligence, Transaction Processing and Strategic Services like Consulting, Testing and Infrastructure Management and end-to-end process optimisation for clients ranging from the Fortune 100 and FTSE 100 in US, UK and Asia to small start-ups in South Africa and the Middle East, has also helped in creating deep intellectual capital around vertical market adding to its specialization of creating enterprise applications for their customers.

Zensar acquired Akibia to build dual shore end-to-end capabilities for Zensar in Infrastructure Management and

Information Security solutions for American and European clients. This acquisition of Akibia furthers your company's mission to strengthen its position in the critical and fast growing Infrastructure Management and Information Security space by combining Zensar's Remote Infrastructure Management offshore services for global clients with Akibia's United States and European Data Center practice. This acquisition will significantly expand Zensar's addressable market and growth potential, broadening solutions Zensar provides to the rapidly growing Infrastructure markets. The combination will also expand Zensar's offering of mission-critical solutions to the enterprise customer. Adding the capabilities of Akibia will further enhance Zensar's customer base for Datacenter services while there is an equal opportunity to scale the Remote Infrastructure Management Services business using Akibia's large datacenter customer base. This enhanced capability will allow bidding for projects that involve multiple service lines. The acquisition of Akibia will also diversify Zensar's Information Security business by adding Akibia's system integration and consulting expertise in the fast growing network security, compliance and risk management markets.

The Company has launch an improved version of SmartShop™ a complete retail management software solution for emerging markets and has made it available as a packaged product, ready to install and use for the entire retailer spectrum- small store to medium/ large chain of outlets. Zensar has also introduced AutoZenics™ a web-enabled system that will enable SME clusters to take advantage of cloud computing capabilities. Other innovative solutions include the Supply Change Transaction Management (SCTM)-Xchange an online portal built for smooth document exchange and understanding between the enterprise and different suppliers, a multichannel insurance solution and Tzen a testing solution hosted on the cloud are the other innovations that the Company has built will be used to compete in a hyper-competitive global economy - based on analytics, e-business, automation and cloud -all of which are next generation business solutions for global enterprises. The Company's focus on long-term commitment of developing business relationships and uncovering radical shifts in business is the underlying philosophy behind these innovations.

In this year Zensar received accolades from all segments of the industry as an organization. Zensar - Akibia was awarded the Platinum-Level Partnership for Extreme Networks 2010 for the second year in a row. Your Company was awarded the Asia Responsible Entrepreneurship Awards (AREA) 'Investment in People Award 2010' by Enterprise Asia, a non-governmental organization in pursuit of entrepreneurship development across the region. The Company has also been awarded the Golden Peacock Award for Corporate Social Responsibility in 2011.

ACQUISITION

During the Financial Year 2010-11, Zensar Technologies Inc., USA, a wholly owned subsidiary of the Company acquired PSI Holdings Group Inc. a limited liability company incorporated in Massachusetts, US and its wholly owned subsidiaries namely (i) Akibia Inc, (ii) Aquila Technology Corp; and (iii) Akibia B.V (hereinafter collectively referred to as "AKIBIA Group").

AKIBIA Group is a conglomerate in the IT services space providing Data Center Management and Network Security Solutions. This acquisition will significantly expand Zensar's accessible market and growth potential, broadening solutions Zensar provides to the rapidly growing Infrastructure markets. The combination will also expand Zensar's offering of mission-critical solutions to the enterprise customer.

BONUS SHARES

During the Financial Year 2010-11, Company had issued 2,15,89,818 fully paid up equity shares as bonus shares in the ratio of 1:1 i.e. one new fully paid up equity share of Rs. 10/- each for every one fully paid up equity share of Rs. 10/- each by way of capitalization of reserves.

To accommodate the capitalization of reserves as mentioned above, the Authorised Capital of the Company was increased from Rs.30,00,00,000 (Rupees Thirty Crores) divided into 2,75,00,000 (Two Crores Seventy Five Lac) Equity Shares of Rs.10/- (Rupees Ten) each and 2,50,000 Preference Shares of Rs.100 each to Rs. 50,00,00,000 (Rupees Fifty Crores) divided into 4,75,00,000 (Four Crore Seventy Five Lac) Equity Shares of Rs.10/- (Rupees Ten) and 2,50,000 Preference Shares of Rs. 100 (Rupees Hundred) each.

DIVIDEND

In view of your Company's profitable performance, your Directors are pleased to recommend, for your approval, dividend on the enhanced capital at the rate of Rs. 3.50 per share on the Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2011. The Dividend, if approved by the shareholders in the ensuing Annual General Meeting would result in an outflow of Rs. 17.61 Crore including Dividend Distribution Tax, Surcharge and Cess thereon. The Dividend would be paid to those shareholder's whose names appear in the Register of Members on 13th July, 2011.

TRANSFER TO RESERVE

Your Directors propose to transfer a sum of Rs. 75.00 Crore to the General Reserve.

FIXED DEPOSITS

Currently, your Company does not have any Fixed Deposit Scheme.

DIRECTORS

Mr. A. T. Vaswani and Mr. Arvind Agrawal retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. Brief particulars of the Directors, their expertise in various functional areas are given in the notice convening the Annual General Meeting.

Mr. Niraj Bajaj was appointed Additional Director of the Company during the year. Mr. Bajaj's term expires on the date of the Annual General Meeting. The Company has received a Notice pursuant to the provisions of Section 257 of the Companies Act, 1956 for appointment of Mr. Niraj Bajaj as Director of the Company liable to retire by rotation.

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

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

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

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

Particulars regarding Foreign Exchange earnings and expenditure during the year are given in Note 16 and Note 17 of Notes to Accounts respectively. Particulars regarding R & D expenditure during the year are given in Note 25 of Notes to Accounts.

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

The Directors confirm that -

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) appropriate accounting policies have been selected and applied consistently and the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and the profit of the Company for the year ended 31st March 2011;

- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

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

SUBSIDIARY COMPANIES

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

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

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 various requirements under the said clause along with the practicing Company Secretary's certification thereof is provided in the corporate governance section of this report. In terms of the Listing Agreement, the Management Discussion and Analysis Report is annexed and forms a part of the Annual Report.

EMPLOYEES STOCK OPTION PLAN

Currently, the Company has two Employees Stock Option Schemes in force namely, "2002 Employees Stock Option Scheme" (2002 ESOP) and "2006 Employees Stock Option Scheme" (2006 ESOP) for granting Term based and performance based Stock Options to Employees. In the financial year 2010-11 Board of Directors approved

the adjustment in the exercise price and numbers of the outstanding stock options under 2002 ESOP and 2006 ESOP with a view to retain ESOP value consequent to issue of Bonus shares. Accordingly, numbers of outstanding stock options in both the schemes were increased by 100% and exercise price for each grant was reduced by 50%. Approvals from Stock exchanges were obtained in this connection.

In the financial year 2010-11, 1,05,105 numbers of equity shares were allotted under "2002 Employees Stock Option Scheme" and 32,996 numbers of equity shares were allotted under "2006 Employees Stock Option Scheme". The Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 in this respect are stated in Annexure C to this report.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a Certificate from the Auditors that they are qualified under Section

224(1B) of the Companies Act, 1956, to act as the Auditors of the Company, along with the confirmation that they have a valid certificate issued by the "Peer Review Board" of the Institute of Chartered Accountant of India (ICAI).

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

H.V. Goenka
Chairman

Place: Mumbai
Dated: 21st April 2011

Annexure A

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

A. RESEARCH & DEVELOPMENT (R&D)

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

Global Delivery Model/Solution Blue Print Development

Your Company conceptualized and built Solution Blueprint (SBP) - a Framework for automated software development, which continues to be a framework of choice for our associates in delivering solution to customers. The innovative features such as Global Delivery Model, Test Scenario Identification and Round Trip Engineering on Java platform have been instrumental in taking R&D efforts to the next level of maturity through the opportunity of building knowledge Base / Solution Services. The unique advantage of in-house capability building, including mutually beneficial partnerships, has been instrumental in exploring newer solution space for our delivery units. The resulting outcome has led to a possibility of exploration of registration of Intellectual Property created during the process of solving practical problems with Creativity and Innovation. Your company is happy to report that SBP community Edition version launched last year continues to attract open source community, enthusiast in increasing numbers all through the year.

Use of Open Source Technologies

Your company continues to leverage Open Source Technologies to create solutions for changing business needs and continues to be a preferred choice for cost effective solutions. With growing confidence in adopting such technologies your company has executed internal projects and also leveraged creating solutions using such technologies for the customer. Your Company continues to be a member of the very popular Open Source Eclipse platform.

Cloud Technology, SOA (Service Oriented Architecture) and Mobility

Your company continues to explore Cloud Technologies to address customers' needs and expectation in the solution space for Infrastructure-as-a-Service (IaaS) and Software-as-a-Service (SaaS) Model. Our Cloud hosted solution for in-house developed Testing tool TZen is one

such example. With Solution Architecture choices available through such new innovative approaches we continue to address current as well as future business needs of our customers and potential markets. Use and exploitation of Popular Cloud Platforms from open and paid sources has propelled our quest to further our in-depth knowledge and a step closer for us to be significant player in the chosen markets. Zensar has launched AutoZenics, a hosted ERP on cloud for use by Auto cluster SMB users on pay per use basis.

Service Oriented Architecture (SOA) framework for architecture solutions continues to be the focus area in addressing current customers' needs from multiple territories we operate in. With the specialty in implementing SOA solutions, your company has started leveraging experience gained, in Service oriented Analysis and Design centric work with a methodology driven solution and opportunity to create tool-kit of our choice. Our Experience in Modeling Technology through years of exploration is behind such innovative approaches.

Mobility, living up to the expectation of disruptive technologies, has opened newer markets for all players to address the different set of customers. The spread of this technology is fuelled by exponential growth of mobile web enabled devices across the world on scale of timeframe. Your company has invested in Mobile platform technologies and focuses on leading platforms as well as Open Source platform to build solutions to meet demands of changing business scenarios.

B. TECHNOLOGY ADOPTION AND ASSIMILATION

Development of IT Systems for internal use

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

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

Innovation Council

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

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING A PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

Sr. No.	Name of employee	Age	Gross salary	Designation	Qualification	Total Experience Years	Date of Joining	Details Of Previous Employer	
								Designation	Organisation name
1	Mr. Vivek Gupta *	48	3607672	Chief Executive-GTS	Btech	26	15-Jun-84	GM & Head Operations	ICIL(Zensar)
2	Mr. Narendra Makarand Joshi *	40	2305516	Asst Vice President & Head Delivery Unit	BE Computer Sc. & Engg.	19	20-Jun-94	Group Leader	Kirloskar Computer Services
3	Ms. Vajrayanti Nitin Deshpande *	53	2026925	Corporate Development Officer	CA	27	2-Jan-96	Manager- Finance	Thermax Limited
4	Dr. Ganesh Natarajan	54	9035581	Vice Chairman & CEO	BE (Mech), P.G(Ind Engg), Phd	31	1-Mar-01	Managing Director	Aptech Limited
5	Mr. Chandrabhushan M Kulkarni *	41	911941	Group Manager	BE	17	19-Apr-02	Programmer	Cognizant
6	Mr. Balasubramanian Visvanathan *	50	5006242	Executive Vice President	BE;PGDIE	27	5-Jan-04	Executive Director	Aptech Limited
7	Mr. Parimal Pandit *	42	3632168	Asst Vice President & Head Delivery Unit	BE	20	29-Jun-98	Sr.Officer Systems	Motor Industries Co. Ltd.,

*Employed for part of the year

Notes:

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

By Order of the Board

21st April 2011
Mumbai

H.V. Goenka
Chairman

Annexure C

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

Sr. No.	Description		
1	Name of the Scheme	2002 Employees Stock Option Scheme	2006 Employees Stock Option Scheme
2	Total number of options to be granted under the plan	2568631	1590804
3	Options Granted during the year	Nil	74,000
4	Pricing formula	The Compensation Committee decides exercise price for the Stock Options based on the market price i.e. the closing price on the Stock Exchange where trading volume is more on the previous day of the Compensation Committee Meeting held for granting of Stock Options. Compensation Committee may determine the Exercise Price at a premium or discount of a maximum of 20% on the market price.	The Compensation Committee shall determine the exercise price in respect of each grant of option. However, the exercise price shall be with premium or discount of a maximum of 20% on the market price as defined under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
5	Options vested as of 31st March 2011	334,109	564,636
6	Options exercised during the year	105,105	32,996
7	Total number of shares arising as a result of exercise of options till 31st March 2010	809,652	40,252
8	Options lapsed / cancelled during the year ¹	16,327	69,554
9	Variation of terms of options	During the year consequent to Issue of Bonus Shares the Number of outstanding Options were increased by 100% and exercise price was reduced by 50% to maintain the ESOP Value of Employees	During the year consequent to Issue of Bonus Shares the Number of outstanding Options were increased by 100% and exercise price was reduced by 50% to maintain the ESOP Value of Employees
10	Money realized by exercise of options during the year.	Rs. 8,395,550	Rs. 2,827,748
11	Total number of options in force at the end of the year	374,794	1,079,096
12	Employee-wise details of Stock Options granted to Senior Managerial Personnel as on 31st March 2011.	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. Balasubramaniam - 10,407*;	Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan - 200000; Mr. Vivek Gupta - 30,000; Mr. Nitin Parab - 30,000; Mr. V. Balasubramanian - 30,000*; S Balasubramaniam - 5000*; Pameela Kalive - 3000*, Krishna

Sr. No.	Description		
		Prameela Kalive - 1575; J Pardhasaradhi - 2100; Krishna Ramaswamy - 1575 *Of these, certain stock options have been exercised	Ramaswamy - 3000 *Of these, certain stock options have been exercised
13	Employees who were granted options amounting to 5% or more of the options granted during the year.	Nil	1. Kumar Gaurav - 24,000 2. K. Suvarchala Rao - 24,000 3. Gopalji Mehrotra - 30,000 4. Chakravardhan Vaddi - 30,000
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)	Rs.20.19	Rs. 20.19
16	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and EPS of the company shall also be disclosed.	The Company calculates the Employee Compensation Cost using the intrinsic value of the Stock Options. The difference between the Employee Compensation Cost computed as per Intrinsic Value method and Fair Value Method is Rs 0.12 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is 0.12 Crore and Re. 0.03 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 0.93 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is Rs 0.93 Crore and Re. 0.22 respectively.
17	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date	Weighted average exercise price of the options is Rs. 43.03 Weighted average fair value of the options is Rs. 36.15	Weighted average exercise price of the options is Rs. 38.87 Weighted average fair value of the options is Rs. 48.46
18	Description of the method and significant assumptions used during the year to estimate the fair values of options:	The Company has used the Black Scholes Model for estimating the Fair Value of the options. The Company has applied the following assumptions while computing the fair value: 1. Risk-free interest rate : 7.57 % 2. Expected life : 72 months 3. Weighted average of expected volatility : 47.54 % 4. Expected dividends : 2.21 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 354.34	The Company has used the Black Scholes Model for estimating the Fair Value of the options. The Company has applied the following assumptions while computing the fair value: 1. Risk-free interest rate : 7.57 % 2. Expected life : 72 months 3. Weighted average of expected volatility : 47.54 % 4. Expected dividends : 2.21 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 354.34

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

Annexure D

Disclosure under Regulation 3(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Name of the entities / Individuals / Persons coming within the definition of Group as defined under the Monopolies and Restrictive Trade Practice Act, 1969 are given hereunder:

COMPANIES

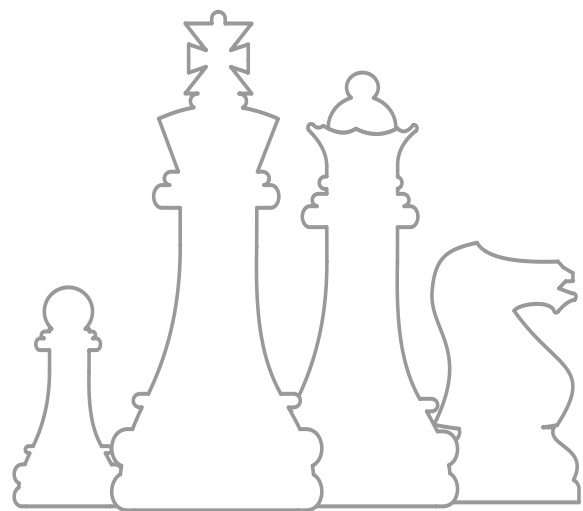
1	Accurate Commodore Private Limited	48	Puffin Investments Limited
2	Adapt Investments Limited	49	Rainbow Investments Limited
3	Adorn Investments Limited	50	Ritushree Vanijya Private Limited
4	Alipore Towers Private Limited	51	RPG Cellular Investments & Holdings Pvt Ltd
5	Allwin Apartments LLP	52	RPG Enterprises Limited
6	Amber Apartments Pvt Ltd	53	RPG Industries Pvt Ltd
7	Atlantic Holdings Limited	54	RPG Infrastructure Investment Private Limited
8	B N Elias & Company Pvt Ltd	55	RPG Life Sciences Ltd
9	Best Apartments Private Limited	56	SAREGAMA India Limited
10	Blue Niles Holdings Ltd	57	Secura India Trust
11	Brabourne Investments Limited	58	Sentinel Tea & Exports Limited
12	Carnival Investments Ltd	59	Shaft Investments Private Limited
13	CEAT Limited	60	Shri Krishna Chaitanya Trading Co Pvt Ltd
14	CESC Limited	61	Solty Commercial Private Limited
15	Chattarpati Investments Limited	62	South Asia Electricity Holdings Ltd
16	Crescent Power Limited	63	Spencer & Co Ltd
17	Crystal India Tech Trust	64	Spencer International Hotels Ltd
18	Dakshin Bharat Petrochem Private Ltd	65	Spencer's Travel Services Ltd
19	Doon Dooars Plantations Limited	66	Spencer's Retail Limited
20	Dotex Mercandise Private Limited	67	Spotboy Tracom Private Limited
21	Eastern Aviation & Industries Private Limited	68	Sri Parvathi Suthan Trading Co LLP
22	Ektara Enterprises Private Limited	69	Stellar Energy Trust
23	FGP Limited	70	Stylefile Events Limited
24	Goodhope Sales Private Limited	71	Summit Securities Ltd
25	Goodluck Dealcom Private Limited	72	Swallow Associates Ltd
26	Haldia Energy Limited	73	Tirumala Dealtrade Private Limited
27	Harrisons Malayalam Ltd	74	Trade Apartments Limited
28	Highway Apartments Private Limited	75	Ujala Agency Private Limited
29	Horizon Master Trust	76	Universal Industrial Fund Limited
30	Idea Tracom Private Limited	77	Vayu Udaan Aircraft Private Limited
31	Indent Investments Pvt Ltd	78	Wonder Land Limited
32	Instant Holdings Limited		
33	Integrated Coal Mining Limited		
34	KEC International Ltd		
35	Kestrel Investments Ltd.		
36	Kutub Properties Pvt Ltd		
37	Malabar Coastal Holdings Limited		
38	Monitor Portfolio Trust		
39	Noida Power Company Limited		
40	Nucleus Life Trust		
41	OffShore India Limited		
42	Organised Investments Ltd		
43	Pedriano Investments Limited		
44	Peregrine Enterprises Limited		
45	Petrochem International Ltd		
46	Phillips Carbon Black Limited		
47	Prism Estates Trust		

FAMILY MEMBERS

1	Sri Rama Prasad Goenka
2	Smt. Sushila Goenka
3	Sri. Harsh Vardhan Goenka
4	Smt. Mala Goenka
5	Sri. Sanjiv Goenka
6	Smt. Preeti Goenka
7	Sri. Anant Vardhan Goenka
8	Smt. Radha Goenka
9	Sri. Shashwat Goenka

HUF

1	Rama Prasad Goenka & Sons (HUF)
2	Harsh Anant Goenka (HUF)
3	Sanjiv Goenka & Others (HUF)
4	Anant Vardhan Goenka (HUF)



Corporate Governance

The Company's Corporate Governance Philosophy

Corporate Governance

Corporate governance is a system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the organization, such as the Board, executives, shareholders and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs. The aim is to align as nearly as possible the interests of individuals, corporations and society.

It is a Code of behavior that defines guidelines for the transparent management and control of companies. It creates transparency, strengthens confidence in the company management and in particular safeguards the Interest of the shareholders.

Corporate Governance at ZENSAR:

Zensar's core values consist of the following:

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

These are the keystones on which the framework of Corporate Governance is based to make Zensar a socially responsible citizen of business Community. The Company believes in complying with the legal requirements of Corporate Governance in true letter and spirit.

A report, in line with the requirements of the Listing Agreement executed with Stock Exchanges for the year ended March 31, 2011 is given below:

1. Board of Directors

A. Size and Composition of Board

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 which surpasses

the regulatory yardstick requiring 50% of independent Directors on the Board. Each of whom adds value and brings independent view in the decision-making process.

