Business Success in Diversity
...Delivering Value

Annual Report 2007-08

ZenSar
TECHNOLOGIES

Your Transformation Partner

Vision

Transformation Partners to Global Corporations

Mission

Leveraging technology and processes to help customers attain their goals

Values

- Customer Sovereignty
- People Orientation
- Passion for Excellence
- Transparency & Integrity
- Continuous Innovation
- Corporate Social Responsibility

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Board of Directors

Board of Directors

Mr. H. V. Goenka, Chairman

Dr. Ganesh Natarajan, Deputy Chairman and Managing Director

Mr. Arvind Agrawal, Director

Mr. P. K. Choksey, Director

Mr. Venkatesh Kasturirangan, Director

Mr. John Levack, Director

Mr. P. K. Mohapatra, Director

Mr. A. T. Vaswani, Director

Zensar Management Team

Zensar Management Team

Dr. Ganesh Natarajan, Deputy Chairman and Managing Director

Mr. Parmod Bhalla, Chief Operating Officer

Mr. Vivek Gupta, EVP and Head, Global Outsourcing Services, Americas

Mr. Nitin Parab, EVP and Head, Global Enterprise Application Services

Mr. V Balasubramanian, EVP and Head, Global Transformation Services, EMEIA

Mr. S. Balasubramaniam, Chief Financial Officer

Ms. Prameela Kalive, Chief Human Resources Officer

Ms. Lavanya Jayaram, Head, Corporate Innovation Group

Chairman's Overview

Chairman's Overview

The Indian IT and BPO sector has weathered the currency storms that affected its profits in the early part of the year and has shown its resilience with most of the leading firms making a smart recovery by the end of the year. The sector also faced unpredictable winds of a slowing economy and a financial sector crisis in the US and sharp appreciation of the rupee against the dollar in addition to the already existing supply-side constraints. Despite these adverse influences, the industry maintained its double-digit revenue growth. Driving the sector's strong performance was a more diversified geographic market exposure and continued expansion of the service portfolio, leading to a steady growth in scale by technology companies with operations in India.

The fundamentals of the growth drivers for global sourcing are likely to remain strong in the near future. Most environmental factors affecting global sourcing also look favourable despite concerns of a possible economic slowdown. While the US outlook for the short term is muted, global tech spending forecasts remain strong, supported by momentum in Europe, Middle East and Africa as well as Asia Pacific and an expected resurgence in the US. Worldwide adoption of outsourcing, another key influencing factor, is also expected to grow rapidly over the next five years. Overall, global sourcing of services seems well-placed to continue expanding its share of worldwide IT-BPO spending. The Indian IT-BPO industry has a positive outlook given the sufficiency of demand, strong fundamentals and a favourable environment, keeping it well on its path to attaining the 60 Billion dollar exports by 2010.

Zensar too had its share of challenges due to the external environment at the beginning of the year and the integration of newly acquired businesses. It has been a year of consolidation for the company. Having ended the year 06-07 with these acquisitions, it was a year to nurture these businesses and move them to profitability. Progress has been made in both ZensarThoughtDigital as well as in ZensarAdvancedTechnologies (Japan) and more work will be done towards this objective as we continue to build leadership in our chosen geographies and business segments.

Zensar has also been steadily expanding its footprint in emerging markets with consistent success and strategic growth in South Africa, Europe, Middle East and India. Zensar's comprehensive and diversified portfolio and innovative outlook gives me confidence that it will continue to lead RPG's strategic initiatives in technology.

Harsh Goenka

CEO's Note

It has been one of the most significant years in the history of the Company. Zensar with its focus on delivering value through innovation in its chosen lines of business has seen significant success and robust growth in business in spite of the economic conditions that were prevalent this year. The Company's strategy to diversify its customer base to include three segments - the Fortune 1000, First Time Outsourcers and project based customers for ERP and Business Intelligence has given us the right mix to tide over short term issues with any of these categories. The Company's sustained belief in Emerging Markets has also paid significant dividends with striking growth in the region and consistent buoyancy in business.

The Company has one of the most inclusive teams in the entire industry with associates drawn from fourteen countries and our 'Women for Excellence' initiative leading to three women professionals entering the top leadership team during the year. We now have on board more diversity than ever through the addition of teams in East Coast US with the Oracle Company acquisition, highly technical Japanese teams with the embedded systems and mobile gaming Company acquisition, a hundred percent local Polish team at our recently launched delivery centre in Gdansk, Poland all of which make Zensar a truly global organisation. Integration of diverse service portfolios into the fold, bringing together of disparate cultures and practices across the world make for a much enriched Zensar today, as it constantly innovates to build strength from its diversity for sustained growth.

This diversity also reflects in the innovation in new intellectual property, processes and business models to ensure new revenue streams and differentiated value propositions to our customers. Zensar is also proud to announce its Green agenda building an energy efficient organisation by encouraging environmental responsibility and also creating value propositions to help global corporations across the world to build a productive and an energy efficient outlook for their businesses as well.

With a fine-tuned long term agenda, going to market with its comprehensive portfolio through its successful SBU model; and by constantly innovating and finding new ways for efficiencies, effectiveness and true differentiated business value for its customers , and actively fostering diversity, Zensar brings a promise of sustained growth and success in the years to come!

Ganesh Natarajan

Delivering Value Through Innovation

Zensar is an Information Technology and Business Process Outsourcing (BPO) Services Company with a unique point of view...a Company that engages with the world's largest businesses and still provides personalised care; where innovation is routine; out-of-the-box is run-of-the-mill; and differentiation is distinctive!

Zensar provides full spectrum services from IT development to Business Process Outsourcing, from consulting to implementation to support to over 250 active Fortune 500 and other customers. With this landscape of global operations comes a vast diversity of customers, partners and a global workforce. The Zensar team comprises at least 14 nationalities – Albanian, American, British, Canadian, Chinese, Filipino, Indian, Israeli, Italian, Japanese, Mexican, Pole, South African, and counting as we're expanding ... working in 18 countries and bringing in a rich diversity of cultures and experiences to our business. At Zensar individual thinking, creativity, innovation and flexibility are celebrated and through that enormous diversity seeps in a 'world culture' for Zensar to be true transformation partners to global corporations. The diversity is harnessed through core set of organisational values bringing in homogeneity of purpose with uniqueness of solutions!