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

B. Board Meetings

The Board of Directors of the Company met Seven times during the Financial Year 2010-11 on 22nd April, 2010, 31st May, 2010, 15th July, 2010, 21st October, 2010, 22nd November, 2010, 16th December, 2010 and 17th January, 2011.

Composition of the Board and other Directorship/Membership of Committees held as on 31st March, 2011 along with Attendance of Board Meeting/AGM during the year are given below:

Sr. No.	Name of Director	Category	Date of Appointment	Attendance in Board Meetings during 2010-11	Attendance in last AGM	Other Boards /Committees		
						Director-ships*	Committee*	
							Member	Chairman
1	Mr. H.V. Goenka	Chairman Non Executive Director	04.09.01	7	No	8	Nil	Nil
2	Dr. Ganesh Natarajan	Vice Chairman and Managing Director	04.09.01	5	Yes	1	Nil	Nil
3	Mr. A.N. Agrawal	Independent Non Executive Director	29.01.02	7	No	1	Nil	Nil
4	Mr. P.K. Choksey	Independent Non Executive Director	24.04.80	6	Yes	1	1	Nil
5	Mr. Venkatesh Kasturirangan	Independent Non Executive Director	28.01.08	4	Yes	1	Nil	Nil
6	Mr. John Levack	Independent Non Executive Director	16.01.03	4	Yes	1	1	1
7	Mr. P.K. Mohapatra	Independent Non Executive Director	31.01.01	4	No	7	1	Nil
8	Mr. A.T. Vaswani	Independent Non Executive Director	09.02.96	7	Yes	2	2	1
9	Mr. Niraj Bajaj	Independent Non Executive Director	21.10.10	1	No	11	1	Nil

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

2. Audit Committee

A. Composition

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

B. Meetings

During the Financial Year 2010-11, eight meetings of the Committee were held on 21st April, 2010, 25th June, 2010, 15th July, 2010, 27th September, 2010, 21st October, 2010, 7th December, 2010, 17th January, 2011 and 25th February, 2011.

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

Name	No. of Meetings held during 2010-11	No. of Meetings Attended
Mr. A. T. Vaswani (Chairman)	8	8
Mr. P. K. Choksey	8	8
Mr. P. K. Mohapatra	8	6

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

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

C. Terms of Reference

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

The Committee, inter alia, performs the following functions:

1. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices, and reasons for the same;

- c. Major accounting entries involving estimates based on the exercise of judgment by management;
- d. Significant adjustments made in the financial statements arising out of audit findings;
- e. Compliance with listing and other legal requirements relating to financial statements;
- f. Disclosure of any related party transactions;
- g. Qualifications in the draft audit report.

5. Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Discussion with internal auditors regarding any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

3. Compensation Committee

A. Composition

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

B. Meetings

During the Financial Year 2010-11, two meetings of the Committee were held on 15th July, 2010 and 17th January, 2011

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

Name	No. of Meetings held during 2010-11	No. of Meetings Attended
Mr. P. K. Mohapatra (Chairman)	2	2
Mr. John Levack	2	2
Mr. Arvind Agrawal	2	2

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

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

D. Details of Remuneration of Executive Director

Dr. Ganesh Natarajan, Vice Chairman and Managing Director, is paid remuneration as per the terms recommended by the Compensation Committee, approved by the Board of Directors and Shareholders of the Company. Dr. Ganesh Natarajan had been appointed as Vice Chairman and Managing Director of the Company by the Members at the Annual General Meeting of the Company held on 27th July, 2006 for a term of 5 years, which concluded on 28th February 2010. The Board of Directors, subject to the approval of the members in General Meeting and such other approvals as may be required, approved the re-appointment of Dr. Ganesh Natarajan as Vice Chairman and Managing Director of the Company, with effect from 1st March, 2011 for a further term up to 31st January, 2015.

The remuneration, terms and conditions of the re-appointment of Dr. Ganesh Natarajan as Vice Chairman and Managing Director are as set out in the resolution passed by the Compensation Committee of the board of Directors of the Company on 17th January, 2011.

The remuneration of Dr. Ganesh Natarajan was revised with effect from 1st March, 2011 as follows:

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

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

Total remuneration paid to Dr. Ganesh Natarajan during the Financial Year 2010-11 was Rs. 0.90 Crore. A service agreement for the period 1st March, 2011 to 31st January, 2015 has been entered into with the Vice Chairman and Managing Director renewing his appointment. The said service agreement provides for terminating the employment by giving not less than Three months' notice, in writing, or by payment of Three months' basic salary in lieu of notice.

In the year 2006, Dr. Ganesh Natarajan was granted 2,00,000 nos. of performance based stock options under the "2006 Employee Stock Option Scheme". These Stock Options would be subject to performance based vesting over a period of 5 years commencing from one year after the date of grant. Consequent to issue of Bonus shares in 1:1 ratio, Compensation Committee of the Board of Directors approved the adjustment in the exercise price and numbers of the outstanding stock options under 2002 ESOP and 2006 ESOP with a view to retain ESOP value. Accordingly, with the approval of stock exchanges, number of outstanding stock options in both the schemes were increased by 100% and exercise price for each grant was reduced by 50%. As a result, as on the date of this report outstanding options are 3,22,800. Till date Dr. Ganesh Natarajan has exercised 70,000 Stock Options.

As of the date of this report, Dr. Ganesh Natarajan holds 6,27,058 nos. of Equity Shares of the Company.

E. Details of Remuneration of Non Executive Directors

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

Subject to the approval of members to be obtained by way of Special Resolution in the ensuing Annual General Meeting, the Board has proposed to pay commission not exceeding 1% of the net profits of the Company to the non executive directors in accordance with the provisions of the Companies Act, 1956 with effect from 1st April, 2010. The quantum of the said Commission payable to the non executive Director(s) shall be decided by the Board or any Committee thereof after receipt of members' approval in this regard.

F. Shareholding of Non-Executive Directors

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

4. Investor's Grievance and Share Transfer Committee

A. Composition

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

The Committee meets at regular intervals in order to facilitate prompt and effective redressal of shareholders' complaints. The Company in coordination with Registrars

and Share Transfer Agent takes all necessary steps for prompt redressal of all shareholder complaints and the Committee periodically reviews the reports of the same. With the intention of servicing the shareholders more expeditiously, the Committee has delegated the authority to approve transfers and transmissions up to 500 shares per transaction identified by a separate transfer number to Mr. S. Balasubramaniam, Chief Financial Officer and/or Mr. Nilesh Limaye, Company Secretary.

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

B. Meetings

During the Financial Year 2010-11, 12 Investor's Grievance and Share Transfer Committee meetings were held on 30th April, 2010, 26th May, 2010, 28th June, 2010, 30th July, 2010, 30th August, 2010, 29th September, 2010, 28th October, 2010, 29th November, 2010, 30th December, 2010, 31st January, 2011, 28th February, 2011 and 29th March, 2011.

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

Name	No. of Meetings held during 2010-11	No. of Meetings Attended
Mr. A. T. Vaswani	12	11
Mr. P. K. Choksey	12	12
Dr. Ganesh Natarajan	12	3

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

Particulars	Financial Year 2007-08	Financial Year 2008-09	Financial Year 2009-10
Date and Time	23rd July, 2008 at 12:00 Noon	24th July, 2009 at 12:00 Noon	13th July, 2010 at 12.00 Noon
Venue	Moolgaonkar Auditorium, A Wing, Ground Floor, MCCIA Trade Tower, International Convention Centre Complex, 403-A, Senatpati Bapat Road, Pune, 411016	Moolgaonkar Auditorium, A Wing, Ground Floor, MCCIA Trade Tower, International Convention Centre Complex, 403-A, Senatpati Bapat Road, Pune, 411016	Registered Office of the Company at Zensar Knowledge Park, Plot # 4, Kharadi MIDC, Off Nagar Road, Pune 411014

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

(i) In the Annual General Meeting held on 23rd July, 2008

(a) Alteration of Articles of Association of the Company.

(ii) In the Annual General Meeting held on 24th July, 2009

(a) None

(iii) In the Annual General Meeting held on 13th July, 2010.

(a) Alteration in Articles of Association.

C. Terms of Reference

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

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

5. Code of Conduct

The Board of Directors of the Company has laid down a Code of Conduct for all its Members and Senior Management personnel of the Company. The Directors and Senior Management have affirmed their compliance with the Code of Conduct.

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

Postal Ballot:

The Company conducted postal ballot to obtain approval of its shareholders under Section 293 (1) (a) of the Companies Act, 1956 by way of an Ordinary Resolution for creation of Equitable/Registered Mortgage on immovable assets of the Company. The Company had appointed Mr. S. V. Deulkar of S. V. Deulkar & Co. Company Secretaries, as Scrutinizer for conducting the postal ballot process in fair and transparent manner. The result of the postal ballot was declared on 18th March, 2011 wherein the Ordinary Resolution was declared passed with overwhelming majority by the shareholders.

Details of Voting Pattern:

Particulars	Details
Total No. of Postal Ballot Form received	781
No. of Shares	33,755,091
Percentage to Total Equity Share Capital	77.98
No. of Invalid Postal Ballots	71
No. of Shares	25,561
Total No. of Valid Postal Ballot received	710
Total No. of Valid shares	33,729,530
No. of Shares in favor of Resolution	33,727,221
No. of Shares against Resolution	2,309
Percentage of Shares in Favor of Resolution	99.99
Percentage of Votes against Resolution	0.01

7. Disclosures

A. Related Party Transactions

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

B. Statutory Compliance, Penalties and Strictures

There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years. The company has made compounding application to the Company Law Board, Mumbai Bench under Section 212 of the Companies Act, 1956.

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

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

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

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

8. Means of Communication

- The quarterly, half-yearly and Annual Financial Results are published in widely circulated newspapers such as Financial Express, Loksatta, etc. in terms of Clause 41 of the Listing Agreement.
- The Company organizes press meets / Analyst's meets to apprise and make public the information relating to the Company's working and future outlook.
- The Financial Results and presentations made to institutional investors or analysts are displayed on the Company's website www.zensar.com.
- The Company's website is updated periodically to include information on new developments and business opportunities of the Company.
- The Company has the practice of mailing quarterly Newsletter to the Company's shareholders. The shareholders are kept informed about important developments in the Company.
- The investors can contact the Company on the email id investor@zensar.com.
- Management discussion and analysis forms part of this Annual Report

9. General Shareholder information

1. **Annual General Meeting:** The Annual General Meeting of the Company will be held on 20th July, 2011, at the registered office of the Company.
2. **Financial Year:** 1st April to 31st March
3. **Book Closure Dates:** The Company's Register of Members and Share Transfer Books will remain closed for the purpose of dividend from 13th July, 2011 to 20th July, 2011 (both days inclusive).
4. **Dividend payment:** The dividend recommended by Directors, on approval by the members at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the Company's Register of Members as on 13th July, 2011.

5. Financial calendar (tentative and subject to change)

Event	Due Date
Financial reporting for the quarter ending 30th June, 2011	14th August, 2011
Financial reporting for the quarter ending 30th September, 2011	14th November, 2011
Financial reporting for the quarter ending 31st December, 2011	14th February, 2012
Financial reporting for the quarter ending 31st March, 2012	15th May, 2012 (unaudited) or 30th May, 2012 (Audited)
Annual General Meeting for the year ending 31st March, 2012	End September, 2012

6. Listing on Stock Exchanges:

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

- The Bombay Stock Exchange 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 year 2011-12.

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 -2010	364.50	272.00	318.55	1739765	17558.71	363.00	272.50	320.80	2838946	5278.00
May -2010	333.00	280.00	296.45	734336	16944.63	334.80	282.50	296.45	1238972	5086.30
June -2010	342.00	297.40	329.95	615856	17700.90	341.00	296.50	330.20	952725	5312.50
July -2010	365.90	169.55	174.60	674850	17868.29	366.00	169.10	177.20	1463822	5367.60
Aug -2010	183.80	165.00	168.70	344138	17971.12	191.00	166.50	168.45	798352	5402.40
Sep -2010	180.00	162.05	164.35	275844	20069.12	179.80	162.65	164.05	750255	6029.95
Oct -2010	172.90	151.15	152.80	273854	20032.34	172.00	151.00	152.75	679924	6017.70
Nov -2010	168.00	151.25	160.65	335408	19521.25	166.50	151.55	161.15	867552	5862.70
Dec -2010	169.00	154.10	166.65	159558	20509.09	170.00	150.40	167.70	256425	6134.50
Jan -2011	187.90	158.10	159.50	743838	18327.76	188.00	159.00	160.45	1303078	5505.90
Feb -2011	178.00	142.20	156.85	138061	17823.40	182.20	143.10	158.05	250929	5333.25
Mar -2011	164.00	145.00	157.85	109173	19445.22	163.00	147.50	156.50	203526	5833.75

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

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

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

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

9. Share Transfer System:

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

In compliance with the listing Guidelines, every six months, the share transfer system is audited by a practicing Company Secretary and a certificate to that effect is issued by him. Complaints identified and reported during the Financial Year 2010-11 are as follows:-

Nature of Complaint	2010-11	
	Received	Attended to
Non - receipt of share certificates	85	85
Letters from Stock Exchanges, SEBI etc.	2	2
Non-receipt of Dividend / Debenture interest / Redemption warrants	80	80
TOTAL	167	167

10. Distribution Schedule:

As of 31st March, 2011 the distribution of the Company's shareholding was as follows:

No. of equity Shares held	As on 31st March, 2011			
	No. of Share holders	% of Share holders	No. of Shares held	% of Share-holding
1-500	20502	89.697	2422542	5.594
501-1000	1399	6.121	1057216	2.441
1001-2000	524	2.293	787659	1.819
2001-3000	148	0.648	373370	0.862
3001-4000	70	0.306	254049	0.587
4001-5000	42	0.184	195789	0.452
5001-10000	75	0.328	532581	1.230
10001 & above	97	0.424	37680580	87.015
Total	22857	100.000	43303786	100.00

11. Dematerialization of shares and liquidity:

The shares of the Company are in compulsory dematerialised segment and are available for trading system of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL). The status of dematerialization of shares as on 31st March, 2011 is as under:

Particulars	No. of shares	% of total capital issued
Held in dematerialized form in CDSL	1535774	3.55
Held in dematerialized form in NSDL	40901931	94.45
Physical	866081	2.00
Total	43303786	100.00

12. Shareholding pattern: Details of Shareholding as on 31st March, 2011 was as under:

Category	As on 31st March, 2011			
	No. of Share holders	% Share holders	No. of Share held	% Share holding
Individuals	21984	96.18	6682163	15.43
Corporates	546	2.39	20771927	47.97
FII's & other Foreign Bodies	28	0.12	3113418	7.19
NRI's/OCB	290	1.27	11657792	26.92
Mutual Funds	9	0.04	1078486	2.49
Total	22857	100.00	43303786	100.00

13. Outstanding GDRs/ADRs/ Warrants or any Convertible instruments: As of 31st March 2011, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company except Stock Options granted under the 2002 Employees Stock Option Scheme and the 2006 Employees Stock Option Scheme, details of which have been disclosed in the Directors' Report.

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

15. Address for Communication

Mr. Nilesh Limaye
Company Secretary
Zensar Technologies Ltd.
Zensar Knowledge Park, Kharadi, Plot # 4, MIDC,
Off Nagar Road, Pune 411 014, India.

Code of Conduct

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

I hereby confirm that the Company has obtained from all members of the Board and Senior Management personnel, affirmation that they have complied with the Code of Conduct for the Financial Year 2010-11.

Dr. Ganesh Natarajan
Vice Chairman and Managing Director

Mumbai
Dated 21st April, 2011

CEO/CFO CERTIFICATION

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

- (a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March 2011 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ganesh Natarajan
Vice Chairman and Managing Director

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, for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

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

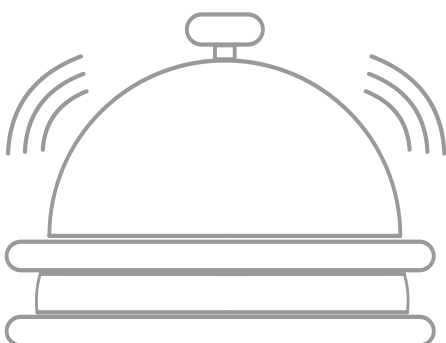
Pune
Dated 21st April, 2011

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

Management Discussion and Analysis

Corporate profile

Zensar Technologies (Zensar) is a globally renowned software and services organization that specializes in providing a complete range of IT Services and Solutions. Zensar is ranked amongst India's top 20 software companies by NASSCOM and is also recognized by the Department of Scientific and Industrial Research (DSIR) for its robust in-house Research and Development practices and an acknowledged leader in Innovation. The services range from the traditional to the transformational - enterprise product implementation and hosting, business intelligence and data warehousing, collaboration and knowledge management services, business process outsourcing and optimization, remote infrastructure management and testing, and the entire range of applications planning, portfolio building, development, migration and support. With over 6000+ associates and 300+ customers, Zensar helps transform global corporations.



Geographic spread

Zensar is the world's first enterprise-wide SEI CMM Level 5 Company and enjoys a strong presence in the United States, Europe, Africa, Middle East and Asia-Pacific regions. Zensar's US operation started off in 1991 and is currently headquartered at Oak Brook, IL - Chicago; with operations spread over 20 states and marketing offices in three locations - San Jose (CA), Princeton (NJ) and Dallas (TX). Zensar currently has over 450 associates working at different customer locations throughout the US.

Zensar recently acquired Akibia Inc (Akibia), a niche service provider in the Infrastructure Management segment (IM) to augment its IM service offerings in the US and Europe regions. With this acquisition, Zensar has doubled its onsite strength to over 800 associates and services spread across 38 states.

Clientele

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

Recent Acquisition

Zensar acquired PSI Holding Group Inc. along with its

subsidiaries (hereinafter referred to as Akibia) in December 2010 to build dual shore end-to-end capabilities for Zensar in Infrastructure Management and Information Security solutions for American and European clients. This acquisition will significantly expand Zensar's addressable market and growth potential, broadening solutions Zensar provides to the rapidly growing Infrastructure markets. The combination will also expand Zensar's offering of mission-critical solutions to the enterprise customer. Adding the capabilities of Akibia will further enhance Zensar's customer base for Datacenter services while this enhanced capability will allow bidding for projects that involve multiple service lines. The acquisition of Akibia will also diversify Zensar's Information Security business by adding Akibia's system integration and consulting expertise in the fast growing network security, compliance and risk management markets.

Current Strength and Future Projections

With a strong focus on continuous innovation, customer sovereignty and people orientation, Zensar has been able to demonstrate extraordinary growth and excellence in business results. In the years ahead Zensar's focus and high growth strategy will place the organization among the top contenders for large deals in the IT and BPO sectors globally. While Zensar's intakes from all key global markets today is stronger than ever, the growing adoption of IT and BPO in the domestic market has also opened up various opportunities for the organization. The opportunities in non-linear intellectual property-based models for retail and manufacturing, the ability to reach out to underserved segments of the manufacturing industry through hosted solutions on a SaaS model and the vistas of opportunity that the rapid advances in cloud computing have brought in - all these and more will be key additions to the Zensar services portfolio in the coming year.

The strength of Zensar is the energy of our teams; the Harvard Business School case study on Zensar's Innovative Vision Communities is recognition of this commitment. Zensar has been chosen by SAP, Oracle and Microsoft, as their partner in many key markets and the organisation is in the process of redefining the strategic imperatives for our business in the years ahead and looks to the future with great confidence.

Additionally, in this year Zensar received accolades from all segments of the industry as an organization. Zensar - Akibia was awarded the Platinum-Level Partnership for Extreme Networks 2010 for the second year in a row. The Company was awarded the Asia Responsible Entrepreneurship Awards (AREA) 'Investment in People Award 2010' by Enterprise Asia, a non-governmental organization in pursuit of entrepreneurship development across the region. The Company was also awarded the

Golden Peacock Award for Corporate Social Responsibility in 2011.

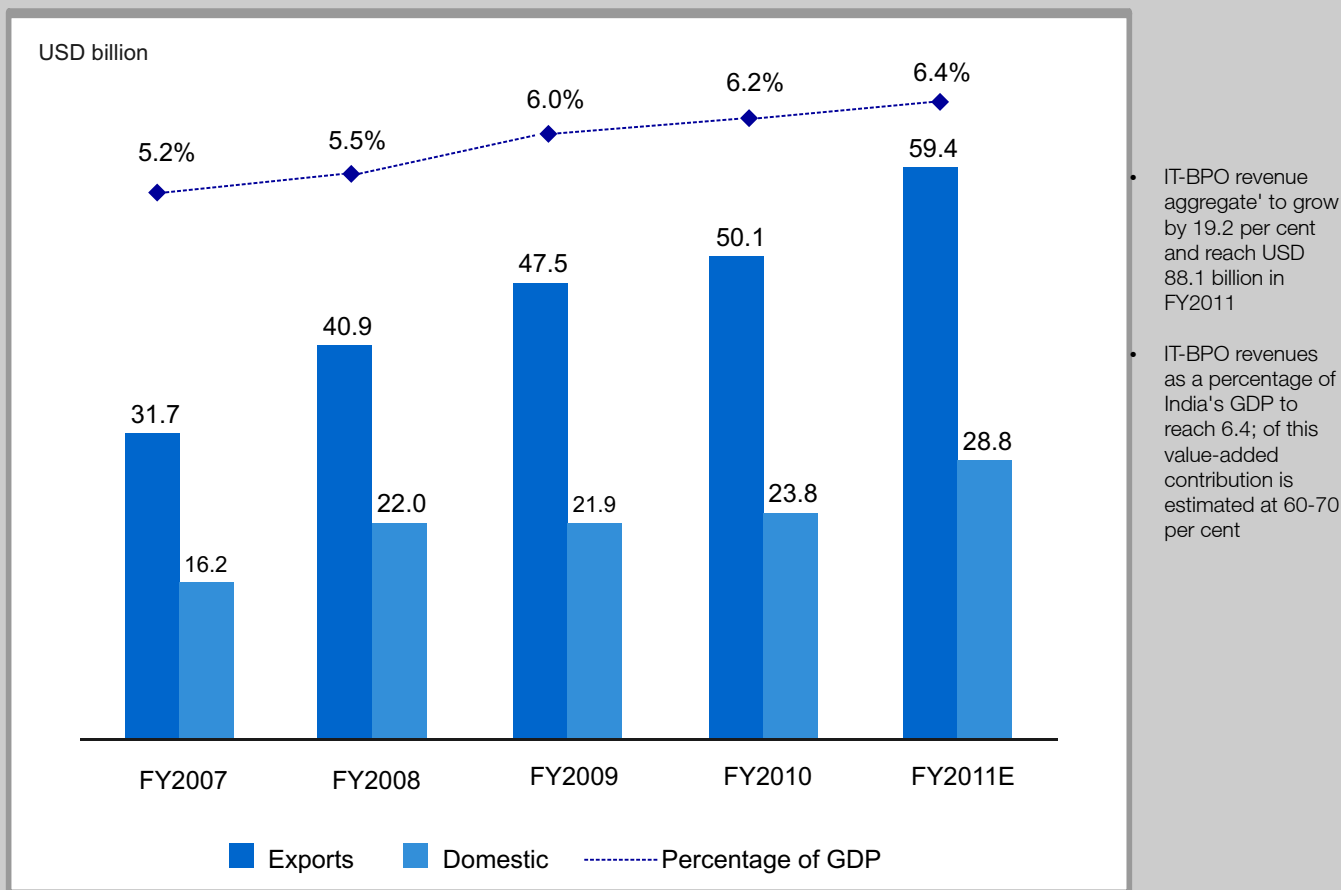
Industry Outlook 2010-11

The global economic downturn of the past year had a prolonged effect on the GDP growth in developed markets. However, based on pent-up demand from the corporate sector and return of discretionary spending, there was an upswing in demand for IT across markets, both traditional and emerging. There was a gradual shift in focus which was noticed swung from basic outsourcing advantages of cost and talent, to higher value added services, innovation and transformation, evolving from being tactical to being of strategic benefit to clients.

Post the economic slowdown, the sector had begun to transform itself by actively diversifying beyond core offerings and markets through new business and pricing models, specialized to provide end-to-end service offerings with deeper penetration across verticals, transform process delivery through re-engineering and enabling technology, innovate through research and development and drive sustainable growth by developing targeted solutions for the domestic and emerging markets. Though there has been a delay in the return of spending growth to the more economically developed regions, the year saw the return in spending from developing economies.

With growth in the Asian markets and organizations shifting focus from cost control and cost management to innovation and outcome from IT, 2011 augurs well for IT spending. However a part of this growth can also be attributed to customers demanding more immediate value from IT and forward-looking strategies that support growth and innovation, hence service providers were seen adopting agile methods focusing on operational excellence through ongoing innovation, diversification, renewed partnerships/alliances and new business models.

The India IT sector is estimated to aggregate revenues of USD 88.1 billion in FY2011, with the IT software and services sector (excluding hardware) accounting for USD 76.1 billion of revenues. During this period, direct employment is expected to reach nearly 2.5 million, an addition of 240,000 employees, while indirect job creation is estimated at 8.3 million. Within exports, IT Services segment was the fastest growing segment, growing by 22.7 per cent over FY2010, and aggregating export revenues of USD 33.5 billion, accounting for 57 per cent of total exports. Indian IT service offerings have evolved from application development and maintenance, to emerge as full service players providing testing services, infrastructure services, consulting and system integration. There is also a growing customer acceptance of Cloud-based solutions which offer best in class services at reduced capital expenditure levels.



Source : Nasscom Strategic Review 2010-11

With the increase in technology spending, the demand scenario for Indian IT-BPO services has been far more positive, improving as the year progressed. 2009 was characterized by extremely cost focused outsourcing deals that predominantly catered to non-discretionary type of spending. Most of the work that came in last year centered on application maintenance, some development-related work, and BPO services. Further, BFSI was the key vertical driving growth, and US the key geography. Both US and BFSI have shown to take to high IT spending after a recession, and last year was no exception.

This year, the demand pattern is broad-based. In addition to BFSI, other emerging verticals such as Retail and Utilities have seen increased demand, along with good growth in traditional vertical of Manufacturing. Services such as Consulting, Package Implementation, System Integration saw increased acceptance. Geographic areas such as Asia Pacific, India and RoW regions also saw high adoption of IT-BPO services.

It was interesting to note that the outsourcing focus was not only on cost this year, but also value and the scale of transformation that could be achieved.

Changing economic conditions and demand scenarios have prompted industry players to re-invent themselves and their value proposition to clients. Emergence of new business and pricing models has been a key highlight for

the industry. From a staff augmentation mode, there is steady movement to a shared/managed services model where the service provider provides a defined outcome, typically on a fixed price basis. From an FTE-based model, the clients are moving to a transaction-based, pay per use model that reduces initial fixed costs, and provides scalability and flexibility for clients. Additionally there is a strong focus by service providers to create IP, thus bringing in non-linearity into their growth model. Innovations through process improvements have also been a key growth driver for the industry, given its strong maturity in terms of service delivery, quality, and risk management.

The industry has also concentrated efforts on making a solid revenue impact for clients, in addition to saving costs. This has been possible through focus on domain and competency creation that has led to end-to-end service delivery capabilities.

Opportunities and Threats:

However, the Indian global sourcing industry is no longer hinging its value proposition on cost, talent, infrastructure and processes which are considered as basic tools to operate in the global sourcing landscape. With customers also pushing for more collaborative contracts where there is business metric performance measurement and greater risk-reward sharing, Zensar is moving closer to the

customer's business and have renewed focus on the following factors:

Verticalized Solutioning - Zensar will be restructured around verticals and Centers of Excellences - so as to develop and deliver end-to-end services keeping the customer's need as focus, creating specific solutions aimed at growing and emerging markets and creating a substantial revenue impact in doing so. These verticalized business units will act as a hub of innovation and development of proof of concept solutions for specific verticals and micro-verticals.

Global Delivery Model- Having developed end-to-end service delivery capabilities around all verticals, Zensar is now focused to increase globalization in service delivery and enhance cross border collaboration and partnerships. Through the onshore/near shore centers in India, UK, China, Poland, Japan, US and Netherlands, Zensar is expanding global delivery network by building on the technical and non-technical skill sets of local workforce such as language skills and cultural compatibility. A diversified workforce and multi-national presence not only helps in providing better services to existing customers, but allows the organization to seize new business opportunities across the globe and reengineering of the talent pool for greater productivity and efficiency.

Non Linear Technology- Increased focus on Research and Development through Zensar's Technology Innovation Group has created a host of solutions around platforms. The Company has launched an improved version of SmartShop™ a complete retail management software solution for emerging markets and has made it available as a packaged product, ready to install and use for the entire retailer spectrum- small store to medium/ large chain of outlets. Zensar has also introduced AutoZenics™ a web-enabled system that will enable SME clusters to take advantage of cloud computing capabilities. Other innovative solutions include the Supply Chain Transaction Management (SCTM)-Xchange an online portal built for smooth document exchange and understanding between the enterprise and different suppliers, a multichannel insurance solution and Tzen a testing solution hosted on the cloud are the other innovations that the Company has built will be used to compete in a hyper-competitive global economy - based on analytics, e-business, automation and cloud -all of which are next generation business solutions for global enterprises.

Future Outlook

IT services is expected to grow by about 3.5 per cent in 2011 and 4.5 per cent in 2012. While focus on cost control and efficiency/productivity remain, customers are

constantly evaluating how investments in IT impact can further business goals - ROI led transformation - leading to an increase in project-based spending. Services such as virtualisation, consolidation, and managed services that focus on ROI in the short term will drive opportunities in the market.

While developed markets constitute the largest share of IT spend, increasingly emerging markets are spearheading growth as a large consumer base becomes increasingly tech-savvy and enterprises adopt IT solutions to improve their global competitiveness. Given this scenario, the Indian supply base has begun to explore market opportunities beyond US and UK.

By 2020, new segments (SMBs), new verticals (Public sector and Defense, Healthcare, Utilities, Printing and Publishing) and new geographies (BRIC) is expected to account for 50-55 per cent growth in the addressable market. Zensar as an organization is poised to tap this potential, with their unique service offering for the SMB segments, long experience, mature service capabilities, and focus on innovation, global footprint and an abundant of high caliber talent pool. Suitably exploiting these emerging opportunities both in the global and domestic markets will enable Zensar to meet its target of doubling revenue in the next three years.

The company's expansion into cloud computing, analytics and new geographic markets has provided for significant opportunity for revenue growth. The development and execution of its end to end service capabilities ranging from Applications Development and Maintenance, Enterprise Services including package implementation, support and business intelligence, Transaction Processing and Voice Business Services, Strategic Services like Consulting, Testing and Infrastructure Management and end-to-end process optimisation for clients ranging from the Fortune 100 and FTSE 100 in US, UK and Asia to small start-ups in South Africa and the Middle East, has also helped in creating deep intellectual capital around vertical market adding to its specialization of creating enterprise applications for their customers.

The Company is now restructured on vertical lines with five global profit centres for 2011-13. The verticals of Manufacturing, Retail, Banking and Financial Services, Insurance and Connected Services (Healthcare, Government, Utilities and Transportation) will bring significant consulting expertise on the domain and will present both solutions and services to enable customers to leverage best in class technologies and processes for competitive advantage.

SEGMENT-WISE PERFORMANCE

For the financial year under consideration, your Company has reported results of the Strategic Business Units

(SBUs) viz. Global Transformation Services (GTS) and Enterprise Application Services (EAS), and Data Centre, Network & Security Services (PSI Holding)

The Company recognizes each of the SBUs as its primary segments. 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. 9 of the Consolidated Financial statements of the Company.

INTERNAL CONTROL

Strong internal controls and their rigorous testing is one of the strengths of Zensar. All the stakeholders of Zensar benefit from this strength 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. The Audit Committee meets regularly, reviews and verifies the controls in accordance with the Terms of Reference given by the Board of Directors.

TALENT MANAGEMENT

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

Some key metrics from last year:

- Our global team has grown from **5234 to 6129**
- Our retention rate stood at **80% for this year**
- Our critical talent retention has stood at **99%**
- Internal talent pool development - **82% of our mid management received role or responsibility changes during the year**

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

Talent Development

Training and Organization Development

We drive sustained training and development programmes for building a strong global talent pool internally for fueling our growth and expansion plans. Some of these development programmes are:

- Development Centers (DC) to assess and develop managers and leaders.
- Leadership and Managerial Development Programs (LDP and MDP) programme which is a sustained year long course for leadership pipeline development.
- Performance Planning and Evaluation process, which is used for identification of talent development needs,

career planning decisions and inputs for the rewards and recognition practices.

- Structured mentoring framework to help associates develop their skills

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

'Talent on Demand'

Campus Hiring

Zensar has built a very strong partnership with the Academia to collaborate in nurturing fresh talent. The 2011 Campus drives were held in 11 cities of 4 states out of which 39 colleges were covered in 60 days. 78% of the candidates hired were from Pune, Indore and Nagpur. TPO meets were conducted in Nov'10 with 45 TPOs as attendees. With offers been rolled out in 7 days, 504 candidates were selected through a rigorous process including Automated Testing.

Talent Engagement

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

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

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

Rewards & Recognition

This is a continuous effort to recognize and reward performance, passion and commitment at Zensar. Our rewards and recognition process ensures Zensar recognizes associate contribution to organizational growth at all levels. The rewards scheme range from on

the spot rewards to project awards and last but not the least recognition of excellence through the Annual Excellence Awards.

Open Culture: Thriving on Transparency and Openness

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

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

Diversity and Inclusion (D&I)

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

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

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

AREA Award won by HR

Zensar received the **Asia Responsible Entrepreneurship Awards (AREA) "Investment in People Award 2010"** by Enterprise Asia. AREA has recognized and honored Zensar for championing sustainable and responsible entrepreneurship in people management through initiatives in health and wellness, training and development, fair recruitment and promotional practices, and fostering lifelong learning in improving the quality of life at work and in implementing employee ownership on a sustainable basis.

Corporate Social Responsibility

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

education for children and skill enhancement and development among youth to make them employable.

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

FINANCIAL MANAGEMENT

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

1. REVENUE

Revenue for the year ended 31st March 2011 is as under:

A. BY SBU

	Rs. Crores	
SBU	2010-2011	2009-10
Global Transformation Services (GTS)	743.38	683.33
Enterprise Application Services (EAS)	275.73	269.01
Data Centre, Network & Security Services (PSI Holdings)	119.18	-
Others	-	0.42
Total	1138.29	952.76

B. BY GEOGRAPHY

	Rs. Crores	
Geography	2010-2011	2009-10
United States of America	715.41	575.72
United Kingdom	151.55	150.52
Rest of the World	271.33	226.52
Total	1138.29	952.76

C. BY LOCATION

Location	2010-2011	2009-10
Onsite	62.3%	60%
Offshore	37.7%	40%

2. OTHER INCOME

Other Income comprises dividends from mutual fund investments, interest on bank deposits, profit on sale of investments and others. Other income during the current year was Rs. 28.22 Crores as against Rs.8.28 Crores in the previous year.

3. SHARE CAPITAL

During the year, the Company has allotted 138101 equity shares of Rs 10 each, fully paid up, pursuant to exercise of stock options under the "2002 ESOP" and "2006 ESOP" scheme. The subscribed Equity Share Capital as at 31st March, 2011 was 43303786 Equity Shares of Rs. 10 each. As of 31st March, 2011 the Stock Options outstanding was 898745.

4. RESERVES AND SURPLUS

The Company's reserves and surplus as on 31st March 2011 was Rs. 402.71 Crores as against Rs. 308.12 Crores in 2009-10

5. SECURED LOAN

As of 31st March 2011, secured loan outstanding was Rs. 236.33 Crores as against Rs. 44.68 Crores outstanding as of 31st March 2010. This increase is mainly on account of borrowing for acquisition of PSI Holding Inc.

6. FIXED ASSETS

There was an increase in Gross Block of Fixed Assets by Rs. 335.20 Crores; it includes the goodwill amount of 239.22 Cr. on the Acquisition of PSI Holding Group Inc., Capital work-in-progress of Rs. 5.20 Crores is mainly on account of civil works related to the construction of a Development Centre at our Campus in Kharadi, Pune.

7. RETURN ON CAPITAL EMPLOYED

The return on capital employed (ROCE) for the year 2010-11 is 29.14%.

8. DEBTORS

The position of outstanding debtors was: Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
Outstanding for less than six months	230.27	144.28
Outstanding for more than six months	17.30	14.18
Provision for doubtful debts	(18.06)	(15.85)
Total Sundry Debtors	229.51	142.61

9. CASH AND BANK BALANCES

The Cash and Bank Balances represent the Company's balances in banks in India and overseas. The Company also retains funds in the Exchange Earners Foreign Currency (EEFC) account in India, which is mainly used to meet the remittance requirements of the Company's branches and also for travel purposes. The Company possessed cash and bank balances (India and overseas) of Rs. 109.99 Crores as on 31st March, 2011.

10. OTHER CURRENT ASSETS

Other Current Assets of Rs. 53.57 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 2011.

11. LOANS AND ADVANCES

The Loans and Advances largely comprise advances recoverable in cash or in kind for value to be received amounting to Rs. 144.50 Crores as on 31st March, 2011 (Previous year: Rs. 72.64 Crores), against which a provision for doubtful advances has been created to the extent of Rs. 0.19 Crores (Previous year Rs. 0.35 Crores).

12. CURRENT LIABILITIES & PROVISIONS

Current liabilities amounting to Rs. 296.96 Crores (Previous year Rs. 101.57 Crores) represent payments due to suppliers and advances from customers. Provisions consist mainly of accrual for expenses and provision for tax and dividend.

13. PROVISION FOR TAXATION

The Company's income-tax expense is Rs. 18.40 Crores (Previous year Rs. 21.89 Crores).

14. CONTINGENT LIABILITIES

Contingent Liabilities have been disclosed in Note 3 in the "Notes to the Accounts".

RISK MANAGEMENT

The Risk Management at Zensar encompasses practices relating to identification, characterization and assessing risks. Vulnerability of critical resources to specific risks is monitored and sustained efforts are undertaken for mitigation of various risks to our business. The Company is actively involved in collecting the latest trends in risk management, analyzing the same and using the inferences to plan for better risk management. The dynamic business conditions offer risk and opportunity, with the potential to erode or enhance value. By implementing risk management strategies, the Company can strike a balance and deal with risk and opportunity in an effective manner so as to enhance its long-term competitive advantage and capacity to build value. It minimizes adverse impact on our business objectives and enhance stakeholder value.

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

Risk Governance:

- Board to oversee and manage risks on various parameters.
- Risk Council to identify, define and update risk threshold.
- Senior Management to define and ensure implementation of Mitigation measures
- Business Units and Departmental Heads responsible for Transactional risks and Mitigation thereof.

Risk Identification and Prioritization:

- External and Internal Risk factors to be identified in context of Operational Strategy.
- Risk factors potentially affecting performance vis-à-vis these stated objectives to be identified.
- Defining criteria for determining consequence and probability of risks
- Prioritization on parameters such as High, Medium and Low

Mitigation Plan:

- Draw a mitigation plan.
- Assign ownership for mitigation plan.
- Revise Mitigation Plan, for shortfall if any.
- Define timelines and key indicators for mitigation plans.

Monitoring of Risks:

- Risk Council, Senior Management and Board to review Risk Management Process on periodic basis.
- Risk Council to collate and review information on new and existing risks.

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

Client Risk

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

Vertical Risk

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

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

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

Geographical Concentration Risk

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

Technology Obsolescence Risk

The Company operates in IT sectors where changes are particularly rapid. Such changes can lead to obsolescence of a Company's expertise, posing a serious threat to the predictability of its revenues. The Company makes investments in R&D, with a view to keep pace with the latest developments in the technology space. The Company continuously updates itself in terms of various emerging technologies and trains its resources suitably to stay abreast of futuristic technologies and thus avoid technological obsolescence.

Client Liability Risk

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

International Exposure Risk

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

Human Resource Risk

Company's overall success will depend in part on continued ability to hire, assimilate and retain associates. The loss of any key employee, the failure of any key employee to perform in his or her current functions, could harm the business. Particularly, Companies in IT sector are more prone to human resources risks. Better opportunities lead to attrition in human resources, which could drain valuable knowledge and customer experience and hence, potentially have an adverse impact on revenues. The Company continuously creates and maintains a pool of world-class resources by recruiting best talents from leading colleges and from within the industry, imparting efficient & effective training, blending them into productive resources by creating challenging opportunities on projects. Zensar manages the careers of its employees in order to groom them to assume bigger responsibilities. Zensar's systems measure competencies and create a transparent performance-led incentive system. A number of initiatives have also been taken to make Zensar a fun place to work in.

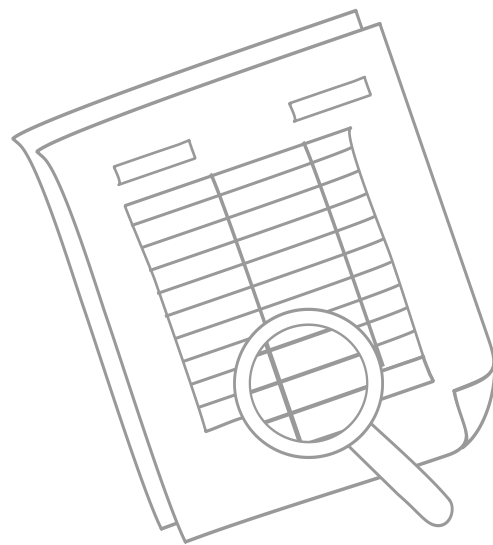
Foreign Currencies Risk

Given the high offshore content of the revenues, a major

portion of the Company's expenses is in Indian rupees. As a result operating profits gets highly impacted by foreign currency rate fluctuations. To the extent that there is a significant appreciation of the rupee, it would affect Company's earnings negatively. Such volatility would also affect Company's assets located at various locations worldwide in terms of their carrying value. The Company hedges a major part of the risk on exchange rate by entering into forward cover for predictable inward remittances minimizing the risks associated with foreign currency rate fluctuations.