Zensar encourages challenging of opinion, of mindsets and fosters a young and vibrant culture of innovation and experimentation. It consciously focuses on building diversity into the system whether it is of gender, region, nationality, background, learning or education, and then in creating a framework for a confluence of these different ideas, cultures and experiences to make an authentic global organisation that delivers value to its customers. The Company believes there is a need for extensive collaboration to build innovation-enabling networks and open and adaptive approaches to deliver business-impacting value and radical solutions to the market. Using the Global Delivery Model to integrate our global talent and customer capabilities, embed frameworks for service delivery, and by creating the necessary go-to-market front ends, Zensar consistently and predictably delivers business value for its customers! This enables a true customer proximal model with requirements being captured by a consultant at their end with localized and business specific capabilities and the luxury of global sourcing and 24X7X365 support and disaggregated software development that leverages talent across nations and time zones, making for an automated and distributed software development.

Towards supporting our customers in meeting their business goals, Zensar has built and consolidated a comprehensive portfolio of services in IT and BPO that offer a sliding range of benefits along the value chain, from cost to value arbitrage, from efficiency gains to lasting business impact, from the tactical to the strategic. Our engagement models are designed to instill and grow trust starting from a low-risk pilot evolving into a high-value, collaborative, sharing partnership model through the project and program stages.

The Company offers industry and business consulting with focused teams in Retail, Hi-Tech and Manufacturing, and in Financial Services and Insurance, bringing in best practices culled from individual and combined experiences. Knowledge of business and industry-specific practices is key to successful technology deployments, and these teams bring in the necessary expertise to make them successful.

Zensar's decision enabling services help businesses go beyond impacting velocity of transactions in increasing the velocity of decision-making through access to the right information, past experience, analysis and what-if scenarios. The services include enablers like business intelligence and datawarehousing, content and collaboration management, and knowledge management.

The Business Process Outsourcing and Optimisation (BPO2) service of Zensar as the name suggests involves process execution and optimisation to help businesses perform at optimum levels by making continuous improvements possible. Services span from accounts payable, receivables, telesales, helpdesk support, to knowledge process outsourcing on the higher end.

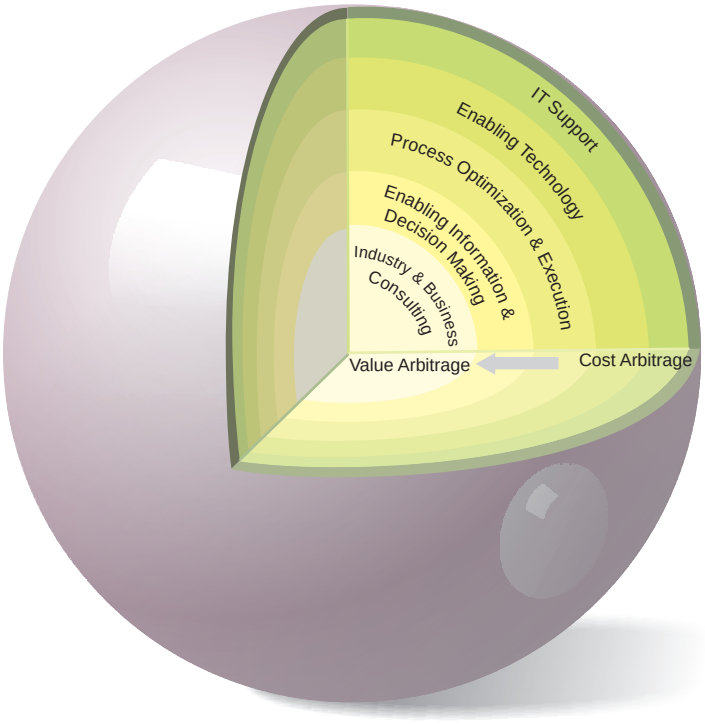
Our IT enabling services help companies design, develop, test and implement business applications whether

Zensar's Delivery Centre Footprint

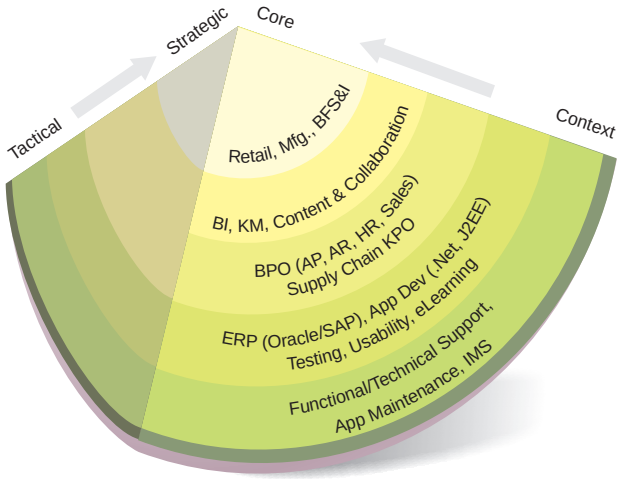
Gdansk, Poland

Hyderabad, India

Shenzen, China



Zensar Services



packaged or custom-built. Zensar is one of the few India based companies offering the full spectrum of services from business alignment to development to implementation through its 750+ strong Oracle practice bolstered by a strong relationship with Oracle Corporation.

We offer focused templatised SAP solutions in key verticals of dairy, textile, pharma, manufacturing and IT/operations and are the largest partner in certain key segments and markets.

Zensar's IT support services help companies focus on their core of aligning IT to business needs while letting us take care of the operational maintenance, fixes and day-to-day support of their applications and technology infrastructure.

Finally, all our services are designed with one end in mind – of consistently delivering business value and innovation to customers at all times, with a sustainable competitive advantage for ourselves as an emergent benefit.

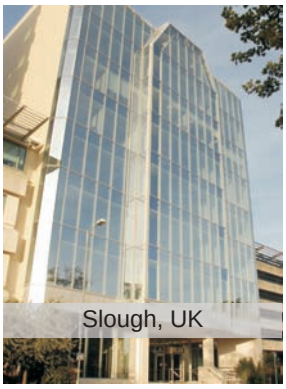
Over time a typical Zensar engagement goes through a partnership lifecycle of increasing trust, intimate knowledge of client business processes and proactive partnering to delivering exponential value.

Zensar's Centres of Excellence bring in the innovation and an understanding of future trends, staffed with some of our best consultants and technologists –focused either on industry such as Retail, or on business processes, for example, we have COEs for Financials, Manufacturing, HR, and CRM in our Oracle practice, or even by horizontal service for example Testing, Usability Engineering or Infrastructure Management. Technology being the driver for Zensar's business we are constantly developing Centres of Excellence in leading and emerging technologies, and currently have them in .Net, MS Sharepoint, SAP, Oracle Technologies etc.

This comprehensive portfolio, an innovative methodology and approach to addressing the customer's business need, backed by a culture that is truly diverse and one which encourages constant pursuit of excellence promises a true transformational journey for all our stakeholders.