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.



Financial Statements

Auditors' Report

to the Members of Zensar Technologies Limited

1. We have audited the attached Balance Sheet of Zensar Technologies Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Jeetendra Mirchandani
Partner
Place: Pune
Date: April 21, 2011
Membership Number 48125

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Zensar Technologies Limited on the financial statements for the year ended March 31, 2011

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The Company has granted unsecured loans to three companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 1,012.73 Lakhs and Rs. 922.31 Lakhs respectively.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of the aforesaid loans, the receipt of the principal amount and interest is regular, where applicable.

(d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.

(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax, service-tax, customs duty and Excise Duty which have not been deposited on account of any dispute. The particulars of dues of Sales tax, Income Tax as at March 31, 2011 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Andhra Pradesh Sales Tax Act	Sales Tax	1.96	Financial Year 1996-1997 to 1997-1998	Andhra Pradesh High Court
Income Tax Act	Income Tax	7.94	Assessment Year 2006-07	Assessing Officer
Income Tax Act	Income Tax	1.81	Assessment Year 2007-08	Assistant Commissioner of Income
Income Tax Act	Income Tax	41.27	Assessment Year 2009-10	Assessing Officer

8. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
12. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
13. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
14. The Company has not obtained any term loans.
15. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
17. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
18. The other clauses (ii), (viii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

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

Jeetendra Mirchandani
Partner
Membership Number 48125

Place: Pune
Date: April 21, 2011

Balance Sheet as at 31st March, 2011

(Rs. in lakhs)

	Schedule	2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	4330.38	2157.59
Reserves and Surplus	2	32366.74	27236.04
		36697.12	29393.63
APPLICATION OF FUNDS			
Fixed Assets			
	3		
Gross Block		22377.27	20246.99
Less : Depreciation		12952.66	10466.30
Net Block		9424.61	9780.69
Capital Work in Progress		520.01	135.81
		9944.62	9916.50
Investments	4	3172.39	2105.96
Deferred Tax Asset		1002.31	-
[See Schedule 14, Note 21]			
Current Assets, Loans and Advances			
Sundry Debtors	5	14353.34	10082.18
Cash and Bank Balances	6	3474.36	2860.34
Other Current Assets	7	4705.41	4084.45
Loans and Advances	8	9182.51	8189.52
		31715.62	25216.49
Less:			
Current Liabilities and Provisions			
Current Liabilities	9	5909.59	4813.72
Provisions	10	3228.23	3031.60
		9137.82	7845.32
Net Current Assets		22577.80	17371.17
		36697.12	29393.63
Notes to Accounts			
	14		

Notes as per Schedule 14 and other Schedules referred to herein form an integral part of the Balance Sheet.

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

For and on behalf of the Board

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

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. 48125

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 21, 2011

Place : Mumbai
Date : April 21, 2011

Profit Loss Account For the year ended on 31st March, 2011

(Rs. in lakhs)

Schedule	2011	2010
INCOME		
Software development and allied services [See Schedule 14, Note 1(c) and 1(k)]	55475.22	49234.14
Sale of Licenses for Software Applications	1224.61	474.25
Other Income 11	2482.01	815.19
	59181.84	50523.58
EXPENDITURE		
Operating Expenses 12	47884.36	39317.27
Interest and Finance Charges 13	85.97	55.34
Depreciation	2588.05	2492.40
	50558.38	41865.01
	8623.46	8658.57
PROFIT BEFORE TAXATION		
Provision for Taxation [See Schedule 14, Note 1(o)]		
- Current Tax	1973.48	1714.69
- Deferred Tax [See Schedule 14, Note 21]	(1002.31)	53.30
- MAT Credit Entitlement	(1200.88)	(1293.00)
- Fringe Benefit Tax	-	-
Short Provision in respect of earlier years (net)	5.49	(231.60)
	8847.68	8415.18
PROFIT AFTER TAXATION		
Balance brought forward from previous year	9076.71	8577.30
On amalgamation of Zensar OBT Technologies Limited and Zensar Transformation Services Limited (erstwhile subsidiaries of the Company), with the Company [See Schedule 14, Note 2]	-	967.98
	17924.39	17960.46
PROFIT AVAILABLE FOR APPROPRIATION		
Proposed Dividend	1515.63	1186.67
Tax on Proposed Dividend	245.87	197.08
Transfer to General Reserve	7500.00	7500.00
	8662.89	9076.71
PROFIT AND LOSS ACCOUNT BALANCE CARRIED TO BALANCE SHEET		
Earnings Per Equity Share (Face Value Rs. 10) :	Rs.	Rs.
(See Schedule 14, Notes 10)		
- Basic	20.47	18.65
- Diluted	20.10	18.57

Notes to Accounts

14

Notes as per Schedule 14 and other Schedules referred to herein form an integral part of the Profit and Loss Account. This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board

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

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. 48125

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 21, 2011

Place : Mumbai
Date : April 21, 2011

Cash Flow Statement

As at 31st March, 2011

(Rs. in lakhs)

	2010-11		2009-10	
A. Cash Flow from Operating Activities :				
Net Profit before Taxation		8623.46		8658.57
Adjustments for				
Depreciation	2588.05		2492.40	
Dividend Income	(582.24)		(147.39)	
Interest Expense	85.97		55.34	
(Profit) / Loss on Sale of Investments (net)	-		(3.44)	
Interest Income	(143.61)		(136.90)	
(Profit) / Loss on Sale of Fixed Assets (net)	(4.72)		(3.57)	
Employee Stock Compensation Expense	3.13		(2.89)	
Provision for Doubtful Debts	-		394.14	
Provision for Doubtful loans and advances	666.76	2613.34	(14.63)	2633.06
Operating Profit before Working Capital Changes		11236.80		11291.63
Adjustments for				
Sundry Debtors	(4271.17)		(2607.64)	
Other Current Assets	(620.96)		(330.76)	
Loans and Advances	(825.82)		(1522.89)	
Current Liabilities and Provisions	1199.39	(4518.56)	(133.48)	(4594.77)
Cash generated from Operations		6718.24		6696.86
Taxes (Paid) / Received	(1794.71)		(530.97)	
		(1794.71)		(530.97)
Net Cash from Operating activities (A)		4923.53		6165.89
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including Capital Work in Progress	(2627.22)		(1591.65)	
Sale Proceeds of Fixed Assets	15.76		12.03	
Investment in Subsidiary / Jointly Owned entities	(115.34)		-	
Purchase of Investments in Mutual Funds	(26075.90)		(34162.65)	
Sale Proceeds of Investments in Mutual Funds	25124.83		35024.93	
Interest Income	143.61		136.90	
Dividend Income	582.24		147.39	
Net Cash from Investing Activities (B)		(2952.02)		(433.05)
C. Cash Flow from Financing Activities				
Shares bought back	-		(3999.61)	
Shares allotted under ESOP	112.23		46.92	
Interest Payment	(85.97)		(55.34)	
Dividend on Equity Shares and tax thereon	(1383.75)		(1261.74)	
Net Cash from Financing Activities (C)		(1357.49)		(5269.77)

Cash Flow Statement As at 31st March, 2011

(Rs. in lakhs)

	2010-11	2009-10
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	614.02	463.07
Opening Balance of Cash & Cash Equivalents	2860.34	2290.25
Cash & Cash Equivalents of Zensar OBT Technologies Limited & Zensar Transformation Services Limited as on 1st April 2009	-	107.02
Closing Balance of Cash & Cash Equivalents	3474.36	2860.34

Notes :

- 1 The above 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 include cash and bank balances.

Notes as per Schedule 14 and other schedules form an integral part of the Cash Flow Statement.

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

For and on behalf of the Board

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

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. 48125

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 21, 2011

Place : Mumbai
Date : April 21, 2011

Schedules

(Rs. in Lakhs)

	2011	2010
SCHEDULE 1		
annexed to and forming part of the Balance Sheet as at 31st March 2011		
SHARE CAPITAL		
Authorised		
47,500,000 (Previous year: 27,500,000) Equity Shares of Rs. 10 each	4750.00	2750.00
250,000 (Previous year: 250,000) Preference Shares of Rs. 100 each	250.00	250.00
	5000.00	3000.00
Issued and Subscribed		
43,303,786 (Previous year: 21,575,867) Equity Shares of Rs. 10 each fully paid-up [See notes below and Schedule 14, Note 5 and 6]	4330.38	2157.59
	4330.38	2157.59
Note :		
1. The Authorised Share Capital was increased from 27,500,000 equity shares to 47,500,000 equity shares of Rs. 10 each pursuant to a shareholders' resolution passed at the Annual General Meeting on July 13, 2010.		
2. The Company allotted 21,589,818 equity shares as fully paid up bonus shares by capitalisation of profits transferred from General Reserve, pursuant to a shareholders' resolution passed at the Annual General Meeting on July 13, 2010.		
3. Of the above, 11,790,608 (Previous year: 11,790,608) Equity Shares of Rs. 10 each, are allotted as fully paid-up pursuant to agreements for consideration other than cash.		
SCHEDULE 2		
annexed to and forming part of the Balance Sheet as at 31st March 2011		
RESERVES AND SURPLUS		
Revaluation Reserve	1.56	1.56
Capital Reserve	10.18	10.18
Capital Redemption Reserve		
Balance brought forward	442.40	200.00
Add: Transferred from General Reserve [See Schedule 14, Note 6]	-	242.40
	442.40	442.40
Share Premium		
Balance brought forward	26.81	2964.00
Add: Received during the year on exercise of stock options issued to employees	102.94	43.50
Less: Utilized for buy-back of equity shares [See Schedule 14, Note 6]	-	(2980.69)
	129.75	26.81

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
General Reserve		
Balance brought forward	17257.03	11113.20
Less: Transferred to Capital Redemption Reserve consequent to the Buy-back of Equity Shares [See Schedule 14, Note 8]	-	242.40
Less: Utilized for buy-back of equity shares [See Schedule 14, Note 6]	-	776.52
Less: Adjustment pursuant to the scheme of amalgamation [See Schedule 14, Note 2]	-	337.25
Less : Utilization for Issuance of Bonus Shares [See Schedule 14, Note 8]	2,158.98	-
Add : Transferred from Profit and Loss Account	7500.00	7500.00
	22598.05	17257.03
Hedging Reserve		
[See Schedule 14, Note 1(l)]		
Balance brought forward	260.41	(66.17)
Add : Movement during the year	59.40	326.58
	319.81	260.41
Employee Stock Options		
[See Schedule 14, Notes 1(n) and 5]		
Employee Stock Options Outstanding	28.23	33.38
Less : Deferred Employee Compensation	7.15	10.91
	21.08	22.47
Foreign Currency Translation Reserve		
Balance brought forward	138.47	222.66
Foreign Currency Translation Reserve for the year	42.55	(84.19)
	181.02	138.47
Profit and Loss Account		
Balance in Profit and Loss Account	8662.89	9076.71
	32366.74	27236.04

SCHEDULE 3

annexed to and forming part of the Balance Sheet as at 31st March 2011
FIXED ASSETS [See Schedule 14, Notes 1(f), 1(g) and 1(h)]

Rs. in lakhs

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31st March 2010	Additions during the year	Deletions during the year	Cost as at 31st March 2011	Accumulated Depreciation/ Impairment loss as at 31st March 2010	Depreciation for the year	Depreciation on deletions during the year	Accumulated Depreciation/ Impairment loss as at 31st March 2011	As at 31st March 2011	As at 31st March 2010
Tangible:										
Land-										
- Leasehold	264.25	-	-	264.25	19.43	5.81	-	25.24	239.01	244.82
- Freehold	34.67	-	-	34.67	21.69	-	-	21.69	12.98	12.98
Buildings	5274.75	52.74	-	5327.49	569.52	176.42	-	745.94	4581.55	4705.23
Improvement to Leasehold Premises	413.00	2.35	-	415.35	322.68	47.35	-	370.03	45.32	90.32
Plant and Machinery	3645.33	201.15	2.16	3844.32	2147.44	540.41	2.13	2,685.72	1158.60	1497.89
Furniture, Fixtures and Office Equipment	3155.82	291.34	23.86	3423.30	1519.68	358.59	22.76	1,855.51	1567.79	1636.14
Motor Vehicles	230.47	39.44	29.90	240.01	125.64	41.99	23.45	144.18	95.83	104.83
Data Processing Equipment-Own use	4429.01	726.44	56.82	5098.63	3460.29	561.16	53.35	3,968.10	1130.53	968.72
Intangible:										
Software	2799.69	929.56	-	3729.25	2279.93	856.32	-	3,136.25	593.00	519.76
T O T A L	20246.99	2243.02	112.74	22377.27	10466.30	2588.05	101.69	12952.66	9424.61	9780.69
Previous year	18465.52	2261.72	480.25	20246.99	8309.22	2492.40	335.32	10466.30		
Capital Work in Progress including advances on Capital Account Rs. 20.72 lakhs (Previous year: Rs. 37.86 lakhs)										
									520.01	135.81
									9944.62	9916.50

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
SCHEDULE 4		
annexed to and forming part of the Balance Sheet as at 31st March 2011		
INVESTMENTS [See Schedule 14, Notes 1(i) and 1(k)(iii)]		
(I) Long Term Investments		
A. Trade		
Unquoted		
Subsidiary Companies		
200,000 (Previous year: 200,000) Shares of an aggregate cost of US\$ 1,000,000 (Previous year: US\$ 1,000,000) of the common stock of Zensar Technologies Inc., USA, no par value	290.30	290.30
300,000 (Previous year: 300,000) Shares of an aggregate cost of S\$ 300,000 (Previous year: S\$ 300,000) of the common stock of Zensar Technologies (Singapore) Pte Ltd. of S\$ 1 each	78.02	78.02
Shares of an aggregate cost of Nil (Previous year: Euro 404,000) in Zensar Technologies GmbH, Germany (Voluntarily liquidated during the year)	-	197.30
Unissued shares of an aggregate cost of Nil (Previous year: Euro 200,000) in Zensar Technologies GmbH, Germany (Voluntarily liquidated during the year)	-	112.36
50,000 (Previous year: 50,000) Shares of an aggregate cost of GBP 50,000 (Previous year: GBP 50,000) in Zensar Technologies (UK) Limited	38.51	38.51
Shares of aggregate cost of US\$ 102,000 (Previous year: US\$ 102,000) in Zensar Technologies (Shenzhen) Limited (Under liquidation)	45.78	45.78
20 (Previous year: 20) Equity Shares of JPY 50,000 each fully paid-up in Zensar Advanced Technologies Limited	185.82	185.82
Shares of aggregate cost of US\$ 250,000 (Previous year: Nil) in Zensar Technologies (Shanghai) Company Limited	115.34	-
Less : Provision for diminution in the value of investments	(45.78)	(355.44)
	707.99	592.65
B. Non-Trade Quoted		
Nil (Previous year: 170) Equity Share of Rs. 10 each fully paid-up in RPG Cables Limited (Cancelled pursuant to the Merger of RPG Cables Limited with KEC International Limited)	-	0.05
100 Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited	0.02	0.02
75 Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.05
Nil (Previous year: 25) Equity Share of Rs. 10 each fully paid-up in CHI Investments Limited (Cancelled pursuant to the Merger of CHI Investments Limited with Summit Securities Limited)	-	0.01
100 Equity Shares of Rs. 10 each fully paid-up in CESC Limited	0.05	0.05
100 Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited	0.04	0.04
760 (Previous year: 144) Equity Shares of Rs. 2 (Previous year: Rs. 10) each fully paid-up in KEC International Limited (8 Shares received in Lieu of 170 Shares of RPG Cables Limited, pursuant to the Merger of RPG Cables Limited with KEC International Limited, and subsequent stock split in the Ratio of 1:5 on 1st Jan 2011)	0.19	0.14

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
100 Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
Nil (Previous year: 100) Equity Share of Rs. 10 each fully paid-up in Brabourne Enterprises Limited (Cancelled pursuant to the Merger of Brabourne Enterprises Limited with Summit Securities Limited)"	-	0.08
100 Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
13 (Previous year : Nil) Equity Shares of Rs. 10 each fully paid up in Summit Securities Limited	0.09	-
[(i) 4 Shares received in Lieu of 25 Shares of CHI Investments Limited, pursuant to the Merger of CHI Investments Limited with Summit Securities Limited		
(ii) 3 Shares received in Lieu of 100 Shares of Brabourne Enterprises Limited pursuant to the Merger of Brabourne Enterprises Limited with Summit Securities Limited]		
(iii) 6 Shares received against the 100 Shares held in erstwhile Summit Securities Limited]		
	0.51	0.51
Unquoted		
100 Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
	0.08	0.08
(II) Current Investments		
Non-Trade		
Unquoted		
Nil (Previous year: 2,980,233) units of LIC MF savings Plus Fund - Daily Dividend Plan	-	298.02
999,550 (Previous year : 1,506,224) units of Kotak Quarterly Interval Plan Series 3 - Dividend	100.00	150.65
Nil (Previous year : 1,004,913) units of Birla Sun Life Short Term Opportunities Fund - Retail - Weekly Dividend	-	100.49
1,000,000 (previous year : 2,011,584) units of UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan V- Institutional Dividend Plan -	100.00	201.15
Nil (Previous year : 1,507,277) units of Religare Active Income Fund Institutional - Monthly Dividend	-	150.10
Nil (Previous year : 9,033) units of UTI Floating Rate Fund - STP - IP - Daily Dividend	-	90.00
Nil (Previous year : 502,450) units of Birla Sun Life Short Term Opportunities Fund - IP - Weekly Dividend	-	50.26
Nil (Previous year : 1,003,014) units of Birla Sun Life Savings Fund - IP - Daily Dividend	-	100.53
Nil (Previous year : 631,057) units of HDFC F R I F - STF - WP - Daily Dividend	-	63.62
Nil (Previous year : 105,02) units of Reliance Money Manager Fund - IP - Daily Dividend	-	105.14
Nil (Previous year : 1,029,916) units of LIC MF Income Plus Fund - Daily Dividend	-	102.99
Nil (Previous year : 989,844) units of Kotak Floater - LT - Daily Dividend	-	99.77

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
25,504 (Previous year : Nil) units of Axis Liquid Fund - Institutional Daily Dividend reinvestment	255.06	-
24,033 (Previous year : Nil) units of UTI Liquid Cash Plan Institutional - Daily Income Option-Reinvestment	245.00	-
2,491,983 (Previous year: Nil) units of HDFC Cash Management Fund- Savings Plan - Daily Dividend Reinvestment	265.06	-
1,500,000 (Previous year : Nil) units of Tata Fixed Maturity Plan Series 28 Scheme A Dividend	150.00	-
2,020,000 (Previous year : Nil) units of LIC Nomura MF Interval Fund - Series 1- Monthly Dividend Plan	202.00	-
2,268,309 (Previous year : Nil) units of Reliance Liquid Fund - Cash Plan - Daily Dividend Option	252.72	-
25,292 (Previous year : Nil) units of DSP BlackRock Liquidity Fund- Institutional Plan- Daily Dividend	253.00	-
1,500,000 (Previous year : Nil) units of DSP BlackRock FMP- 3M Series 29 - Dividend Payout	150.00	-
3,864,816 (Previous year: Nil) units of Kotak Floater Short Term Daily Dividend	390.97	-
999,690 (Previous year : Nil) units of Kotak Quarterly Interval Plan Series 6- Dividend	100.00	-
	2463.81	1512.72
Grand Total [I+II]	3172.39	2105.96
Aggregate amount of Quoted Investments	0.51	0.51
[Market Value Rs. 1.32 lakhs (Previous year: Rs. 1.78 lakhs)]		
Aggregate cost of Unquoted Investments	3171.88	2105.45
	3172.39	2105.96

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
CURRENT ASSETS, LOANS AND ADVANCES [See Schedule 14, Note 1(k)(ii)]		
SCHEDULE 5		
annexed to and forming part of the Balance Sheet as at 31st March 2011		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding 6 months :		
- Considered good	137.64	46.73
- Considered doubtful	1446.72	1086.04
	1584.36	1132.77
Other debts :		
- Considered good	14215.70	10035.45
[Including dues from subsidiary companies Rs. 11076.02 lakhs (Previous year: Rs. 7254.72 lakhs)]		
- Considered doubtful	-	318.22
	14215.70	10353.67
Less : Provision for doubtful debts	1446.72	1404.26
	14353.34	10082.18
SCHEDULE 6		
annexed to and forming part of the Balance Sheet as at 31st March 2011		
CASH AND BANK BALANCES		
Cash on hand	5.95	7.03
Balances with Scheduled Banks :		
(a) On Current Account	2540.65	1599.58
[Including balance in Exchange Earner's Foreign Currency Accounts equivalent to an amount aggregating to Rs. 159.61 lakhs (Previous year: Rs. 150.03 lakhs)]		
(b) On Time Deposit Account	167.25	142.54
Balance with Non-Scheduled Banks on Current Account :		
Commonwealth Bank of Australia Imprest, Australia	1.53	1.87
Commonwealth Bank of Australia, Australia	10.15	2.11
ABSA Bank, South Africa	216.12	979.16
ANZ Banking Group Limited, Australia	532.71	128.05
	3474.36	2860.34
Maximum balance outstanding during the year :		
Commonwealth Bank of Australia Imprest	233.22	2.57
Commonwealth Bank of Australia	161.46	103.68
ABSA Bank, South Africa	979.16	1135.67
ANZ Banking Group Limited, Australia	652.80	302.90