Zensar practices an inclusiveness policy, embracing diversity, and encouraging women leadership, a well charted out career path for associates at Zensar, a fun culture that most importantly encourages youngsters to ask questions or even propose new strategic directions for the business through forums like Vision Community, all of which make Zensar - a winning place to work!

Zensar - a winning place to work!


Slough, UK

Pune, India

Zensar's Delivery Centre Footprint

Highlights

It has been an eventful year for Zensar highlighted by significant successes in Emerging Markets; key wins in niche service areas and chosen domains; operational efficiencies creating internal successes; improved and more active engagement in the human resources sphere; a gamut of new social initiatives lending to the Community at large; and finally announcement of industry luminaries from Zensar. Here are the highlights of a very successful year gone by:

May 2008:
Zensar goes Green

Dec 2007:
Zensar and SOA Software announce Global Strategic Partnership

Apr 2008:
First ever on-campus Daycare Centre in a Pune IT company

Oct 2007:
11 Mn USD of Oracle Business won

Apr 2008:
1000 seat centre inaugurated for largest customer by Wim Elfrink, EVP, Customer Advocacy and Chief Globalisation Officer, Cisco

Aug 2007:
Insurance Vertical launched with 10 Mn USD Business

Sep 2007:
Zensar Offers Technology Collaboration to 33 Universities in Hubei Province of China

Apr 2008:
Dr. Ganesh Natarajan takes over as NASSCOM Chairman

Jul 2007:
Launched unique Hosted Oracle ERP Offering for SMBs

Jun 2007:
First Outsourcing Centre in Poland to lead European Technical Outsourcing Operations

Mar 2008:
Zensar's Global HR Head made President of National HRD Network's Pune Chapter

May 2007:
Launch of unique and focused service for First Time Outsourcers (FTO) - vast market opportunity

May 2007:
Zensar among Fortune Top 10 Global Offshore Outsourcing Providers from India

Mar 2008:
Zensar Centre for Business Innovation collaborates with University of Essex

Apr 2007:
Strategic advantage in Japan through JV ZensarAdvancedTechnologies focused on mobile gaming and embedded systems

Mar 2007:
RPG bought out Fujitsu stake in Zensar Technologies

Feb 2007:
Acquisition of ThoughtDigital, a New York based Oracle company

Low CARBON Zensar

Zensar has announced its Green drive committing a reduction in Carbon emissions and creating Green IT solutions for its customers' businesses
True Transformation Partner for all our stakeholders!

Zensar contributes to society through initiatives in health, education, socio-economic empowerment and environment!

Directors' Report

Corporate Governance

Management Discussion and Analysis

Zensar is a global technology services and outsourcing company committed to delivering innovation. Zensar collaborates with its clients to help them transform their business by creating value and knowledge.

Zensar strives to provide an environment that is uncluttered with hierarchy, and acknowledges each individual's uniqueness by rewarding achievement and entrepreneurship.

The architecture at Zensar is a true reflection of our commitment to the values of transparency, trust and respect. The Zen principles of ecologically sustainable design are thus reflected everywhere.

Directors' Report

Dear Shareholders,

Your Directors are delighted to present their 45th Annual Report together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

The Financial Results for the year are as under:

Zensar Technologies Limited

(Rs. Crore)

	Year ended 31st March 2008	Year ended 31st March 2007
Income from operations	335.87	278.27
Miscellaneous Income	11.91	7.18
Total	347.78	285.45
Profit Before Taxation and Prior Period Expenses	48.67	36.34
Profit After Taxation and Prior Period Expenses	45.38	33.86
Proposed Dividend	9.11	8.37
Transfer to General Reserves	4.54	3.39

Zensar Technologies and Subsidiaries (Consolidated)

(Rs. Crore)

	Year ended 31st March 2008	Year ended 31st March 2007
Income from operations	782.93	605.86
Miscellaneous Income	12.19	8.97
Total	795.12	614.83
Profit Before Taxation, Prior Period Expenses & Minority Interest	81.43	74.45
Profit After Taxation and before Minority Interest	64.50	57.64
Minority Interest	(0.47)	(0.45)
Profit After Taxation	64.03	57.19

Directors' Report

FINANCIAL RESULTS

During the financial year 2007-08, your Company recorded total income of Rs. 347.78 Crore comprising Income from Software Development and Allied Services of Rs. 335.87 Crore, and other income of Rs. 11.91 Crore. The Company recorded a net profit of Rs. 45.38 Crore reflecting a growth of 34.02%.

On a consolidated basis, your Company has steadily gained momentum with Total income of Rs. 795.12 Crore comprising Income from Software Development and Allied Services of Rs. 782.93 Crore and other income of Rs. 12.19 Crore. The Consolidated Profit before Taxation, prior period expenses and minority interest was Rs. 81.43 Crore reflecting a growth of 9.38%. The Consolidated Profit after Taxation was Rs. 64.03 Crore reflecting an increase of 11.96%.

USA, UK and Rest of the World accounted for 51%, 22%, and 27% of the total revenues respectively.

BUSINESS UPDATE

During the year, which has been a tough one for the Software Exports industry as a whole with the decline of the dollar and other currencies and the softness in global economies, the Company was able to deliver good growth in revenues and a respectable growth in profits by a three-pronged strategy:

- Extreme focus on cost minimisation and increase of utilization and productivity at all levels. The Company's investments in automation of software development processes have begun to pay off.

- Consolidation of our business in Japan through the integration of EZA Co. Ltd. into the newly minted Zensar Advanced Technologies Ltd. and consolidation of the Company's acquisition of Thought Digital which has now become an integral part of our East Coast operations in the USA.

- Successful exploitation of new revenue opportunities in emerging areas like Infrastructure Management, Testing and Customer-focused training and learning services and new verticals like Media, Pharmaceuticals and Textiles.

The Company has launched a one year Global Business Transformation Programme under the banner 'Zensar Center for Business Innovation' (ZCBI). The ZCBI programme is aimed at creating quality resources for the high growth sectors of Retail, Operations and Financial Services and is partnered by our exisiting clients in these segments.

The Company also entered into a strategic alliance with SOA Software, a leading provider of comprehensive Integrated SOA governance solutions. This will strengthen the Company's consulting offerings in the areas of Workflow Management, Enterprise Content and Collaboration Management and Services Oriented Architecture and enable entry into new global accounts.

In July 2007, RPG Group purchased 29% shares held by Fujitsu Services Ltd. UK and Fujitsu Services Holdings B.V. Post acquisition, RPG Group now holds 50.41% shares of your Company. The consolidation of holding by RPG Group has brought greater impetus to the growth being targeted by your Company.

In early April 2007, your Company incorporated a Joint Venture, Zensar Advanced Technologies Limited (ZATL) in Japan. ZATL in turn acquired certain specified customers, assets, employees and technology including infrastructure capabilities and domain expertise from EZA Co. Ltd. ZATL now specializes in innovative Products in Media Server, Digital Appliances and Security

space. Having acquired technology and domain expertise pertaining to mobile terminals, ZATL is poised to enter the digital home appliances and Security markets.

On the organic growth front, your Company has incorporated branches in Hong Kong and the Netherlands. The Company has also set up a near shore development center in Poland for further enhancing its reach in the fast growing European market. The Center would allow the Company to exploit the huge potential of the European market.

DIVIDEND

In view of Company's profitable performance, your Directors are pleased to recommend, for your approval, final dividend at the rate of Rs. 3.8 per share on the Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2008. The Dividend, if approved by the shareholders in the ensuing Annual General Meeting, would result in an outflow of Rs. 10.65 Crores including Dividend Distribution Tax, Surcharge and Cess thereon. The Dividend would be paid to those shareholders whose names appear in the Register of Members on the date of the forthcoming Annual General Meeting.

FIXED DEPOSITS

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

DIRECTORS

Consequent upon sale of shares by Fujitsu Services Ltd., UK and Fujitsu Services Holdings B.V. Mr. Jack Noble, Mr. Andrew MacNaughton, Mr Petri Imberg (Alternate Director to Mr. Jack Noble) and Mr. Anthony Pipe (Alternate Director to Mr. Andrew MacNaughton) resigned as Directors of the Company. During the year, Dr. Nirmalya Kumar also resigned from the Board of Directors of the Company. The Board places on record its warm appreciation of the contributions made during their tenure as Directors.

Mr. Venkatesh Kasturirangan was appointed Additional Director at the Board Meeting held on 28th January 2008. He holds office up to the date of the ensuing Annual General Meeting. A notice has been received from Members of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying their intention to appoint Mr. Kasturirangan as a Director liable to retire by rotation.

Mr. A.T. Vaswani and Mr. Arvind Agrawal retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

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 principal activities of the Company are Software Development, Networking, E-Commerce and Systems Integration which are not energy intensive.

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.

Directors' Report

Particulars regarding foreign exchange earnings and expenditure during the year are given in Note 12 and Note 13 of Notes to Accounts respectively.

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 2008 and the profit of the Company for the year ended 31st March 2008;

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 the 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 your Company is required to attach the Directors Report, Balance Sheet and Profit & Loss Account of its subsidiaries. Accordingly, an application has been made to the Ministry of Corporate Affairs (MCA), Government of India, requesting an exemption from such attachment as the Audited Consolidated Financial Statements are presented in the Annual Report presenting a full and fair picture of the state of affairs and the financial condition of the Company and approval is awaited. The Company will make available the Annual Accounts and related information of the subsidiaries, where applicable, upon request by any shareholder of the Company. These documents are also kept for inspection during business hours at our registered office.

CORPORATE GOVERNANCE

In terms of the Listing Agreement, the Management Discussion and Analysis Report is annexed and forms part of the Annual Report. A report on Corporate Governance along with the Certificate dated 24th April 2008 from M/s. S. V. Deulkar & Co., Practicing Company Secretaries detailing compliance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges on which the Company's shares are listed, is also annexed forming part of the Annual Report.

EMPLOYEES STOCK OPTION PLAN

Your Company has implemented two employee stock options schemes viz. 2002 Employee

Stock Option Plan (2002 ESOP) and 2006 Employee Stock Option Plan (2006 ESOP) for granting term based and performance based stock options to employees.

Disclosures in respect of the Stock Option Plans in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out in `Annexure C' to this report.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a Certificate from the Auditors that they are qualified under Section 224(1B) of the Companies Act, 1956, to act as the Auditors of the Company, if re-appointed.

ACKNOWLEDGEMENTS

The Board places on record their appreciation of the contribution of employees at all levels, customers, business and technology partners, vendors, investors 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 : 24th April 2008

Directors' Report

Annexure A

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

A. RESEARCH & DEVELOPMENT (R&D)

Areas in which Research and Development has been carried out by the Company are as follows

- SBP/GDM Development

Zensar conceptualized and built Solution BluePrint(SBP) - a Framework for automated software development, which focuses on capturing customer business processes and visual blueprinting the solution to be developed & automating application generation giving customer significant improvement in productivity. SBP focuses on providing an integrated solution of collaboration, designing, consulting, and support to address worldwide business needs. One of the ways of deployment of SBP is through Global Delivery Model (GDM) that provides complete delivery and support model, access to extensive global network of resources, technology, facilities, and best-in-class processes. In future, Solution BluePrint (SBP) framework benefits will be enhanced by using Distributed Architecture. Framework's architecture shall also be made more generic and flexible by using Open Source Community tools.

- Use of Open Source Technologies

Globally acceptance of Open Source Technologies is steadily increasing. Zensar has observed that some of its clients are ready to have mission critical applications to be based on Open Source technologies. These technologies typically are Linux for operating system, Apache for application server, MySql for database and PHP for scripting language. Zensar has built skills in each of these areas. "Agile" as a development life cycle management methodology has also been gaining wider acceptance. Zensar has successfully executed internal projects and established baselines for delivering services to customers using these technologies and methodologies. Subsequently, Zensar has delivered these services successfully to its clients in banking, retail and manufacturing sector.

- SOA (Service Oriented Architecture)

The SOA initiative started last year has seen concrete deliverables. SOA framework has been created that acts as delivery framework for hosting many services. It will deliver new applications as well as act as integration vehicle for existing legacy application. A complete blueprint for internal IT application has been created and will gradually move under SOA framework.

B. TECHNOLOGY ADOPTION AND ASSIMILATION

- Development of IT Systems for internal use

During the Year 2007-08, your Company rolled out IT applications for automating a number of processes such as associate's performance management, effort and productivity capture, knowledge management, associate collaboration, travel process automation and phase 1 of management accounting.

- Innovation Councils

During the year, your Company has created two Councils to identify opportunities for innovation in its day-to-day work. These Councils will focus on ideas in "Product" and "Process" space. Councils are empowered to conceptualize, develop and implement these ideas. These initiatives will generate Intellectual Property for the Company in its chosen industry vertical and technology focus areas.