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
SCHEDULE 7		
annexed to and forming part of the Balance Sheet as at 31st March 2011		
OTHER CURRENT ASSETS		
Accrued Income (Unbilled Services)	4665.67	4078.36
[Includes dues from subsidiary companies Rs. 2699.02 lakhs (Previous year: Rs. 3229.85 lakhs)]		
Interest accrued on deposits	39.74	6.09
	4705.41	4084.45
SCHEDULE 8		
annexed to and forming part of the Balance Sheet as at 31st March 2011		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances and Loans to subsidiaries		
[including a loan of Rs. 982.73 lakhs (Previous year: Rs. 906.27 lakhs)]		
Maximum amount outstanding during the year Rs. 1012.73 lakhs (Previous year: Rs. 984.44 lakhs)]		
- Considered good	1796.94	1996.42
- Considered doubtful	682.21	-
Advances recoverable in cash or in kind or for value to be received		
- Considered good	2214.10	1834.93
- Considered doubtful	2.49	2.22
Security and other deposits		
- Considered good	643.75	562.43
- Considered doubtful	16.90	32.62
MAT Credit Entitlement	3664.88	2464.00
Taxes recoverable [taxes paid less provisions Rs. 5029.82 lakhs (Previous year: Rs. 3008.13 lakhs) thereagainst	862.84	1331.74
	9884.11	8224.36
Less : Provision for doubtful Loans and Advances	701.60	34.84
	9182.51	8189.52
SCHEDULE 9		
annexed to and forming part of the Balance Sheet as at 31st March 2011		
CURRENT LIABILITIES		
Sundry Creditors		
[Including Directors' commission of Rs. 94.00 lakhs (Previous year: Nil)]		
- Dues to micro and small enterprises (See Schedule 14, Note 20)	-	-
- Dues to other than micro and small enterprises	5692.26	4736.09
Deferred Revenue	217.33	77.63
	5909.59	4813.72

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
SCHEDULE 10		
annexed to and forming part of the Balance Sheet as at 31st March 2011		
PROVISIONS		
Taxation less payments thereagainst	245.37	530.01
Proposed Dividend on Equity Shares	1515.63	1186.67
Tax on proposed dividend	245.87	197.08
Compensated Absences	860.38	722.21
Gratuity	268.33	307.91
Disputed statutory matters (See Schedule 14, Note 19)	32.25	36.45
Other Obligations (See Schedule 14, Note 19)	60.40	51.27
	3228.23	3031.60
SCHEDULE 11		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2011		
OTHER INCOME		
Dividend :		
- from Subsidiaries	495.30	-
- on Current Investments -Non trade	86.94	147.39
	582.24	147.39
Interest :		
- on deposits with banks - Gross [Tax deducted at source Rs. 0.38 lakhs (Previous year: Rs. 1.62 lakhs)]	58.82	44.50
- on loans to subsidiaries	42.81	32.95
- on Income Tax refund	34.46	45.03
- others	7.52	14.42
	143.61	136.90
Exchange gain (net) [See Schedule 14, Note 1(k),(l) and (m)]	695.10	-
Profit on sale of fixed assets	4.72	3.57
Profit on sale of current investments (Non Trade)	-	3.44
Provisions no longer required and credit balances written back	685.93	321.29
Miscellaneous Income	370.41	202.60
	2482.01	815.19
SCHEDULE 12		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2011		
OPERATING EXPENSES		
Salaries, Wages and Bonus	31701.18	26164.70
Contribution to Provident and other funds	1650.67	1451.87

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
Staff Welfare	957.95	799.09
Employee Stock Compensation Expense	3.13	(2.89)
	34312.93	28412.77
Travelling and conveyance	2343.09	1819.69
Cost of manpower hired	1154.72	1073.08
Recruitment Expenses [including Advertisement expenses for recruitment Rs. 12.65 lakhs (Previous year: Rs. 32.51 lakhs)]	307.09	248.57
Training Expenses	144.59	71.30
Electricity and Power	805.86	765.05
Rent	2167.48	1704.97
Repairs and Maintenance to :		
- Plant and Machinery	140.09	123.14
- Building	726.31	566.47
- Others	93.91	52.18
	960.31	741.79
Insurance	737.28	533.03
Rates and Taxes	85.16	74.54
Consumable Media	167.58	128.05
Legal and Professional Charges	888.05	890.31
Postage, Telephone and E-Mail	759.92	754.63
Stationery and Printing	84.52	79.21
Carriage, Freight and Octroi	5.74	3.14
Vehicle Running expenses	199.47	150.70
Advertisement and Publicity	427.10	261.45
Purchases of Licenses for Software Applications	1172.55	456.26
Exchange loss (net) [See Schedule 14, Note 1(k),(l) and (m)]	-	101.64
Bad Debts written off	87.64	379.01
Directors' Fees	10.30	7.90
Directors' Commission [See Schedule 14, Note 12(b)]	94.00	-
Claims/Deposits written off	7.97	25.53
Provision for Doubtful Debts	-	394.14
Provision for Doubtful Loans and Advances	666.76	-
Miscellaneous Expenses	294.25	240.50
	47884.36	39317.27
SCHEDULE 13		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2011		
INTEREST AND FINANCE CHARGES		
Interest :		
- on others	54.29	27.19
Finance Charges :		
- Bank Charges	31.68	28.15
	85.97	55.34

Schedules

SCHEDULE 14

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation of financial statements

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

(b) Use of estimates

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

(c) Revenue Recognition

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

(d) Income from Investments

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

(e) Software development expenses

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

(f) Fixed Assets, Intangible Assets and Capital Work-in-Progress

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

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

Capital Work-in-Progress includes advances paid to acquire fixed assets, and the costs of fixed assets that are not ready for their intended use at the balance sheet date.

(g) Depreciation

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

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

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

Class of Asset	Useful Life	Depreciation Rate
Leasehold Land	95 years	1.05%
Buildings	30 years	3.33%
Plant and Machinery	5 years	20%
Office Equipment	5 years	20%
Furniture and Fixtures	10 years	10%
Data Processing Equipment	4 years	25%
Vehicles	5 years	20%
Improvements to leasehold premises	5 years	20%
Certain Office Equipment and Data Processing Equipment	3 years	33.33%
Intangible Assets - Software	1-3 years	33.33%
Employee - perquisite related Assets	5 years	20%

(h) Impairment

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

(i) Investments

Investments are classified as current investments and long-term investments based on the Management's intention at the time of purchase. Long-term investments are carried at cost and provision is made to recognise any diminution, other than temporary, in the value of such investment. Current investments are carried at lower of cost and fair market value. Also refer paragraph (k) (iii) below.

(j) Employee Retirement Benefits:

i. Superannuation:

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

ii. Gratuity:

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

iii. Provident Fund:

The Company has a post-employment benefit plan in the form of provident fund for all the employees, administered through a trust. Liability for this plan is charged based on contributions. Further, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

iv. Compensated Absences:

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

v. Termination benefits are recognised as an expense as and when incurred.

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

(k) Foreign Currency Transactions

i) Realised gains and losses on foreign currency revenue transactions are recognised in the Profit and Loss Account.

ii) Monetary current assets and monetary liabilities denominated in foreign currency at the year-end are translated at the year-end exchange rates, and the resulting exchange differences are recognised in the Profit and Loss Account, except for the

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

exchange differences arising on a monetary item that, in substance, forms a part of the Company's net investment in a non-integral foreign operation, which are accumulated in a Foreign Currency Translation Reserve until the disposal of net investment.

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

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

Forward and options 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 Profit and Loss Account 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 recognized in the Profit and Loss Account 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, sundry debtors, 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 sundry creditors, accrued expenses and derivative financial instruments with a negative fair value. Financial assets / liabilities are recognized on the Balance Sheet

when the Company becomes a party to the contractual provisions of the instrument.

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

Short-term receivables with no stated interest rates are measured at original invoice amount, if the effect of discounting is immaterial. Non-interest-bearing deposits are discounted to their present value.

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

(m) Foreign Branches

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

(n) Employee Stock Option Schemes

Stock options granted to employees under Employee Stock Option Schemes are accounted as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999, issued by the Securities and Exchange Board of India. Accordingly, the excess of the market value of the stock options as on the date of the grant over the exercise price of the options is recognised as deferred employee compensation and is charged to Profit and Loss Account 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

Provision for current tax is made and retained in the Accounts on the basis of estimated tax liability as per the applicable provisions.

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (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.

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 Profit and Loss account and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay income tax higher than MAT during the specified period.

(p) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event and, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on best estimate required to settle the 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 attributable to equity shareholders for the period

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

2. (a) During the previous year, pursuant to the Scheme of Amalgamation of the Company's wholly owned Subsidiaries, erstwhile Zensar OBT Technologies Limited (ZOBT) and Zensar Transformation Services Limited (ZTSL) (i.e. the transferor companies), were amalgamated with the Company. The Scheme of amalgamation was sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated April 9, 2010. The "Appointed Date" of the Scheme was April 1, 2009. In accordance with the said Scheme and as per the approval of the Hon'ble High Court of Judicature at Bombay, net assets of Rs. 1419.68 lakhs of the transferor Companies were transferred to and vested in the Company with effect from April 1st, 2009. The Scheme had, accordingly, been given effect to in the financial statements for the year ended March 31st, 2010.

(b) The amalgamation was accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India. In accordance with the scheme, the difference of Rs. 337.25 lakhs between the amount recorded as share capital issued and the amount of share capital of the transferor company was adjusted in the General Reserve.

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011 (Rs. in Lakhs)

NOTES TO ACCOUNTS (Contd.)	2011	2010
3. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 20.71 lakhs (Previous year: Rs. 38.86 lakhs)]	203.52	691.04
4. Contingent Liabilities		
(a) Income Tax:		
Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.	637.73	337.65
Matters on which the Company is in appeal	33.94	206.12
(b) Sales Tax / Value Added Tax:		
Claims against the Company regarding sales tax against which the Company has preferred appeals.	20.80	53.52
(c) Claim in respect of rented premises.	165.27	153.61
(d) Claims against the Company not acknowledged as debts.	36.33	70.00
(e) Guarantee given by the Company / issuance of Stand by Letter of credit by the Company's bankers in respect of term loan and working capital limits taken by the subsidiary.	2969.69	5209.69
The loans and working capital limits taken by the subsidiary are secured by a pari passu charge against the immovable fixed assets of the Company situated at Kharadi.		
(f) Issuance of Stand by Letter of credit by the Company's bankers in respect of term loan taken by the wholly owned subsidiary.	21403.20	-
The Company is in the process to create security by way of hypothecation of the current and moveable assets and mortgage of immovable assets of the Company.		
(g) Customs Duty:		
From 1969 to 1979, customs duty has been provided on the basis of provisional assessments, which are not admitted by the Customs Authorities. Pending settlement of the foregoing, a deposit of Rs. 6.79 lakhs (Previous year: Rs. 6.79 lakhs) has been made and bonds aggregating to Rs. 54.43 lakhs (Previous year: Rs. 54.43 lakhs) guaranteed by the General Insurance Corporation of India have been executed. From 16th August 1988 to 31st March 1993, pursuant to changes in the Customs Valuation Rules, the Customs Authorities have cleared the Company's consignments on provisional basis on execution of bonds aggregating Rs. 1618.45 lakhs (Previous year: Rs. 1618.45 lakhs), representing the entire value of the import consignments. Adjustments, if any, on this account, would be made as and when the assessments are finalised. The Company has been legally advised that the liability on this account is not expected to exceed Rs. 31.00 lakhs (Previous year: Rs. 31.00 lakhs), which has been provided for.		

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011 (Rs. in Lakhs)

NOTES TO ACCOUNTS (Contd.)

5. Employee Stock Option Schemes

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

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

Particulars	2010-11		2009-10	
	Number of Option	Weighted average exercise price in Rupees	Number of Option	Weighted average exercise price in Rupees
Opening Balance	256426	146.81	326657	145.36
Granted during the year prior to bonus issue	-	-	-	-
Exercised during the year prior to bonus issue	13951	126.33	26941	123.13
Cancelled during the year prior to bonus issue	2775	144.78	43290	150.60
Bonus Adjustment (1:1)	239700	-	-	-
Granted during the year post bonus issue	-	-	-	-
Exercised during the year post bonus issue	91154	72.77	-	-
Cancelled during the year post bonus issue	13452	69.95	-	-
Balance unexercised options	374794	74.82	256426	146.81
Exercisable at end of year	285708	73.94	196961	142.29

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

Particulars	2010-11		2009-10	
	Number of Option	Weighted average exercise price in Rupees	Number of Option	Weighted average exercise price in Rupees
Opening Balance	533404	181.53	473480	187.22
Granted during the year prior to bonus issue	74000	345.00	79000	145.00
Exercised during the year prior to bonus issue	-	-	7256	167.42
Cancelled during the year prior to bonus issue	16600	345.00	11820	174.11
Bonus Adjustment (1:1)	590804	-	-	-
Granted during the year post bonus issue	-	-	-	-
Exercised during the year post bonus issue	32996	85.70	-	-
Cancelled during the year post bonus issue	69544	91.41	-	-
Balance unexercised options	1079068	102.44	533404	181.53
Exercisable at end of year	561076	96.00	222660	193.23

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

6. During the previous year, pursuant to the shareholders' approval for buy back of equity shares on proportionate basis through the tender offer route, the Company bought back 2,424,000 equity shares for an aggregate amount of Rs. 3999.60 lakhs, by utilizing Share Premium account and General Reserve to the extent of Rs. 2980.68 lakhs and Rs. 776.52 lakhs respectively.

Capital Redemption Reserve was created out of general reserve for Rs. 242.40 lakhs, being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.

7. Acquisition of subsidiaries in the United States of America

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

8. During the year, the shareholders approved the issue of Bonus Shares in the proportion of one new equity share for every existing equity share, at the Annual General Meeting held on July 13, 2010. Accordingly, a sum of Rs. 2158.98 lakhs has been transferred to the Share Capital Account on allotment of fully paid bonus shares to the holders of the equity shares on the record date of July 22, 2010 by utilisation of General Reserve. Consequently, the earnings per share have been adjusted for the previous year.

9. Related Party Disclosures

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

(i) Parties where control exists

a. Wholly owned subsidiaries:

Zensar Technologies, Inc., USA
Zensar Technologies (UK) Limited
Zensar Technologies (Singapore) Pte. Limited
Zensar Technologies GmbH, Germany
(Voluntarily liquidated during the year)
Zensar Advanced Technologies Limited
Zensar Technologies (Shanghai) Co.
Limited (Incorporated on April 29, 2010)
PSI Holding Group Inc.
(With effect from January 1, 2011)
Akibia, Inc.
(With effect from January 1, 2011)
Akibia, B.V.
(With effect from January 1, 2011)
Aquila Technology Corp.
(With effect from January 1, 2011)

b. Other subsidiaries/Entities under joint control

Zensar Technologies (Shenzen) Limited
(Under liquidation)

c. Parties having control (directly or indirectly):

RPG Industries Pvt. Limited
Blue Niles Holdings Limited
Pedriano Investments Limited
RPG Cellular Investments & Holdings
Private Limited
Idea Tracom Private Limited
Summit Securities Limited
Electra Partners Mauritius Limited

(ii) Key Management Personnel

Dr. Ganesh Natarajan
Mr. S. Balasubramaniam
Mr. Gopalaji Mehrotra
(With effect from 1st April 2010)
Mr. Sanjay Marathe
Ms. Prameela Kalive
Mr. Hiren Kulkarni
Mr. Ajay Bhandari
Mr. Krishna Ramswami
Mr. V. Balasubramanian
(up to 31st March 2010)

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

9. Related Party Disclosures (Continued) Transactions with Related Parties

Rs. in lakhs

Sr. no.	Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
		2010-11	2009-10	2011		2010	
				Receivable	Payable	Receivable	Payable
A. Rendering of Software Services							
1. Wholly owned subsidiaries:							
(i)	Zensar Technologies, Inc., USA	28042.91	24170.08	11617.88	-	6868.74	-
(ii)	Zensar Technologies (UK) Limited	7253.33	7345.70	1751.43	-	3258.44	-
(iii)	Others	28.34	4.16	15.08	-	-	-
	Total of rendering of Software Services	35324.58	31519.94	13384.39	-	10127.18	-
B. Receipt of Software Services							
1. Wholly owned subsidiaries:							
(i)	Zensar Technologies (Singapore) Pte. Limited	9.31	-	-	9.29	-	-
	Total of receipt from Software Services	9.31	-	-	9.29	-	-
C. Rendering of Other Services							
1. Wholly owned subsidiaries:							
(i)	Zensar Technologies (UK) Limited	-	-	-	-	0.84	-
(ii)	Zensar Technologies, Inc., USA (Finder's Fee)	442.87	346.66	396.35	-	346.66	-
	Total of rendering of Other Services	442.87	346.66	396.35	-	347.50	-
D. Reimbursement of expenses incurred							
1. Wholly owned subsidiaries:							
(i)	Zensar Technologies, Inc., USA	2224.87	1896.71	907.20	-	405.07	-
(ii)	Zensar Technologies (UK) Limited	974.06	1054.07	176.59	-	480.50	-
(iii)	Others	184.82	250.83	261.27	-	166.03	-
	Total reimbursement of expenses incurred	3383.75	3201.61	1345.06	-	1051.60	-
E. Other Income (Guarantee commission)							
	Zensar Technologies, Inc., USA	90.74	50.95	73.78	-	10.82	-
	Total Guaranty commission	90.74	50.95	73.78	-	10.82	-
F. Equity Contribution							
1. Wholly owned subsidiaries:							
(i)	Zensar Technologies (Shanghai) Co. Limited	115.34	-	-	-	-	-
	Total of Equity Contributions	115.34	-	-	-	-	-
G. Loans granted / (repaid)							
1. Wholly owned subsidiaries:							
(i)	Zensar Advanced Technologies Limited	43.57	(84.19)	*847.94	-	804.22	-
(ii)	Zensar Technologies (Shanghai) Co. Limited	53.51	-	53.51	-	-	-

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

9. Related Party Disclosures (Continued)

Transactions with Related Parties

Rs. in lakhs

Sr. no.	Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
		2010-11	2009-10	2010-11		2009-10	
				Receivable	Payable	Receivable	Payable

2. Jointly Owned Entities

(i) Zensar Technologies (Shenzen) Limited	17.15	-	**17.15	-	-	-	-
Total of loans granted/ (repaid)	114.23	(84.19)	918.60	-	804.22	-	-

* A provision of Rs. 665 lakhs has been made against the above loan

** A provision of Rs. 17.15 lakhs has been made against the above loan

H. Interest on Unsecured Loans

1. Wholly owned subsidiaries:

(i) Zensar Advanced Technologies Limited	42.50	22.71	63.82	-	102.04	-	-
(ii) Zensar Technologies (Shanghai) Co. Limited	0.31	-	0.31	-	-	-	-
Total of interest on Unsecured Loan	42.81	22.71	64.13	-	102.04	-	-

I. Remuneration to Key Management Personnel

(i) Dr. Ganesh Natarajan	90.36	84.83	-	-	-	-	-
(ii) Mr. S. Balasubramaniam	41.80	36.19	-	-	-	-	-
(iii) Mr. V. Balasubramanian (upto 31st March, 2010)	-	42.18	-	-	-	-	-
(iv) Mr. Sanjay Marathe	39.83	38.03	-	-	-	-	-
(v) Ms. Prameela Kalive	36.33	33.57	-	-	-	-	-
(vi) Mr. Ajay Bhandari	43.33	36.34	-	-	-	-	-
(vii) Others	97.25	65.65	-	-	-	-	-
Total remuneration of Key Management Personnel	348.90	336.79	-	-	-	-	-

10. Earnings Per Share (EPS)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010 (Restated)
a. Profits attributable to equity shareholders (Rs. in lakhs)	8847.68	8415.18
b. Basic Earnings Per Share		
Weighted Average no. of equity shares outstanding during the year.	43226136	45113153
Basic EPS (Rs.)	20.47	18.65
c. Diluted Earnings Per Share		
Weighted Average no. of equity shares outstanding during the year	43226136	45113153
Effect of dilutive issue of stock options	799426	189682
Weighted average no. of equity shares outstanding for Diluted EPS	44025562	45302835
Diluted EPS (Rs.)	20.10	18.57

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

11. (A) Forward contracts and options outstanding

Particulars	2011	2010
Forward Contracts		
In US\$	\$21050000	\$13700000
(Equivalent approximate in Rs. lakhs)	9386.19	6121.16

(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. 11078 lakhs (Previous Year: Rs. 7834 lakhs)

12. Managerial Remuneration

a) Managing Director's remuneration: Rs. in lakhs

Particulars	2010-11	2009-10
(i) Salary and Allowances	73.73	68.51
(ii) Contribution to Provident Fund, Superannuation Scheme and others	12.21	12.14
(iii) Perquisites (Valued as per the provisions of the Income-tax Act, 1961, where applicable)	4.42	4.18
Total	90.36	84.83

Notes:

- As the liability for gratuity and compensated absence is provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Managing Director are not ascertainable and therefore not included above.
- The Board of Directors, at their meeting held on 17th January, 2011, re-appointed Dr. Ganesh Natarajan as Vice chairman and Managing Director of the Company up to 31st January, 2015 with effect from 1st March, 2011. This reappointment is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Rs. In lakhs
2010-11

- b) Commission Payable to Non Executive Directors * 94.00
* subject to Shareholders' approval in the ensuing Annual General Meeting
Computation of Net profit under section 349 of the Companies Act, 1956.