Annexure B

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2008

Sr. No.	Name of employee	Age	Gross salary (Rs.)	Designation	Qualification	Experience	Date of Joining	Details of previous employment	
								Designation	Organisation
1	Ajay Bhandari	39	3042660	Associate Vice President	ICWA	20	20/08/1999	Manager - Systems	Fascel Limited
2	Ankit Ghosh	41	2906678	Assistant Vice President	Diploma in Electrical Engg.	18	10/10/2006	Sr. Consultant	ITC Infotech India Ltd.
3	Chandran Raghuraman	42	2762004	Associate Vice President	BE Mechanical/PGDIE	19	3/1/2005	Principal Consultant	Satyam Computer Services
4	Ganesh Natarajan	49	7937988	Dy.Chairman & Managing Director	BE (Mech.),P.G.(Ind) Engg. Ph.D.	28	1/3/2001	Managing Director	Aptech Limited
5	Girish Malpani*	33	489515	Group Manager	BE	11	30/8/2001	Manager Projects	Software Moguls India Pvt. Ltd
6	Hasan Siddiqui*	50	3128483	Vice President	B Tech	27	6/4/2007	Vice President	Satyam Computers
7	Hiren Ramkrishna Kulkarni	47	2679102	Vice President	BA	22	2/5/2001	General Manager	ERPG
8	Krishna Padmanabhan Kumar	45	2449587	Assistant Vice President	BE/PGDM	21	15/5/1997	Deputy Manager	TISCO
9	Krishna Ramaswami	43	2530311	Associate Vice President	BSc. Chemistry/PGDSM	20	5/11/2001	Senior VP	Sanchez Capital services
10	Parmod Bhalla	52	7043240	Chief Operating Officer	P.G. in Operations Research	28	1/2/2005	Managing Director	Blue Star Infotech Limited
11	Prameela Nagamalati Kalive	42	2604638	Global Head HR	ME/MBA	21	17/11/2000	Director	Athena Consulting pvt ltd.
12	Prasad Madhav Deshpande	40	2618302	Associate Vice President	B.E,DBM/MMS	17	2/9/1996	Programmer	Forbes Marshall
13	Premkumar Ramchandra Apte	54	2621218	Associate Vice President	M.Tech Comp Science	31	18/5/1999	Senior VP	Software Moguls India Pvt. Ltd
14	S Balasubramaniam	50	3069808	VP & Chief Financial Officer	B.Com (Hon.), ACA,CWA	28	1/10/2005	VP-Finance	RPG Life Sciences
15	Salil Dinkar Amonkar*	43	1407768	Associate Vice President	BE,MBA	14	22/1/2007	Senior Manager	CISCO Systems Inc
16	Sanjay Hora*	43	1211846	C T O	MCA	19	31/8/2005	Consultant	Barclays Capital
17	Sanjay Marathe	52	3004531	VP & Delivery Head Application Portfolio Management	MTECH.	30	1/4/1985	Head-Microprocessor Division	ICA, Mumbai
18	Sivasubramaniam Rangaswamy	40	2599863	Associate Vice President	BE	18	6/9/2004	Consultant	Tata Consultancy Services
19	V. Balasubramanian	46	4374919	Senior VP & Head Asia Pacific, Continental Europe & MEIA	B.E, PGDIE	24	5/1/2004	Executive Director	Aptech Limited
20	Vaijayanti Nitin Deshpande	50	2546161	Associate Vice President Finance	BSc/CA	24	2/1/1996	Manager Finance	Thermax
21	Vijay Garg*	37	923042	Program Manager	BE	14	31/3/1997	Maintenance Engineer	Jaiprakash Industries Ltd.
22	Yogesh Patgaonkar	38	2813062	Associate Vice President	BSc/MMS	14	18/4/2003	Regional Head HR	MPHASIS BFL 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

24th April 2008
Mumbai

H. V. Goenka
Chairman

Directors' Report

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	2328806	1000000
3	Options Granted during the year	64394	223000
4	Pricing formula	The Compensation Committee decides exercise price for the Stock Options based on the market price ie. the closing price on the Stock Exchange where trading volume is more on the previous day of the Compensation Committee Meetings 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 2008	162342	57600
6	Options exercised during the year	30258	Nil
7	Total number of shares arising as a result of exercise of options till 31st March 2008	676871	Nil
8	Options lapsed / cancelled during the year[1]	29594	106800
9	Variation of terms of options	During the year there has been no variation in the terms of options.	During the year there has been no variation in the terms of options.
10	Money realized by exercise of options during the year.	Rs. 3103270	Rs. Nil

Sr. No	Description		
11	Total number of options in force at the end of the year	333784	473200
12	Employee-wise details of Stock Options granted to Senior Managerial Personnel as on 31st March 2008.	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-16500*; Mr. S. Balasubramaniam - 8438* *Of these, certain stock options have been exercised	Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan - 200000; Mr. Vivek Gupta - 30000; Mr. Nitin Parab - 30000; Mr. V. Balasubramanian - 30000
13	Employees who were granted options amounting to 5% or more of the options granted during the year.	Mr. V. Balasubramaniam - 3500 stock options	Sanjay Marathe: 15000, Nagan Raman: 18000, Hiren Kulkarni: 18000, Gurdeep Grewal: 18000, V Shankar: 12000, Sushma Rajagopalan: 45000 Prem Apte: 12000, Prasad Deshpande: 12000, Hasan Siddiqui: 15000, Shekar Prabhakar: 12000, Ramesh Kodali: 15000, Prakash Tripathi: 12000
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 As of 31st March 2008 all these options had 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. 18.85	Rs. 18.85

Sr. No	Description		
16	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and EPS of the company shall also be disclosed.	The Company calculates the Employee Compensation Cost using the intrinsic value of the Stock Options. The difference between the Employee Compensation Cost computed as per Intrinsic Value method and Fair Value Method is Rs 0.42 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is 0.42 Crore and Re. 0.17 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 0.63 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is 0.63 Crore and Re. 0.26 respectively.
17	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date	Weighted average exercise price of the options is Rs. 102.56 Weighted average fair value of the options is Rs. 67.64	Weighted average exercise price of the options is Rs. NIL as no options have been exercised. Weighted average fair value of the options is Rs. 84.55
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 : 7.76% 2. Expected life : 84 months 3. Weighted average of expected volatility : 43 % 4. Expected dividends : 1.59% 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 172.55	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 : 7.76% 2. Expected life : 84 months 3. Weighted average of expected volatility : 43 % 4. Expected dividends : 1.59% 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 172.55

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

Corporate Governance

Corporate Governance is a continuous process of adopting and following 'Best in Class' concepts, seeking to provide an enabling environment to harmonize the goals of maximizing stakeholder value while maintaining a customer centric focus. Corporate Governance is a wide framework of systems, rules, interfaces and principles that are ingrained into the fiduciary corporate culture and values, resulting in a simplified and transparent corporate structure driven solely by business needs.

The primary objective of Corporate Governance is to promote fairness, transparency, accountability and responsiveness directing the Company to not only work towards the enhancement of shareholders' value but also towards overall betterment of all stakeholders viz., shareholders, creditors, customers, employees and society at large.

Corporate Governance at Zensar:

Corporate governance at Zensar transcends to a level beyond mere compliance to legal requirements. It seeks to achieve a balance between economic and social goals of the organization and also integrate the individual and collective goals. This integration can be achieved only when the organization's deep-rooted values are imbibed within the organization. Zensar's core values, which include Customer Sovereignty, Passion for Excellence, Continuous Innovation, Transparency and Integrity, People Orientation and Social Responsibility are the keystones on which the framework of Corporate Governance has been built to make Zensar a vibrant and socially conscious organization, driven by people with passion for superior performance, with a continued customer focus in its drive to be a transformation partner to global corporations.

The importance of Corporate Governance has always been recognized by Zensar and is manifested in the Company's vision. A report, in line with the requirements of the Stock Exchanges for the year ended March 31, 2008 is given below:

1. Board of Directors

A. Composition

The Company has an optimum combination of executive and non executive Directors and Independent Directors to ensure autonomous functioning of the Board. Dr. Ganesh Natarajan, Deputy Chairman and Managing Director of the Company, is the Executive Director and is in charge of the day-to-day management of the Company subject to the overall superintendence and control of the Board.

B. Details of Board Meetings held

Five Board Meetings were held during the Financial Year on 24th April, 2007, 5th July, 2007, 16th July, 2007, 22nd October, 2007 and 28th January, 2008.

The Composition of the Board of Directors as on March 31, 2008 as required in terms of the Listing Agreement is given below:-

Sr. No.	Name of Director	Category	Date of Appointment	Attendance in Board Meetings during 2007-08	Attendance in last AGM	Other Boards/Committees		
						Directorships[1]	Committee[2]	
							Member	Chairman
1	Mr. H.V. Goenka	❖ Chairman ❖ Non Executive	04.09.01	4	No	8	1	1
2	Dr. Ganesh Natarajan	❖ Deputy Chairman and Managing Director ❖ Executive	04.09.01	4	Yes	2	1	Nil
3	Mr. Arvind Agrawal	❖ Independent ❖ Non Executive	29.01.02	5	No	1	Nil	Nil
4	Mr. P.K. Choksey	❖ Independent ❖ Non Executive	24.04.80	5	Yes	2	4	1

Corporate Governance

Sr. No.	Name of Director	Category	Date of Appointment	Attendance in Board Meetings during 2007-08	Attendance in last AGM	Other Boards/Committees		
						Directorships[1]	Committee[2]	
							Member	Chairman
5	Mr. Venkatesh Kasturirangan	❖ Independent ❖ Non Executive	28.01.08	N.A	N.A	1	Nil	Nil
6	Mr. John Levack	❖ Independent ❖ Non Executive	16.01.03	4	Yes	3	1	Nil
7	Mr. P.K. Mohapatra	❖ Independent ❖ Non Executive	31.01.01	5	No	8	4	Nil
8	Mr. A.T. Vaswani	❖ Independent ❖ Non Executive	09.02.96	4	Yes	4	6	5
9	Mr. Jack Noble (upto 5th July 07)	❖ Vice Chairman ❖ Non Executive	22.10.04	0	NA	NA	NA	NA
10	Mr. Petri Imberg (upto 5th July 07)	❖ Alternate Director to Jack Noble ❖ Non Executive	09.03.06	0	NA	NA	NA	NA
11	Mr. Anthony Pipe (upto 5th July 07)	❖ Alternate Director to Andrew MacNaughton ❖ Non Executive	09.03.06	0	NA	NA	NA	NA
12	Mr. Andrew MacNaughton (upto 5th July 07)	❖ Non Executive	09.03.06	0	NA	NA	NA	NA
13	Dr. Nirmalya Kumar (upto 16th July 07)	❖ Independent ❖ Non Executive	29.01.02	1	NA	NA	NA	NA

[1]Excludes Foreign Companies, Private Limited Companies and Alternate Directorships.

[2]Only Audit Committee and Shareholders Grievance Committee are reckoned for this purpose

2. Audit Committee

A. Composition

The Audit Committee consists of only independent and non-executive Directors and provides assistance to the Board of Directors in fulfilling its oversight responsibilities. The Audit Committee comprises Mr. A. T. Vaswani, Mr. P. K. Choskey and Mr. P. K. Mohapatra. Mr. A. T. Vaswani, Independent Director, is the Chairman of the Committee. Mr. Jack Noble resigned as Director of the Company and consequently ceased to be Member of the Audit Committee. Thereafter, the Board nominated Mr. P.K. Mohapatra as Member of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, the Internal Auditors and the Statutory Auditors attend the meetings on invitation.

B. Details of Meetings held

During the year, seven Audit Committee Meetings were held on 24th April, 2007, 16th July, 2007, 4th October, 2007, 22nd October, 2007, 21st December, 2007, 28th January 2008 and 15th February, 2008.

Attendance at Audit Committee Meetings during the Financial Year was as follows:-

Name of Director	No. of Meetings held during the year / during tenure	No. of Meetings attended
Mr. A.T. Vaswani (Chairman)	7	7
Mr. P.K. Choksey	7	6
Mr. P.K. Mohapatra	5	4
Mr. Jack Noble	1	0

Mr. P. K. Mohapatra was appointed as member of the Audit Committee on 16th July 2007.

Mr. A. T. Vaswani, Chairman of Audit Committee, attended the previous Annual General Meeting of the Company held on 17th July, 2007.

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 the revised 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 Directors' 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 thereon.

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 only independent and non-executive Directors. The Compensation Committee comprises Mr. P. K. Mohapatra, Mr. Arvind Agrawal and Mr. John Levack. Mr. P. K. Mohapatra, Independent Director, is the Chairman of the Compensation Committee. Mr. Jack Noble resigned as Director of the Company and consequently ceased to be Member of the Compensation Committee. Thereafter, the Board nominated Mr. Arvind Agrawal as Member of the Compensation Committee.