Profit before tax as per Profit and Loss Account 8623.46

Add:

Managing director's remuneration	90.36
Commission payable to non executive directors	94.00
Directors' sitting fees	10.30
Depreciation per the Books of Account	2588.05
Provision for doubtful loans and advances	666.76
Profit (net) on sale of fixed assets as per Section 349 of the Companies Act, 1956	4.72

Less:

Profit on sale of fixed assets as per Profit and Loss Account (net)	(4.72)
Depreciation as per Section 350 of the Companies Act, 1956**	(2588.05)

Net profit as per Section 198 of the Companies Act, 1956 9484.88

Maximum permissible commission to non-executive directors under section 198 of the Companies Act, 1956 @ 1%	94.85
Commission payable	94.00

** The Company depreciates fixed assets based on estimated useful lives that are lower than those implicit in Schedule XIV of the Companies Act, 1956. Accordingly, the rates of depreciation used by the Company are higher than the minimum prescribed by Schedule XIV.

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

Rs. In lakhs

	2010-11	2009-10
13. Miscellaneous Expenses include Auditors' Remuneration and Expenses as under:		
(a) As auditors	38.50	38.50
(b) As advisors, or in any other capacity, in respect of		
(i) Management services	4.15	6.00
(ii) Other services	19.50	12.00
(c) Out of pocket expenses reimbursed [for (a) and (b) above]	1.02	0.46
14. Earnings in foreign exchange		
Fees for technical services outside India in connection with development / production of Computer Software	55366.68	45,244.92
15. Expenditure in foreign currency (subject to deduction of tax at source, where applicable)		
(a) Travelling (including Salaries & allowances to staff on deputation to other countries)	7493.04	5827.95
(b) Professional and Consultation fees	195.96	113.51
(c) Link Charges	13.36	60.99
(d) Others	2407.39	1848.29
16. Value of imports calculated on C.I.F. basis		
(a) Software	109.78	16.60
(b) Capital Goods	925.30	362.68
17. Remittance in foreign currency on account of dividend to non-resident shareholders		
(a) Number of shareholders	268	288
(b) Number of shares on which dividend was paid	6886733	10639608
(c) Financials to which dividend relates	2009-10	2008-09
(d) Amount of dividend remitted (Rs. in Lakhs)	378.77	478.78
18. Details of Current Investments purchased and sold during the year		
Particulars	Units Purchased	Units Sold
Axis Liquid Fund- Institutional Daily Dividend Reinvestment	46092	46092
Axis Treasury Advantage Fund- Institutional Daily Dividend Reinvestment	24773	24773
Birla Sun Life Cash Manager- IP -Daily Dividend Reinvestment	12286766	12286766
Birla Sun Life Cash Plus - Instl.-Daily Dividend - Reinvestment	52593194	52593194
Birla Sun Life Savings Fund- Instl. Daily Dividend Reinvestment	30497962	30497962
Birla Sun Life Short Term Opportunities Fund- Retail - Weekly Dividend	1006514	1006514

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)**Details of Current Investments purchased and sold during the year (Continued)**

Particulars	Units Purchased	Units Sold
Birla Sun Life ultra Short Term Fund -Retail- Daily Dividend	1787932	1787932
BSL Floating Rate Fund- Long Term -Instl. Weekly Dividend	2014297	2014297
DSP Blackrock Liquidity Fund- Institutional Plan -Daily Dividend	118627	118627
HDFC Cash Management Fund- Savings Plan-Daily Dividend Reinvestment	54870018	54870018
HDFC Cash management Fund- Treasury Advantage Plan- Wholesale- Daily Dividend	19784610	19784610
HDFC Floating Rate Income Fund- Short Term Plan-Wholesale option Dividend Reinvestment	18056676	18056676
ICICI Prudential Flexible Income Plan Premium- Daily Dividend	1411961	1411961
ICICI Prudential Liquid Super Institutional Plan- Div-Daily Dividend	2018645	2018645
IDFC Money Manager Fund- Treasury Plan- Inst Plan B -Daily	1249479	1249479
JPMorgan India Treasury Fund -Super Inst. Daily div plan- reinvest	1982822	1982822
Kotak Flexi Debt Scheme Institutional -Daily Dividend	16835764	16835764
Kotak Floater Long Term -Daily Dividend	15365756	15365756
Kotak Liquid (Institutional) -Daily Dividend	29871274	29871274
Kotak Quarterly Interval Plan Series 3-Dividend	1517567	1517567
Kotak Quarterly Interval Plan Series 7- Dividend	999950	999950
LICMF Floating Rate Fund-Short Term Plan-Daily Dividend Plan	4466809	4466809
LICMF Income Plus Fund- Daily Dividend Plan	3882375	3882375
LICMF Liquid Fund- Dividend Plan	13279982	13279982
LICMF Savings Plus Fund -Daily Dividend Plan	10271309	10271309
Reliance Liquid Fund - Cash plan- Daily Dividend option	4465235	4465235
Reliance Liquid Fund- Treasury Plan- Institutional Option-Daily Dividend option	21154871	21154871
Reliance Medium Term Fund-Daily Dividend Plan	2877035	2877035
Reliance Money manager Fund-Institutional Option-Daily Dividend plan	204179	204179
Reliance Monthly Interval Fund-Series I-Institutional Dividend Plan	999750	999750
Reliance Monthly Interval Fund-Series II -Institutional Dividend Plan	1999200	1999200
Religare Active Income Fund Institutional - Monthly Dividend	1517024	1517024
Tata Fixed income Portfolio Fund Scheme A3 Institutional	1000110	1000110
Tata Floater Fund- Daily Dividend	9999372	9999372
Tata Liquid Super High Investment Fund- Daily Dividend	99444	99444
Templeton India Ultra Short bond Fund Super Institutional Plan-Daily Dividend Reinvestment	4206503	4206503
UTI Fixed Income Interval Fund-series II -Quarterly Interval Plan V-Institutional Dividend Plan	2022684	2022684
UTI Floating Rate Fund -Short Term Plan- Institutional Daily Dividend Plan-Reinvestment	31263	31263
UTI Liquid Cash Plan Institutional -Daily Income Option- Reinvestment	131429	131429
UTI Treasury Advantage Fund-Institutional Plan- Daily Dividend Option-Reinvestment	143354	143354

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

19. Disclosure as per Accounting Standard - 29

(Rs. lakhs)

	2010-11			2009-10		
Particulars	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	36.45	51.27	87.72	74.71	43.17	117.88
Additions	-	11.67	11.67	-	11.67	11.67
Utilisations	4.20	2.54	6.74	38.26	3.57	41.83
Closing Balance	32.25	60.40	92.65	36.45	51.27	87.72

A. Disputed Statutory matters mainly include:

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

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

20. 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 2011, 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.

21. Deferred Tax

- A) During the year, the Company has recognised Deferred Tax Asset amounting to Rs. 1002.31 lakhs pursuant to the expiry of tax holiday under Section 10A of the Income Tax Act.

- B) The major components of the net deferred tax asset are

(Rs. in lakhs)

Particulars	As at March 31 2011	As at March 31 2010
Deferred tax asset		
Depreciation	234.15	-
Provision for doubtful debts	469.38	-
Others	298.78	-
Total	1002.31	-

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

- (A) Defined Contribution Plans

The Company has recognised the following amounts in the Profit and Loss Account for the year:

(Rs.in lakhs)

Sr No.	Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
(a)	Contribution to Employees' Provident Fund	785.32	647.32
(b)	Contribution to Employees' Family Pension Fund	276.99	248.94
(c)	Contribution to Employees' Superannuation Fund	27.76	28.60
	Total	1090.07	924.86

In terms of the guidance on implementing Revised AS 15, notified under section 211(3C) of the Act, the Provident Fund set up by the Company is treated as a Defined

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

Benefit Plan since the Company is obligated to meet interest shortfall, if any. However, as at year end no shortfall remains unprovided for. As advised by an independent actuary, it is not practical or feasible to actuarially value the liability considering the rate of interest as notified by the Government can vary annually. Further the pattern of investments for investible funds is as prescribed by the Government. Accordingly the other related disclosures as required by the Revised AS 15 have not been made.

(B) Defined Benefit Plans- Gratuity

(i) Changes in the Present Value of Obligation

(Rs.in lakhs)

Sr No.	Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
(a)	Present Value of Obligation as at beginning of the year	1557.22	1159.35
(b)	Interest Cost	132.36	89.84
(c)	Past Service Cost	-	-
(d)	Current Service Cost	309.14	374.45
(e)	Curtailment Cost/(Credit)	-	-
(f)	Settlement Cost/(Credit)	-	-
(g)	Benefits Paid	(181.38)	(63.67)
(h)	Actuarial (Gain)/Loss	85.04	(2.75)
(i)	As at end of the year	1902.38	1557.22

(ii) Changes in the Fair value of Plan Assets

(Rs.in lakhs)

Sr No.	Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
(a)	Present Value of Plan Assets as at beginning of the year	1249.33	867.19
(b)	Expected Return on Plan Assets	106.19	67.21
(c)	Actuarial Gain/(Loss)	(29.13)	22.76
(d)	Contributions	489.04	348.77
(e)	Benefits Paid	(181.38)	(56.60)
(f)	As at end of the year	1634.05	1249.33

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

(Rs.in lakhs)

Sr No.	Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
(a)	Present Value of Funded Obligation	1902.38	1557.22
(b)	Fair Value of Plan Assets	1634.05	1249.31
(c)	Present Value of Unfunded Obligation	-	-
(d)	Net Liability recognised in the Balance Sheet	268.33	307.91

(iv) Expenses recognised in the Profit and Loss Account

(Rs.in lakhs)

Sr No.	Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
(a)	Current Service Cost	309.14	374.46
(b)	Past Service Cost	-	-
(c)	Interest Cost	132.36	89.84
(d)	Expected Return on Plan Assets	(106.19)	(67.21)
(e)	Curtailment Cost/(Credit)	-	-
(f)	Settlement Cost/(Credit)	-	-
(g)	Net actuarial (Gain)/Loss	114.18	(25.51)
(h)	Employees' Contribution	-	-
(i)	Total Expenses recognised in the Profit and Loss Account	449.49	371.58

(v) As at 31st March, 2011 and 31st March, 2010, 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

(Rs. in lakhs)

Sr No.	Particulars	2010-11	2009-10
(a)	Actual return on plan assets	77.06	84.97

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

(viii) Gratuity Plan

Sr No.	Particulars	2010-11	2009-10	2008-09	2007-08
(a)	Defined Benefit Obligations	1902.38	1454.24	1084.81	770.67
(b)	Plan Assets	1634.05	1161.37	824.00	650.60
(c)	Surplus/(Deficit)	268.33	292.87	260.81	120.07
(d)	Experience Adjustment on plan liabilities	85.04	154.96	186.43	107.78
(e)	Experience Adjustment on plan assets	(29.13)	22.76	(0.31)	3.40

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

Sr No.	Particulars	2010-11	2009-10
(a)	Discount Rate	8.50%	8.50%
(b)	Expected Rate of Return on Plan Assets	8.50%	8.50%
(c)	Salary Escalation Rate - Management Staff	5.50%	5.50%

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

23. Expenditure on Research and Development

During the year, the Department of Scientific and Industrial Research has accorded the recognition as In-House R&D unit to the Company. The Company has incurred capital expenditure amounting to Rs. 105.83 lakhs (Previous year: Rs. 89.54 lakhs) and revenue expenditure amounting to Rs. 8.51 lakhs (Previous year: Rs. Nil) on development activities during the year.

24. Lease Obligations

Operating leases

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next five years. Rental expense incurred by the Company

under operating lease agreements totaled approximately Rs. 2167.48 lakhs (Previous year Rs. 1704.97 lakhs)

Total minimum lease payments outstanding

(Rs. in lakhs)

Particulars	As at March 31 2011	As at March 31 2010
Not later than one year	352.60	177.62
Later than one year and not later than five years	480.71	541.74

25. Other Information

The Company is engaged in the development of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956 of India.

26. Reclassification

Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.

Signatures to Schedules 1 to 14 forming part of the Balance Sheet as at 31st March 2011 and the Profit and Loss Account and Cash Flow Statement for the year ended 31st March 2011.

For and on behalf of the Board

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

Jeetendra Mirchandani
Partner
Membership No. 48125

Place : Pune
Date : April 21, 2011

H. V. Goenka
Chairman

S. Balasubramaniam
Chief Financial Officer

Place : Mumbai
Date : April 21, 2011

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.

- - 1 2 6 2 1

State Code

- - - - - 1 1

Balance Sheet Date

3 1 0 3 2 0 1 1

Date Month year

II. CAPITAL RAISED DURING THE year (AMOUNT IN RS./THOUSANDS)

Public Issue

- - - - N I L

Rights Issue

- - - - N I L

Bonus Issue

- 2 1 5 8 9 8

Private Placement

- - - - - N I L

ESOP

- - - - 1 3 8 1

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS./THOUSANDS)

Total Liabilities

- 4 5 8 3 4 9 4

Total Assets

- 4 5 8 3 4 9 4

Sources of Funds

Paid-up Capital

- - 4 3 3 0 3 8

Reserves & Surplus

- 3 2 3 6 6 7 4

Secured Loans

- - - - - - - -

Unsecured Loans

- - - - - - - -

Application Money

- - - - - - - -

Application of Funds

- - - - - - - -

Net Fixed Assets

- - 9 9 4 4 6 2

Investments

- - 3 1 7 2 3 9

Net Current Assets

- 2 2 5 7 7 8 0

Miscellaneous Expenditure

- - - - - N I L

Accumulated Losses

- - - - - N I L

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS./THOUSANDS)

Turnover

- 5 9 1 8 1 8 4

Total Expenditure

- 5 0 5 5 8 3 8

+ - Profit/Loss before Tax

+ - - 8 6 2 3 4 6

+ -

+ -

Profit/Loss after Tax

- - - 8 8 4 7 6 8

Earning per Share in Rs.

2 0 . 4 7

Dividend rate %

3 5

V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY

(AS PER MONETARY TERMS)

Items code No. (ITC code)

8 5 2 4 9 9

Product Description

S O F T W A R E

For and on behalf of the Board

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Financial Information of Subsidiaries

Name of the Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Details of investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
Zensar Technologies, Inc.	290.30	5,231.58	46,912.18	41,390.30	-	61,058.97	3,723.62	1,189.38	2,534.24	-
Zensar Technologies (UK) Limited	38.51	1,411.31	5,530.99	4,081.17	-	15,202.64	1,323.04	390.39	932.65	-
Zensar Technologies (Singapore) Pte. Limited	78.02	774.23	1,809.34	957.09	-	4,588.94	424.09	68.32	355.77	317.90
Zensar Advanced Technologies Limited	3.43	(938.85)	370.66	1,306.08	-	662.03	(122.83)	0.57	(123.40)	-
Zensar Technologies (Shanghai) Co. Limited	115.34	(80.47)	148.59	113.72	-	44.21	(78.16)	-	(78.16)	-
Zensar Technologies (Shenzhen) Limited	89.77	(112.83)	27.92	50.98	-	-	(1.88)	-	(1.88)	-
PSI Holding Group, Inc.	0.00*	20.29	33.79	82.24	-	103.81	20.40	-	20.40	-
Akibia, Inc.	0.02	1,822.04	9,893.19	8,013.84	96.53	5,368.27	634.93	263.22	371.71	-
Akibia, B.V.	10.71	506.07	2,415.63	1,898.12	-	1,372.05	(40.33)	41.57	(81.91)	-
Aquila Technology Corp.	0.00**	4,771.00	12,006.86	7,235.87	-	5,074.18	305.46	176.07	129.40	-

* Absolute Value- Rs. 44/-

** Absolute Value- Rs. 444/-

Rs in lakhs



Consolidated Financial Statements

Auditors' Report

on the Consolidated Financial Statements of Zensar Technologies Limited

To the Board of Directors of Zensar Technologies Limited

1. We have audited the attached consolidated balance sheet of Zensar Technologies Limited (the "Company") and its subsidiaries, hereinafter referred to as the "Group" [refer Note 1(b) on Schedule 16 to the attached consolidated financial statements] as at March 31, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of five subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 24,720.12 lakhs and net assets of Rs. 6,183.98 lakhs as at March 31, 2011, total revenue of Rs. 12,618.43 lakhs, net profit of Rs. 316.20 lakhs and net cash flows amounting to Rs. 711.45 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the

report of such other auditors. Further, the financial statements of two subsidiaries are certified by the management and are not audited. These financial statements constitute total assets of Rs. 175.42 lakhs and net assets of Rs. 11.84 lakhs as at March 31, 2011, total revenue of Rs. 43.15 lakhs, net loss of Rs. 80.03 lakhs and net cash flows amounting to Rs. 56.67 lakhs.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports / certificates of other auditors / management on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date: and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Jeetendra Mirchandani

Place: Pune
Date: April 21, 2011

Partner
Membership Number 48125

Consolidated Balance Sheet As at 31st March, 2011

(Rs. in lakhs)

	Schedule	2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	4330.38	2157.59
Reserves and Surplus	2	40270.62	30812.63
		44601.00	32970.22
Loan Funds			
Secured Loan	3	23632.70	4468.00
		68233.70	37438.22
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	54799.98	21279.38
Less : Depreciation/ Amortization		20071.85	11058.70
Net Block		34728.13	10220.68
Capital Work in Progress		520.00	135.81
		35248.13	10356.49
Investments	5	2560.93	1513.31
Deferred Tax			
Deferred Tax Assets		2270.42	401.81
Deferred Tax Liabilities		(155.10)	(16.06)
[See Schedule 16, Note 19]		2115.32	385.75
Current Assets, Loans and Advances			
Inventories	6	8355.19	-
Sundry Debtors	7	22950.96	14261.45
Cash and Bank Balances	8	10999.44	12996.63
Other Current Assets	9	5356.73	4388.92
Loans and Advances	10	14449.80	7263.78
		62112.12	38910.78
Less:			
Current Liabilities and Provisions			
Current Liabilities	11	29695.79	10156.65
Provisions	12	4107.01	3571.46
		33802.80	13728.11
Net Current Assets		28309.32	25182.67
		68233.70	37438.22
Notes to Accounts	16		

Notes as per Schedule 16 and other Schedules referred to herein form an integral part of the Balance Sheet.
This is the Consolidated Balance Sheet referred to in our report of even date.