B. Details of Meetings held

Compensation Committee Meetings were held on 24th April 2007, 16th July 2007 and 22nd October 2007 during the year. Attendance at Compensation Committee Meetings during the year was as follows:-

Name of Director	No. of Meetings held during the year / during tenure	No. of Meetings attended
Mr. P. K. Mohapatra (Chairman)	3	3
Mr. John Levack	3	3
Mr. Arvind Agrawal	2	2
Mr. Jack Noble	1	0

Mr. Arvind Agrawal was appointed as Member of the Compensation Committee on 16th July 2007

C. Terms of Reference

The Committee, *inter alia*, performs the following functions:

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

D. Remuneration of Executive Directors

The Managing Director is paid remuneration as per the terms recommended by the Compensation Committee, approved by the Board and confirmed by the Shareholders of the Company. The remuneration of the Managing Director comprises basic salary, allowances and perquisites.

The remuneration of Dr. Ganesh Natarajan was as follows:

(A) Salary : Rs. 3,74,607/- per month
(B) Allowances : Rs. 96,333/- 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 Company policy.

Total remuneration paid to Dr. Ganesh Natarajan during the Financial Year 2007-08 was Rs. 0.79 Crore. A service contract for the period of 5 years ending on 28th February 2011 has been entered into with the Managing Director. The said service contract provides for termination of the contract by either the Managing Director or the Company by giving not less than 120 days notice in writing to the other party or 120 days salary in lieu thereof.

In the year 2002, Dr. Ganesh Natarajan had been granted 5,00,000 Stock Options in terms of the Company's 2002 Employees Stock Option Scheme. These Stock Options, which vested equally over a period of 4 years from the date of grant, have been exercised as on the date of this report. As of the date of this report, Dr. Ganesh Natarajan holds 3,75,529 Equity Shares of the Company.

During Financial Year 2006-07, Dr. Ganesh Natarajan was granted 2,00,000 performance based stock options under the 2006 Employee Stock Option Scheme. These Stock Options are subject to performance based vesting over a period of 5 years commencing from one year after the date of grant. Of the above, 40,000 stock options have vested as on the date of this report.

E. Remuneration of Non Executive Directors

No other remuneration than sitting fees is paid to the Non-Executive Directors. Non Executive Directors are paid sitting fees at the rate of Rs. 20000/- per Board Meeting, Rs. 10000/- per Audit Committee and Rs. 5000/- per Compensation Committee Meeting attended by them.

Of the Non Executive Directors, Mr. A. T. Vaswani holds 4500 equity shares of Rs. 10/- each and Mr. P. K. Choksey holds 400 equity shares of Rs. 10/- each of the Company.

4. Investors' Grievance and Share Transfer Committee

A. Composition

The Investors' Grievance and Share Transfer Committee comprises Mr. A. T. Vaswani, Mr. P. K. Choksey and Dr. Ganesh Natarajan. Mr. A. T. Vaswani is the Chairman of the Committee. 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 Ms. Asha Pramod, Company Secretary.

B. Details of Meetings held

The Committee has been holding regular meetings to ensure compliance with the provisions of the Companies Act, 1956 and the Listing Agreement and to ensure proper service to investors. Fifteen meetings have been held during the year. The attendance of Directors at these meetings has been as follows:-

Name of Director	No. of Meetings held during the year	No. of Meetings attended
Mr. A. T. Vaswani (Chairman)	15	14
Mr. P. K. Choksey	15	15
Dr. Ganesh Natarajan	15	15

C. Terms of Reference

The Committee, *inter alia*, performs the following functions:

1. Dealing with matters relating to share / debenture transfers
2. Reviewing the system of dealing with and responding to correspondence from shareholders and debenture holders.
3. Reviewing and dealing with complaints and responses to letters received from Stock Exchanges, SEBI and Ministry of Corporate Affairs.

5. Code of Conduct

The Board of Directors of the Company have 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 to that effect is annexed to this report.

6. Compliance Officer

The name and designation of the Compliance Officer is Ms. Asha Pramod, Company Secretary.

7. General Body Meetings:

Location, date and time, where last three Annual General Meetings were held:-

Particulars	FY 2004-05	FY 2005-06	FY 2006-07
Date & Time	23rd July 2005 at 11.00 AM	27th July 2006 at 11.00 AM	17th July, 2007 at 12:00 Noon
Venue	Institution of Engineers (India), 1332, Shivajinagar, J.M. Road, Pune 411 005	Institution of Engineers (India), 1332, Shivajinagar, J.M. Road, Pune 411 005	Sumant Moolgaonkar Auditorium, A Wing, Ground Floor, MCCIA Trade Tower, International Convention Centre Complex, 403-A, Senapati Bapat Road, Pune, 411016

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

i. Holding of office of profit by Dr. Ganesh Natarajan as Global CEO of the Company's wholly owned subsidiary Zensar Technologies Inc.

ii. Delisting the equity shares of the Company from Pune Stock Exchange.

iii. Approval of the 2006 Employee Stock Option Scheme

iv. Approval to extend the benefits of the 2006 Employee Stock Option Scheme to eligible employees or Directors of the Company's existing and future subsidiaries

v. Holding of office of profit by Dr. Ganesh Natarajan as Global CEO of the Company's wholly owned subsidiary Zensar Technologies (UK) Limited.

During the previous year, the Company did not pass any special resolution through postal ballot.

8. Disclosures

During the financial year 2007-08, there were no materially significant related party transactions of the Company that may have potential conflict with the interests of the Company at large. Details of related party transactions are given in Note 7 to the Notes to Accounts.

There have neither been any instances of non-compliance nor any penalty, stricture have been imposed on the Company by Stock Exchanges or by Securities and Exchange Board of India or by any other statutory authority on any matter related to the capital markets during the last three years.

While the Company has not formally established a Whistle Blower Policy as a mechanism for its employees to report to the Management about any actual or suspected violation of the Company's code of conduct or the Business Principles or concerns about unethical behavior, the employees are free to access the Management or the Audit Committee to report any such instances.

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement as presently applicable. Details of non-mandatory provisions to the extent complied with have been disclosed in this report.

9. Means of Communication

- The Quarterly, Half yearly and Annual Financial Results are published in leading newspapers such as Financial Express, Loksatta etc.
- The Company also updates the Investor Section of its website www.zensar.com periodically to include information on new developments in the Company including Financial Results of the Company and presentations made to institutional investors and analysts. The Company also keeps the shareholders informed about important developments in the Company through press releases and other media.
- The Company also keeps the Stock Exchanges, where the Company is listed, informed regarding various developments in the Company.
- The Company disseminates relevant information through Quarterly newsletters, which are mailed to all shareholders.
- The Company also broadens its exposure and awareness through carefully selected industry seminars, trade shows and meetings with commercial partners.
- The Company has provided an E-mail address on its website whereby the investors can directly contact the Company.