For and on behalf of the Board

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

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. 48125

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 21, 2011

Place : Mumbai
Date : April 21, 2011

Consolidated Profit and Loss Account As at 31st March, 2011

(Rs. in Lakhs)

Schedule	2011	2010
INCOME		
Software development and allied services	107818.41	94477.27
Sale of user licenses for software applications	1695.34	798.23
Sale of network and security products	4315.73	-
Other Income 13	2837.01	827.69
	116666.49	96103.19
EXPENDITURE		
Operating Expenses 14	98326.16	78280.46
Interest and Finance Charges 15	386.15	272.84
Depreciation/ Amortization	2941.70	2634.66
	101654.01	81187.96
Profit before Taxation and Minority Interest	15012.48	14915.23
Provision for Taxation		
- Current tax	3606.76	3624.02
- Deferred tax [See Schedule 16, Note 19]	(580.87)	130.46
- MAT Credit Entitlement	(1200.88)	(1293.00)
Short / (Excess) provision for taxation in respect of earlier years (net)	14.69	(272.26)
Profit after Taxation and before Minority Interest	13172.78	12726.01
Minority Interest	-	(29.81)
Profit after Taxation	13172.78	12755.82
Balance brought forward from previous year	14148.56	10276.49
Balance transferred to Retained Earnings		
Profit Available for Appropriation	27321.34	23032.31
Proposed Dividend	1515.63	1186.67
Provision for Tax on Proposed Dividend	245.87	197.08
Transfer to General Reserve	7500.00	7500.00
Profit and Loss Account Balance Carried to Balance Sheet	18059.84	14148.56
Earnings Per Equity Share (Face Value Rs. 10):	Rs.	Rs.
[See Schedule 16, Note 12]		
- Basic	30.47	28.28
- Diluted	29.92	28.16
Notes to Accounts 16		

Notes as per Schedule 16 and other Schedules referred to herein form an integral part of the Profit and Loss Account.
This is the Consolidated Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board

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

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. 48125

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 21, 2011

Place : Mumbai
Date : April 21, 2011

Consolidated Cash Flow Statement As at 31st March, 2011

(Rs. in lakhs)

	2011	2010
A. Cash Flow from Operating Activities :		
Net Profit before Tax Prior Period Expenses and Exceptional Items	15012.48	14915.23
Adjustments for		
Depreciation	2941.70	2634.66
Dividend Income	(86.96)	(147.39)
Interest Expense	386.15	272.84
Loss / (Profit) on Sale of Investments (net)	-	(3.44)
Interest Income	(151.19)	(121.26)
Loss / (Profit) on Sale of Fixed Assets (net)	(1.47)	9.33
Provision for doubtful debts written back	(87.95)	-
Employee Stock Compensation Expense	3.13	(2.90)
	3003.41	2641.84
Operating Profit before Working Capital Changes and other adjustments	18015.89	17557.07
Adjustments for		
Sundry Debtors	(1232.87)	(1037.86)
Inventories	(431.24)	-
Other Current Assets	(784.26)	927.51
Loans and Advances	771.71	7.67
Current Liabilities and Provisions	5596.78	(374.85)
	3920.12	(477.53)
Cash generated from Operations	21936.01	17079.54
Taxes (Paid) / Received (Net of TDS)	(7877.03)	(3130.32)
	(7877.03)	(3130.32)
Net Cash from Operating activities (A)	14058.98	13949.22
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (including CWIP and Goodwill)	(2733.18)	(1584.73)
Payment for Purchase of business (net of cash acquired)	(30541.18)	-
Sale Proceeds of Fixed Assets	12.71	12.40
Purchase of Investments in Mutual Funds	(26075.90)	(34162.64)
Sale Proceeds of Investments in Mutual Funds	25124.83	35024.93
Interest Income	117.64	121.26
Dividend Income	86.96	147.39
Net Cash from Investing Activities (B)	(34008.12)	(441.39)

Consolidated Cash Flow Statement As at 31st March, 2011

(Rs. in lakhs)

	2011	2010
C. Cash Flow from Financing Activities		
Shares bought back	-	(3,999.61)
Shares allotted under ESOP	113.62	46.92
Secured Loans taken / (repaid)	19161.32	(3138.08)
Interest Payment	(297.46)	(272.84)
Dividend on Equity Shares and tax thereon	(1383.75)	(1261.74)
Net Cash from Financing Activities (C)	17593.73	(8625.35)
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(2355.41)	4882.48
Opening Balance of Cash & Cash Equivalents	12996.63	8114.15
Cash & Cash Equivalents of PSI Holding		
Group, Inc. as on the 1st January, 2011	358.22	-
Closing Balance of Cash & Cash Equivalents	10999.44	12996.63

Notes :

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 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 include Cash and Bank Balance.

Notes as per Schedule 16 and other Schedules form an integral part of the Cash Flow Statement.

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

For and on behalf of the Board

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

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. 48125

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 21, 2011

Place : Mumbai
Date : April 21, 2011

Schedules

(Rs. in Lakhs)

	2011	2010
SCHEDULE 1		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
SHARE CAPITAL		
Authorised		
47,500,000 [Previous year : 27,500,000] Equity Shares of Rs. 10 each	4750.00	2750.00
250,000 [Previous year : 250,000] Preference Shares of Rs. 100 each	250.00	250.00
	5000.00	3000.00
Issued and Subscribed		
43,303,786 (Previous Year: 21,575,867) Equity Shares of Rs. 10 each fully paid-up [See notes below and Schedule 16, Notes 5 and 7]	4330.38	2157.59
	4330.38	2157.59
Notes :		
1. The Authorised Share Capital was increased from 27,500,000 equity shares to 47,500,000 equity shares of Rs. 10 each pursuant to a shareholders' resolution passed at the Annual General Meeting on July 13, 2010.		
2. The Company allotted 21,589,818 equity shares as fully paid up bonus shares by capitalisation of profits transferred from General Reserve, pursuant to a shareholders' resolution passed at the Annual General Meeting on July 13, 2010.		
3. Of the above, 11,790,608 (Previous Year : 11,790,608) Equity Shares of Rs. 10 each, are allotted as fully paid-up pursuant to agreements for consideration other than cash.		
SCHEDULE 2		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
RESERVES AND SURPLUS		
Revaluation Reserve	1.56	1.56
Capital Reserve	10.18	10.18
Capital Redemption Reserve		
Balance brought forward	442.40	200.00
Add : Transferred from General Reserve [See Schedule 16, Note 5]	-	242.40
	442.40	442.40
Share Premium		
Balance brought forward	26.81	2964.00
Add : Received during the year on exercise of Stock Options issued to employees	102.94	43.50
Less : Utilised for buy-back of equity shares [See Schedule 16, Note 5]	-	2980.69
	129.75	26.81

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
General Reserve		
Balance brought forward	17281.92	11113.20
Less : Transferred to Capital Redemption Reserve consequent to the Buy-back of Equity Shares [See Schedule 16, Note 7]	-	242.40
Less : Utilised for buy-back of equity shares [See Schedule 16, Note 5]	-	776.52
Less : Adjustment pursuant to the scheme of amalgamation [See Schedule 16, Note 2]	-	312.36
Less: Utilisation for Issuance of Bonus Shares [See Schedule 16, Note 7]	2158.98	-
Add : Transfer from Profit and Loss Account	7500.00	7500.00
	22622.94	17281.92
Hedging Reserve		
Balance brought forward	260.41	(66.17)
Add : Movement during the year	59.40	326.58
	319.81	260.41
Employee Stock Options		
[See Schedule 16, Note 6]		
Employee Stock Options Outstanding	28.23	33.38
Less : Deferred Employee Compensation	7.15	10.91
	21.08	22.47
Foreign Currency Translation Reserve		
Balance brought forward	(1381.68)	(1060.03)
Foreign Currency Translation Reserve for the year	44.74	(321.65)
	(1336.94)	(1381.68)
Profit and Loss Account		
Balance in Profit and Loss Account	18059.84	14148.56
	40270.62	30812.63
SCHEDULE 3		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
SECURED LOANS		
Term Loans from Banks	23632.70	4468.00
[Amount repayable within one year Rs. 2229.50 lakhs (Previous year: Rs. 2234.00 lakhs)]		
	23632.70	4468.00

Note:

Loans are secured by a pari passu charge against the movable and immovable fixed assets of the Company situated at Kharadi, Pune.

SCHEDULE 4

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011

Fixed Assets

Assets	GROSS BLOCK					DEPRECIATION/ AMORTISATION					NET BLOCK	
	Cost as at 31st March 2010	Additions Pursuant to acquisition [See Sch 16 Note 8]	Additions/ Adjustment during the year	Deletions during the year	Cost as at 31st March 2011	Accumulated Depreciation/ Amortisation as at 31st March 2010	Additions Pursuant to acquisition [See Sch 16 Note 8]	Depreciation/ Amortisation for the year	Depreciation/ Amortisation on deletions during the year	Accumulated Depreciation/ Amortisation as at 31st March 2011	As at 31st March 2011	As at 31st March 2010
Goodwill	453.94	23921.63	-	-	24375.57	179.83	-	72.56	-	252.39	24123.18	274.11
Land- Leasehold	264.25	2198.72	1.21	-	2464.18	19.43	1699.39	66.55	-	1785.37	678.81	244.82
Freehold	34.67	-	-	-	34.67	21.69	-	-	-	21.69	12.98	12.98
Buildings	5275.43	-	52.74	-	5328.17	569.48	-	176.42	-	745.90	4582.27	4705.95
Improvement to Leasehold Premises	435.61	-	2.35	10.76	427.20	345.97	-	48.18	7.27	386.88	40.32	89.64
Plant and Machinery	3648.53	-	201.15	2.16	3847.52	2150.78	-	540.41	2.13	2689.06	1158.46	1497.75
Furniture, Fixtures and Office Equipment	3472.12	421.23	344.23	23.86	4213.72	1683.42	417.69	443.56	22.76	2521.91	1691.81	1788.70
Motor Vehicles	230.47	-	39.44	29.90	240.01	125.64	-	41.99	23.45	144.18	95.83	104.83
Data Processing Equipment-Own use	4668.90	4654.66	869.59	62.44	10130.71	3696.17	4025.64	693.74	62.27	8353.28	1777.43	972.73
Intangible Assets (Software including courseware)	2900.26	-	931.05	3.03	3828.28	2365.84	-	858.29	3.03	3221.10	607.18	534.42
Total	21384.18	31196.24	2441.76	132.15	54890.03	11158.25	6142.72	2941.70	120.91	20121.76	34768.27	10225.93
Exchange Fluctuation on Consolidation	(104.80)	(33.43)	48.18	-	(90.05)	(99.55)	66.35	(16.71)	-	(49.91)	(40.14)	(5.25)
Total	21279.38	31162.81	2489.94	132.15	54799.98	11058.70	6209.07	2924.99	120.91	20071.85	34728.13	10220.68
Previous Financial Year	20193.68	-	1978.35	892.65	21279.38	9042.56	-	2574.70	558.56	11058.70	-	-
Capital Work in Progress including advances on Capital Account Rs.20.72 lakhs (Previous year: Rs. 37.86 lakhs)											520	135.81
											35248.13	10356.49

Schedules (Contd.)

(Rs. in Lakhs)

		2011	2010
SCHEDULE 5			
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011			
INVESTMENTS			
(I) Long Term			
Non-Trade			
A. Quoted			
Nil	(Previous Year: 170) Equity Share of Rs. 10 Each fully paid-up in RPG Cables Limited (Consequent to the Merger of RPG Cables Limited with KEC International Limited)	-	0.05
100	Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited	0.02	0.02
75	Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.05
Nil	(Previous Year: 25) Equity Share of Rs. 10 Each fully paid-up in CHI Investments Limited (Consequent to the Merger of CHI Investments Limited with Summit Securities Limited)	-	0.01
100	Equity Shares of Rs. 10 each fully paid-up in CESC Limited	0.05	0.05
100	Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited	0.04	0.04
760	(Previous year: 144) Equity Shares of Rs. 2 (Previous year: Rs. 10) each fully paid-up in KEC International Limited (8 Shares received in Lieu of 170 Shares of RPG Cables Limited, pursuant to the Merger of RPG Cables Limited with KEC International Limited, and subsequent stock split in the Ratio of 1:5 on 1st January 2011)	0.19	0.14
100	Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
Nil	(Previous Year: 100) Equity Share of Rs. 10 Each fully paid-up in Brabourne Enterprises Limited (Consequent to the Merger of Brabourne Enterprises Limited with Summit Securities Limited)	-	0.08
100	Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
13	(Previous year : Nil) Equity Shares of Rs. 10 each fully paid up in Summit Securities Limited		
	[(i) 4 Shares received in Lieu of 25 Shares of CHI Investments Limited, pursuant to the Merger of CHI Investments Limited with Summit Securities Limited		
	(ii) 3 Shares received in Lieu of 100 Shares of Brabourne Enterprises Limited pursuant to the Merger of Brabourne Enterprises Limited with Summit Securities Limited		
	(iii) 6 Shares received against the 100 Shares held in erstwhile Summit Securities Limited]	0.09	-
		0.51	0.51
B. Unquoted			
100	Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
		0.08	0.08

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
(II) Current Investments		
Non-Trade		
A. Unquoted		
Nil (Previous year : 2,980,233) units of LIC MF Savings Plus Fund - Daily Dividend Plan	-	298.02
999,550 (Previous Year : 1,506,224) units of Kotak Quarterly Interval Plan Series 3 - Dividend	100.00	150.65
Nil (Previous Year : 1,004,913) units of Birla Sun Life Short Term Opportunities Fund - Retail - Weekly Dividend	-	100.49
1,000,000 (Previous Year : 2,011,584) units of UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan V- Institutional Dividend Plan	100.00	201.15
Nil (Previous Year : 1,507,277) units of Religare Active Income Fund Institutional - Monthly Dividend	-	150.10
Nil (Previous Year : 9,033) units of UTI Floating Rate Fund - STP - IP - Daily Dividend	-	90.00
Nil (Previous Year : 502,450) units of Birla Sun Life Short Term Opportunities Fund - IP - Weekly Dividend	-	50.26
Nil (Previous Year : 1,003,014) units of Birla Sun Life Savings Fund - IP - Daily Dividend	-	100.53
Nil (Previous Year : 631,057) units of HDFC F R I F - STF - WP - Daily Dividend	-	63.62
Nil (Previous Year : 10,502) units of Reliance Money Manager Fund - IP - Daily Dividend	-	105.14
Nil (Previous Year : 1,029,916) units of LIC MF Income Plus Fund - Daily Dividend	-	102.99
Nil (Previous Year : 989,844) units of Kotak Floater - LT - Daily Dividend	-	99.77
25,503 (Previous year : Nil) units of Axis Liquid Fund - Institutional Daily Dividend reinvestment	255.06	-
24,033 (Previous Year : Nil) units of UTI Liquid Cash Plan Institutional - Daily Income Option-Reinvestment	245.00	-
2,491,983 (Previous Year : Nil) units of HDFC Cash Management Fund-Savings Plan - Daily Dividend Reinvestment	265.06	-
1,500,000 (Previous Year : Nil) units of Tata Fixed Maturity Plan Series 28 Scheme A Dividend	150.00	-
2,020,000 (Previous Year : Nil) units of LIC Nomura MF Interval Fund - Series 1- Monthly Dividend Plan	202.00	-
2,268,309 (Previous Year : Nil) units of Reliance Liquid Fund - Cash Plan - Daily Dividend Option	252.72	-
25,292 (Previous Year : Nil) units of DSP BlackRock Liquidity Fund-Institutional Plan- Daily Dividend	253.00	-
1,500,000 (Previous Year : Nil) units of DSP Black Rock FMP- 3M Series 29 - Dividend Payout	150.00	-
3,864,815 (Previous Year : Nil) units of Kotak Floater Short Term Daily Dividend	390.97	-
999,690 (Previous Year : Nil) units of Kotak Quarterly Interval Plan Series 6- Dividend	100.00	-
23,000 (Previous Year : Nil) units of Infobox	31.91	-
7,063 (Previous Year : Nil) units of Innoveer Series A Preferred Stock	20.89	-
	2516.61	1512.72

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
B. Quoted		
1,591 (Previous Year : Nil) units of Prudential Financial Common Stock	43.68	
7 (Previous Year : Nil) units of USA Mobility Common Stock	0.05	
	43.73	0.00
Grand Total (I + II)	2560.93	1513.31
Aggregate amount of Quoted Investments	44.24	0.51
[Market Value Rs. 45.05 lakhs (Previous year: Rs.1.78 lakhs)]		
Aggregate cost of Unquoted Investments	2516.69	1512.80
	2560.93	1513.31
CURRENT ASSETS, LOANS AND ADVANCES		
SCHEDULE 6		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
INVENTORIES (NET)		
Stores, spares and traded goods	8355.19	-
	8355.19	-
SCHEDULE 7		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding 6 months		
- Considered good	168.47	151.40
- Considered doubtful	1561.29	1266.63
	1729.76	1418.03
Other debts		
- Considered good	22782.49	14110.05
- Considered doubtful	244.25	318.23
	23026.74	14428.28
	24756.50	15846.31
Less : Provision for doubtful debts	1805.54	1584.86
	22950.96	14261.45

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
SCHEDULE 8		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
CASH AND BANK BALANCES		
Cash on hand	9.78	9.80
Balances with Scheduled Banks:		
(a) On Current Account	3921.28	3438.14
(b) On Time Deposit Account	1425.84	1501.55
(c) On Money Market and Treasury Accounts	4,248.04	7064.00
Balance with Non-Scheduled Banks:		
(a) On Current Account	1393.96	983.14
(b) On Time Deposit Account	-	-
(c) On Money Market and Treasury Accounts	0.54	-
	10999.44	12996.63
SCHEDULE 9		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
OTHER CURRENT ASSETS		
Accrued Income (Unbilled Services)	5317.00	4382.74
Interest accrued on deposits	39.73	6.18
	5356.73	4388.92
SCHEDULE 10		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
LOANS AND ADVANCES		
(unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	4692.88	2754.15
- Considered doubtful	2.49	2.22
Deferred costs	2,634.71	-
Security and other deposits		
- Considered good	776.91	626.22
- Considered doubtful	16.90	32.62
MAT Credit Entitlement	3664.88	2464.00
Taxes recoverable [taxes paid less provisions Rs.7063.64 lakhs]	2680.42	1419.41
(Previous year Rs. 4871.61 lakhs) thereagainst]	14469.19	7298.62
Less : Provision for doubtful deposits and advances	19.39	34.84
	14449.80	7263.78

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
SCHEDULE 11		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
CURRENT LIABILITIES		
Sundry Creditors	20183.24	10150.78
Deferred revenue	9417.99	-
Interest accrued but not due on Fixed Loans	94.56	5.87
	29695.79	10156.65
SCHEDULE 12		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011		
PROVISIONS		
Taxation less payments thereagainst	590.35	698.50
Proposed Dividend	1,515.63	1,186.67
Provision for Tax on Proposed Dividend	245.87	197.08
Compensated Absences	1394.18	1093.58
Gratuity	268.33	307.91
Provision for disputed Statutory Liabilities	32.25	36.45
[See Schedule 16, Notes 4 and 16]		
Other obligations [See Schedule 16, Note 16]	60.40	51.27
	4107.01	3571.46
SCHEDULE 13		
annexed to and forming part of the Consolidated Profit and Loss Account for the period ended 31st March 2011		
OTHER INCOME		
Dividend from current investments, Non Trade	86.96	147.39
Interest:		
- on deposits with banks	78.26	59.30
- others	72.93	61.96
	151.19	121.26
Exchange gain (net)	1,093.67	-
Profit on sale of fixed assets	1.47	-
Profit on sale of current investments, Non Trade	-	3.44
Provisions no longer required and credit balances written back	1,176.38	347.40
Miscellaneous Income	327.34	208.20
	2837.01	827.69

Schedules (Contd.)

(Rs. in Lakhs)

	2011	2010
SCHEDULE 14		
annexed to and forming part of the Consolidated Profit and Loss Account for the period ended 31st March 2011		
OPERATING EXPENSES		
Salaries, Wages and Bonus	60878.75	49730.88
Company's contribution to Provident and other funds	3556.12	2961.30
Staff Welfare Expenses	1281.86	1068.10
Employee Stock Compensation Expense	3.13	(2.90)
	65719.86	53757.38
Travelling Expenses	5177.95	4493.50
Cost of manpower hired	8444.73	8365.70
Purchase of user licenses for software applications	1534.33	740.25
Purchase of network and security products	4092.62	-
(Increase) / Decrease in stock	(430.09)	-
Recruitment Expenses	392.42	322.91
Training Expenses	158.88	81.19
Electricity and Power	952.36	768.58
Rent	2825.13	2012.23
Repairs and Maintenance to		
- Plant and Machinery	141.69	123.14
- Building	726.81	567.91
- Others	194.81	83.24
	1063.31	774.29
Insurance	2185.01	2071.34
Rates and Taxes	111.33	127.68
Consumable Media	177.47	135.78
Legal and Professional Charges	1580.48	1490.45
Postage, Telephone and E-Mail	1086.68	1048.21
Stationery and Printing	98.96	103.02
Carriage, Freight and Octroi	507.22	3.14
Vehicle Expenses	271.22	183.19
Advertisement and Publicity	656.82	463.22
Loss on Disposal of Fixed Assets	-	9.33
Bad Debts written off	83.00	545.49
Claims/Deposits written off	11.03	30.52
Provision for Doubtful Debts	-	251.27
Directors' Fees	105.25	8.82
Miscellaneous Expenses (Refer Schedule 16, Note 15)	1520.19	492.97
	98326.16	78280.46
SCHEDULE 15		
annexed to and forming part of the Consolidated Profit and Loss Account for the period ended 31st March 2011		
INTEREST AND FINANCE CHARGES		
Interest :		
- On Fixed Loans	156.14	172.03
- Others	60.10	0.48
	216.24	172.51
Finance Charges :		
- Finance & Other Charges	169.91	100.33
	386.15	272.84

Schedules (Contd.)

SCHEDULE 16

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Principles of Consolidation

The Consolidated Financial Statements of Zensar Technologies Limited and its domestic and foreign subsidiaries are prepared under historical cost convention

in accordance with generally accepted accounting principles applicable in India and the Accounting Standard 21 on Consolidated Financial Statements notified under section 211 (3C) of the Companies Act, 1956 to the extent possible in the same format as that adopted by the parent Company (Zensar Technologies Limited) for its separate financial statements.

Intra group balances and intra group transactions and resulting unrealised profits are eliminated in full. Separate disclosure is made for minority interest. Minority interest represents the minority shareholders' proportionate share of net assets and the income of the Company's majority owned subsidiaries.

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

Sr. No.	Name of the subsidiary	Country of Incorporation	Extent of holding as on 31st March 2011
1	Zensar Technologies Inc. [ZTI]	USA	100%
2	Zensar Technologies (Singapore) Pte Limited [ZTS]	Singapore	100%
3	Zensar Technology (Shanghai) Co. Limited [ZT(Shanghai)]	People's Republic of China	100%
4	Zensar Technologies (UK) Limited [ZT (UK)]	UK	100%
5	Zensar Advanced Technologies Limited	Japan	100%
6	Zensar Technologies (Shenzhen) Limited [ZT(Shenzhen)] (Under Liquidation)	People's Republic of China	51%
7	Zensar Transformation Services Limited [ZTSL] (Refer Note 2)	India	-
8	Zensar OBT Technologies Limited [ZOBT] (Refer Note 2)	India	-
9	Zensar Technologies GmbH [ZTG] (Voluntarily liquidated during the year)	Germany	-
Subsidiaries of Zensar Technologies Inc (Refer Note 8 below):			
10	PSI Holding Group, Inc. Subsidiaries of PSI Holding Inc.	USA	100%
11	Akibia, Inc.	USA	100%
12	Aquila Technology Corp.	USA	100%
13	Akibia, B. V.	Netherlands	100%

(c) Foreign Currency Transactions

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

Singapore, China, UK, Netherlands and Japan respectively. The translation of the functional currencies into the reporting currency is performed for assets and liabilities of the foreign subsidiaries currency using the current exchange rates in effect at the balance sheet date, for revenues, costs and expenses using average exchange rates prevailing during the reporting periods

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

and for share capital, using the exchange rate at the date of the transaction. The resultant translation exchange (gain)/loss has been disclosed as Foreign Currency Translation Reserve under Reserves and Surplus.

(d) Foreign Branches

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

(e) Goodwill

The excess of cost to the Company of its investments in the subsidiaries over its share in the equity of the subsidiaries, at the dates on which the investments in the subsidiaries are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Goodwill arising on consolidation is not amortised.

Goodwill arising on purchase of business is recorded at the excess of the purchase price over the net assets taken over of the business and is amortised over five years.

Goodwill is reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. If impairment is indicated, the asset is written down to its fair value.

(f) Revenue Recognition

Revenues from software development and allied services consist of revenues earned from time-and-material, fixed-timeframe and fixed price contracts.

- i. Revenue from time and material contracts are recognised as the related services are performed.
- ii. Revenues from fixed price engagements are recognized using the percentage-of-completion method of accounting. The cumulative impact of any revision in estimates of the percent complete is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.
- iii. Revenue from the sale of user licences for software applications is recognised on transfer of the title in the user licence.

- iv. Revenue from maintenance, outsourcing and other support services for data-centres is deferred and recognised rateably over the billing period.
- v. Revenues from resale of network and security products and related third-party maintenance contracts are recognised upon shipment as the Company has no future obligations.
- vi. The Company also provides consulting services that may be sold under multiple element arrangements. The Company has established fair value for these services, except in case of (vii) below, and recognises revenues based on these fair values.
- vii. The Company also enters into multiple deliverable arrangements that include telephone support services wherein the entire arrangement fee is deferred and recognised rateably over the telephone support service period as the Company has not established fair value of telephone support services.

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.

(g) Inventories

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

(h) Other Significant Accounting Policies

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

2. Merger of subsidiaries in India

During the previous year, pursuant to the Scheme of Amalgamation of the Company's wholly owned Subsidiaries, erstwhile Zensar OBT Technologies Limited and Zensar Transformation Services Limited (i.e. the transferor companies), were amalgamated with the Company. The Scheme of amalgamation was sanctioned

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

by the Hon'ble High Court of Judicature at Bombay vide its order dated April 9, 2010. The "Appointed Date" of the Scheme was April 1, 2009. In accordance with the said Scheme and as per the approval of the Hon'ble High Court of Judicature at Bombay, net assets of Rs. 1419.68 lakhs of the transferor companies were transferred to and vested in the Company with effect from April 1, 2009. The

Scheme had, accordingly, been given effect to in the financial statements for the year ended March 31, 2010. The amalgamation was accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14) Accounting for amalgamations. This resulted in a decrease in goodwill to the extent of Rs. 312.36 lakhs and a corresponding decrease in reserves.

(Rs. in lakhs)

	As at 31st March 2011	As at 31st March 2010
3. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 20.71 lakhs (Previous year : Rs. 38.86 lakhs)]	203.52	691.04
4. Contingent Liabilities		
(a) Income Tax: Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.	637.73	337.65
Matters on which the Company is in appeal.	33.94	206.12
(b) Sales Tax / Value Added Tax: Claims against the Company regarding sales tax against which the Company has preferred appeals.	20.80	53.52
(c) Claim in respect of rented premises.	165.27	153.61
(d) Claims against the Company not acknowledged as debts.	36.33	70.00

(e) Customs Duty:

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

5. Buyback of Shares

During the previous year, pursuant to the shareholders' approval for buy back of equity shares on proportionate basis through the tender offer route, the Company bought back 2,424,000 equity shares for an aggregate amount of Rs. 3999.60 lakhs, by utilizing Share Premium account and General Reserve to the extent of Rs. 2980.68 lakhs and Rs. 776.52 lakhs respectively.

Capital Redemption Reserve was created out of general reserve for Rs. 242.40 lakhs, being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.

6. Employees' Stock Option Scheme

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.

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

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

Particulars	2010-11		2009-10	
	Number of Option	Weighted average exercise price in Rupees	Number of Option	Weighted average exercise price in Rupees
Opening Balance	256426	146.81	326657	145.36
Granted during the year prior to bonus issue	-	-	-	-
Exercised during the year prior to bonus issue	13951	126.33	26941	123.13
Cancelled during the year prior to bonus issue	2775	144.78	43290	150.60
Bonus Adjustment (1:1)	239700	-	-	-
Granted during the year post bonus issue	-	-	-	-
Exercised during the year post bonus issue	91154	72.77	-	-
Cancelled during the year post bonus issue	13452	69.95	-	-
Balance unexercised options	374794	74.82	256426	146.81
Exercisable at the end of the year	285708	73.94	196961	142.29

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

Particulars	2010-11		2009-10	
	Number of Option	Weighted average exercise price in Rupees	Number of Option	Weighted average exercise price in Rupees
Opening Balance	533404	181.53	473480	187.22
Granted during the year prior to bonus issue	74000	345.00	79000	145.00
Exercised during the year prior to bonus issue	-	-	7256	167.42
Cancelled during the year prior to bonus issue	16600	345.00	11820	174.11
Bonus Adjustment (1:1)	590804	-	-	-
Granted during the year post bonus issue	-	-	-	-
Exercised during the year post bonus issue	32996	85.70	-	-
Cancelled during the year post bonus issue	69544	91.41	-	-
Balance unexercised options	1079068	102.44	533404	181.53
Exercisable at the end of the year	561076	96.00	222660	193.23

7. Issuance of Bonus Shares

During [the year, the shareholders approved the issue of Bonus Shares in the proportion of one new equity share for every existing equity share, at the Annual General Meeting held on July 13, 2010. Accordingly, a sum of Rs.

2158.98 lakhs has been transferred to the Share Capital Account on allotment of fully paid bonus shares to the holders of the equity shares on the record date of July 22, 2010 by utilisation of General Reserve. Consequently, the earnings per share has been adjusted for the previous year.

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

8. Acquisition of subsidiaries in the United States of America

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

9. Segment Information

Effective 1st April 2008, the Company has reorganised its business by combining Global Outsourcing Services (GOS) and Innovative Technology Solutions (ITS) into a single reporting unit, Global Transformation Services (GTS). Enterprise Application Services (EAS) continues to be the other reportable segment.

Considering the acquisition of PSI and its wholly owned subsidiaries, as stated in Note 8 above, the Company has added a new segment - Data Centre, Network and Security Solutions (DC-NSS) to its business.

- (i) Global Transformation Services (GTS) provides application development and modernisation, support and maintenance services, product engineering and embedded systems and system software services and voice / non voice services.

- (ii) Enterprise Application Services (EAS) provides package implementation, upgrade, migration, support and maintenance services.

- (iii) Data Centre, Network and Security Solutions (DC-NSS) supports IT infrastructure.

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

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

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

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

Primary Segments

(Rs. in lakhs)

2010-11	GTS	EAS	DC-NSS	Unallocated	Total
Sales to External Customers	74338.17	27573.00	11918.31	-	113829.48
Segment Result	14356.20	1621.60	1156.92	-	17134.72
Depreciation	-	-	-	2941.70	2941.70
Interest and Finance Cost	-	-	-	386.15	386.15
Unallocable Income (net)	-	-	-	1205.61	1205.61
Profit before tax	14356.20	1621.60	1156.92	(2122.24)	15012.48
Taxes	-	-	-	1,839.70	1,839.70
Profit after Tax before Minority Interest	14356.20	1621.60	1156.92	(3961.84)	13172.78
Minority Interest	-	-	-	-	-
Profit after Tax	14356.20	1621.60	1156.92	(3961.84)	13172.78

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

(Rs. in lakhs)

2009-10	GTS	EAS	Unallocated	Total
Sales to External Customers	68332.11	26901.40	41.99	95275.50
Segment Result	14899.05	2526.97	(46.35)	17379.67
Depreciation	-	-	2634.66	2634.66
Interest and Finance Cost	-	-	272.84	272.84
Unallocable Income (net)	-	-	443.06	443.06
Profit before tax	14899.05	2526.97	(2510.79)	14915.23
Taxes	-	-	2189.22	2189.22
Profit after Tax before Minority Interest	14899.05	2526.97	(4700.01)	12726.01
Minority Interest	-	-	(29.81)	(29.81)
Profit after Tax	14899.05	2526.97	(4670.20)	12755.82

Secondary Segments

Secondary segmental reporting is performed on the basis of geographical locations.
Revenue attributable to location of customers is as follows:

(Rs. in lakhs)

Geographical Location	2010-11	2009-10
United States of America	71541.17	57571.81
United Kingdom	15155.33	15051.80
Rest of the World	27132.98	22651.89
Total	113829.48	95275.50

10. Related Party disclosures

(ii) Key Management Personnel

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

(i) Parties where control exists:

Parties having control (directly or indirectly):

RPG Industries Pvt. Limited

Blue Niles Holdings Limited

Pedriano Investments Limited

RPG Cellular Investments & Holdings Private Limited.

Idea Tracom Private Limited

Summit Securities Limited

Electra Partners Mauritius Limited

Dr. Ganesh Natarajan

Mr. Vivek Gupta

Mr. Nitin Parab

Mr. S. Balasubramaniam

Mr. Sanjay Marathe

Ms. Prameela Kalive

Mr. Hiren Kulkarni

Mr. Ramesh Kodali

Mr. Ajay Bhandari

Mr. Krishna Ramaswami

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

Related Party disclosure (continued) Transaction with Related Parties

(Rs. in lakhs)

Sr. no.	Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
		2010-11	2009-10	2010-11		2009-10	
				Receivable	Payable	Receivable	Payable

Remuneration of Key Management Personnel

(i)	Dr. Ganesh Natarajan	422.64	301.17	-	-	-	-
(ii)	Mr. Vivek Gupta	116.87	163.20	-	-	-	-
(iii)	Mr. Nitin Parab	197.13	167.34	-	-	-	-
(iv)	Others	313.03	311.83	-	-	-	-
Total Remuneration of Key Management Personnel		1049.67	943.54	-	-	-	-

11. Lease Obligations

Operating Leases

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next eight years. Rental expenses incurred by the Company under operating lease agreements totalled approximately Rs. 2825.13 lakhs (Previous year : Rs. 2012.23 lakhs).

Total Minimum Lease Payments Outstanding as on 31st March 2011

(Rs. in lakhs)

Particulars	31st March 2011	31st March 2010
Less than one year	1421.90	370.78
More than one year, but less than five years	2255.63	707.72
More than five years	193.02	-
Total	3870.55	1078.50

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

12. Earnings per Share (EPS)

Particulars	2010-11	2009-10
a. Profits attributable to equity shareholders		
Net profit after taxation (Rs. in lakhs)	13172.78	12755.82
b. Basic Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year.	43226136	45113153
Basic EPS (Rs.)		30.4728.28
c. Diluted Earnings Per Share		
Total No. of equity shares outstanding as at the year end	43226136	45113153
Effect of dilutive issue of stock options	799426	189682
Weighted average no. of equity shares outstanding for Diluted EPS	44025562	45302835
Diluted EPS (Rs.)	29.92	28.16

13. Managerial Remuneration

Particulars	2011	2010
(a) Salary and Allowances	396.76	284.85
(b) Contribution to Provident Fund and Superannuation Scheme	12.21	12.14
(c) Perquisites (Valued as per the provisions of the Income-tax Act, 1961 of India, where applicable)	4.42	4.18
(d) Contribution to 401(K), Social Security, and Medicare	9.25	-
Total	422.64	301.17

Notes:

- As the liability for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, amounts pertaining to the Managing Director is not ascertainable and therefore not included above.
- The Board of Directors, at their meeting held on 17th January, 2011, re-appointed Dr. Ganesh Natarajan as Vice Chairman and Managing Director of the Company up to 31st January, 2015 with effect from 1st March, 2011, subject to the approval of the shareholders in the ensuing Annual General Meeting.

14. (A) Forward contracts and options outstanding

Particulars	2011	2010
Forward Contracts		
In US\$	\$21050000	\$13700000
(Equivalent approximate in Rs. lakhs)	9386.19	6121.16

- (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. 11078 lakhs (Previous Year: Rs. 7834 lakhs)

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

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

(Rs. in lakhs)

Particulars	2011	2010
(a) As auditors	79.26	88.12
(b) As advisors, or in any other capacity, in respect of		
(i) Taxation matters	8.07	-
(ii) Management services	4.15	6.00
(iii) Other services	19.50	12.00
(c) Out of pocket expenses reimbursed	1.57	1.20
[for (a) and (b) above]		
Total	112.55	107.32

16. Disclosure as per Accounting Standard - 29

(Rs. in lakhs)

Particulars	2010-11			2009-10		
	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	36.45	51.27	87.72	74.71	43.17	117.88
Additions	-	11.67	11.67	-	11.67	11.67
Utilisations	4.20	2.54	6.74	38.26	3.57	41.83
Closing Balance	32.25	60.40	92.65	36.45	51.27	87.72

A. Disputed Statutory matters mainly include:

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

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

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

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

(A) Defined Contribution Plans

The company has recognised the following amounts in the Profit and Loss Account for the year:

(Rs.in lakhs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
(i) Contribution to Employees' Provident Fund	785.32	647.32
(ii) Contribution to Employees' Family Pension Fund	276.99	248.94
(iii) Contribution to Employees' Superannuation Fund	27.76	28.60
(iv) Contribution to Employees' Social Security Fund in USA	846.99	814.76
(v) Contribution to Employees' 401 K Fund in USA	160.99	78.12
(vi) Contribution to Central Provident Fund in Singapore	82.76	74.27
Total	2180.81	1892.01

In terms of the guidance on implementing Revised AS 15, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, the Provident Fund set up by the Company is treated as a Defined Benefit Plan since the Company is obligated to meet interest shortfall, if any. However, as at year end no shortfall remains unprovided for. As advised by an independent actuary, it is not practical or feasible to actuarially value the liability considering the rate of interest as notified by the Government can vary annually. Further the pattern of investments for investible funds is as prescribed by the Government. Accordingly the other related disclosures as required by the Revised AS 15 have not been made.

(B) Defined Benefit Plans- Gratuity

(i) Changes in the Present Value of Obligation

(Rs.in lakhs)

Particulars	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
(a) Present Value of Obligation as at beginning of the year	1557.22	1159.35
(b) Interest Cost	132.36	89.84
(c) Past Service Cost	-	-
(d) Current Service Cost	309.14	374.45
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Benefits Paid	(181.38)	(63.67)
(h) Actuarial (Gain)/Loss	85.04	(2.75)
(i) As at end of the year	1902.38	1557.22

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

(ii) Changes in the Fair value of Plan Assets

(Rs.in lakhs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
(a) Present Value of Plan Assets as at beginning of the year	1249.33	867.19
(b) Expected Return on Plan Assets	106.19	67.21
(c) Actuarial Gain/(Loss)	(29.13)	22.76
(d) Contributions	489.04	348.77
(e) Benefits Paid	(181.38)	(56.60)
(f) As at end of the year	1634.05	1249.33

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

(Rs.in lakhs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
(a) Present Value of Funded Obligation as at 31st March	1902.38	1557.22
(b) Fair Value of Plan Assets as at 31st March	1634.05	1249.31
(c) Present Value of Unfunded Obligation as at 31st March	-	-
(d) Net Liability recognised in the Balance Sheet	268.33	307.91

(iv) Expenses recognised in the Profit and Loss Account

(Rs.in lakhs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
(a) Current Service Cost	309.14	374.46
(b) Past Service Cost	-	-
(c) Interest Cost	132.36	89.84
(d) Expected Return on Plan Assets	(106.19)	(67.21)
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Net actuarial (Gain)/Loss	114.18	(25.51)
(h) Employees' Contribution	-	-
(i) Total Expenses recognised in the Profit and Loss Account	449.49	371.58

(v) As at 31st March, 2011 and 31st March, 2010, 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.

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

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

(Rs. in lakhs)

Sr.	Particulars	2010-11	2009-10
(a)	Actual return on plan assets	77.06	84.97

(viii) Gratuity Plan

Sr No.	Particulars	2010-11	2009-10	2008-09	2007-08
(a)	Defined Benefit Obligations	1902.38	1454.24	1084.81	770.67
(b)	Plan Assets	1634.05	1161.37	824.00	650.60
(c)	Surplus/(Deficit)	268.33	292.87	260.81	120.07
(d)	Experience Adjustment on plan liabilities	85.04	154.96	186.43	107.78
(e)	Experience Adjustment on plan assets	(29.13)	22.76	(0.31)	3.40

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

Particulars	2010-11	2009-10
(a) Discount Rate	8.50%	8.50%
(b) Expected Rate of Return on Plan Assets	8.50%	8.50%
(c) Salary Escalation Rate - Management Staff	5.50%	5.50%

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

19 Deferred Tax

A. During the year, the Company has recognised Deferred Tax Asset amounting to Rs. 1002.31 lakhs pursuant to the expiry of tax holiday in India under Section 10A of the Income Tax Act.

B. The major components of the net deferred tax asset are:

(Rs. in lakhs)

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred tax assets		
Depreciation	552.10	-
Provision for doubtful debts	592.12	24.43
Others	1126.20	377.38
Sub total (A)	2270.42	401.81
Deferred tax liabilities		
Others	155.10	16.06
Sub total (B)	155.10	16.06
Total [(A) - (B)]	2115.32	385.75

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended 31st March 2011

NOTES TO ACCOUNTS (Contd.)

20. Reclassification

Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.

Signatures to Schedules 1 to 16 forming part of the Consolidated Balance Sheet as at 31st March 2011 and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended 31st March 2011.

For and on behalf of the Board

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

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. 48125

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 21, 2011

Place : Mumbai
Date : April 21, 2011

Zensar in the News

Zensar Technologies sets up facility in Shanghai

Zensar signs deal with SAP solutions

SAR HAS EASY RECEIVED 'RESSIONS OF INTEREST FROM ANY FORTUNE-500 COMPANIES TO

the next three years. Plans are to transform the Shanghai GDC into a major hub for Zensar's global delivery model. This centre will provide infrastructure management, application support and product engineering

Zensar acquires US co Akibia for \$66 m

Co To Look At More Acquisitions In Business Intelligence And Remote Infrastructure Management

Our Reporter

AKIBIA

The company, Zensar Technologies, has acquired Akibia, a US-based business intelligence and remote infrastructure management company, for \$66 million. The acquisition is expected to be completed by the end of the year.

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The Go Go Group



It is possible for a group of middle employees to drive a company's strategy. Zensar Technologies shows how it does so.

Zensar Tech sees 38% growth in income

Zensar Technologies posted a 38% growth in income during the fourth quarter of FY 11. Consolidated revenue was up 61% to ₹ 374.26 crore from ₹ 232.64 crore in same quarter last year. Net income was ₹ 37.82 crore from ₹ 27.42 crore in the prior year ended. Revenue was up 19 crore from

Buyout will add buoyancy to Zensar

Parul Bhattacharya
ET INTELLIGENCE GROUP

THE stock of small-cap software services provider Zensar Technologies jumped to its monthly high of ₹ 164.50 on Monday after the company announced acquisition of a US company. The stock has underperformed the broader market over the past three months, following the company's subdued performance in the past two quarters. The stock has fallen nearly 9% during the period against the 6% gain in the benchmark Sensex. However, it may see some buoyancy in the future, given that the latest acquisition

would help it grow its services offerings. The acquired company

service offerings in the RMS and information

According to

Innovation: delivering business results



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Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Zensar Technologies Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Zensar Technologies Limited annual report 2010 -11.



Your Transformation Partner

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