10. General Shareholders' Information

A. Next Annual General Meeting: As indicated in the Notice to our shareholders, the Annual General Meeting of the Company will be held on 23rd July, 2008. The time and venue of the Meeting is indicated in the Notice.

B. Financial Year: April 1 to March 31

C. Date of book closure: 16th July, 2008 to 23rd July, 2008 (both days inclusive).

D. Dividend payment: Dividend on Equity Shares has been proposed at the rate of 38%. The Dividend, if declared by the Members, will be paid on or after 29th July, 2008 but within the statutory time limit of 30 days.

E. Financial calendar (tentative and subject to change)

Event	Due Date
Financial reporting for the quarter ending 30th June, 2008	End July, 2008
Financial reporting for the quarter ending 30th September, 2008	End October, 2008
Financial reporting for the quarter ending 31st December, 2008	End January, 2009
Financial reporting for the quarter ending 31st March, 2009	End April, 2009 (unaudited) or End June, 2009 (Audited)
Annual General Meeting for the year ending 31st March, 2009	End September, 2009

F. Listing on Stock Exchanges:

The Shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid for the year 2008-09.

G. Stock Code & ISIN:

Stock Code: Bombay Stock Exchange Limited - 504067

National Stock Exchange of India Limited - ZENSARTECH

ISIN: INE520A01019 with NSDL & CDSL

H. Market Price Data: Monthly high and low quotations as well as the volume of shares traded at Bombay Stock Exchange Limited and National Stock Exchange of India Limited during 2007-08 were:

	Bombay Stock Exchange Limited					National Stock Exchange of India Limited				
Period	High Rs.	Low Rs.	Close Rs.	Total Traded Qty.	Sensex	High Rs.	Low Rs.	Close Rs.	Total Traded Qty.	Nifty
Apr-2007	323.00	231.00	305.40	847066	13872.37	324.60	225.25	304.80	1349404	4087.90
May-2007	379.90	281.25	364.60	1026972	14544.46	375.00	281.00	364.00	1645521	4295.80
Jun-2007	373.95	321.50	330.70	387683	14650.51	374.00	320.00	333.00	627178	4318.30
Jul-2007	360.00	264.00	265.75	1333404	15550.99	358.70	255.25	266.45	2132666	4528.85
Aug-2007	264.90	205.25	211.20	300544	15318.60	265.95	205.00	211.00	493260	4464.00
Sep-2007	230.00	195.20	198.95	286011	17291.10	224.80	195.90	197.95	508038	5021.35
Oct-2007	210.45	168.00	180.15	383402	19837.99	220.00	155.25	181.20	512532	5900.65
Nov-2007	184.90	161.10	168.25	216236	19363.19	184.00	161.00	167.00	401278	5762.75
Dec-2007	207.90	168.00	191.40	1685685	20286.99	208.00	167.10	190.80	1640115	6138.60
Jan-2008	203.70	115.15	144.95	750238	17648.71	204.00	116.00	147.50	931721	5137.45
Feb-2008	150.50	121.00	128.45	329121	17578.72	149.90	122.05	127.50	432817	5223.50
Mar-2008	129.00	88.00	111.00	318966	15644.44	126.70	77.00	111.80	403682	4734.50

Source - Websites of Bombay Stock Exchange Ltd. and The National Stock Exchange Ltd.

I. **Share Transfer Agents:** Sharepro Services (India) Pvt. Ltd. are the Registrars and Share Transfer Agents.

Their contact details are: -

912, Raheja Centre
Free Press Journal Marg
Nariman Point
Mumbai 400 021
Tel - (022) 66134700

OR

Satam Estate, 3rd Floor,
Above Bank of Baroda
Chakala,Andheri (East)
Mumbai 400 099
Tel - (022) 67720300

In addition, shareholders can also contact Mr. K. G. Abraham at Sharepro Services (India) Pvt. Ltd., whose contact details are given below:-.

Name	Telephone no.	E-mail ID	Fax No.
K.G. Abraham	(022) 67720344	abrahamkg@shareproservices.com	(022) 28375646

J. **Share Transfer Procedure:** In respect of transfer of shares, shareholders are advised to contact Sharepro Services (India) Pvt. Ltd. directly. Securities lodged for transfer/ transmissions and split / consolidation at the Registrar's address are processed within 15 days from the date of lodgement, if the documents are clear in all respects. Requests for issue of duplicate share certificates are normally cleared within 25 days, subject to the documents being clear in all respects.

Members' complaints/ queries/ correspondence were expeditiously attended to and the replies sent generally within a period of 15 days of receipt, except in the cases that were constrained by incomplete documentation and /or by legal impediments. Complaints identified and reported during the FY 2006-07 and FY 2007-08 are as follows :-

Nature of Complaint	2007-08		2006-07	
	Received	Attended to	Received	Attended to
Non - receipt of share certificates	81	81	68	68
Letters from Stock Exchanges, SEBI etc.	1	1	1	1
Non-receipt of Dividend / Debenture interest / Redemption warrants	114	114	163	163
Total	**196**	**196**	**232**	**232**

Corporate Governance

K. Distribution Schedule: The distribution of the Company's shareholding was as follows:

No. of Equity Shares held	As on 31st March 2008				As on 31st March 2007			
	No. of Share holders	% of Share holders	No. of Shares held	% of Share-holding	No. of Share holders	% of Share holders	No. of Shares held	% of Share-holding
1-500	24270	95.09	2190572	9.14	20370	96.23	1719802	7.19
501-1000	628	2.46	492601	2.06	417	1.97	326020	1.36
1001-2000	325	1.27	492293	2.05	179	0.85	272987	1.14
2001-3000	95	0.37	240159	1.00	64	0.30	168812	0.71
3001-4000	33	0.13	120918	0.51	23	0.11	85003	0.36
4001-5000	47	0.19	216924	0.91	18	0.08	82338	0.34
5001-10000	50	0.20	364057	1.51	43	0.20	310806	1.30
10001 & above	75	0.29	19847411	82.82	55	0.26	20954644	87.60
Total	**25523**	**100.00**	**23964935**	**100.00**	**21169**	**100.00**	**23920412**	**100.00**

L. Dematerialisation of shares: Approximately 97.87% (Previous Year 66.78%) of the total paid up share capital of the Company amounting to 23453768 (Previous Year 15968096) Equity Shares was held in dematerialized form as on 31.03.2008.

M. Convertible instruments: As of date, 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 Employee Stock Option Scheme and the 2006 Employee Stock Option Scheme, details of which have been disclosed in the Directors' Report.

N. Contact Address:

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

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

P. Multiple Folios: Members who are holding shares in more than one folio under name(s) in the same order are requested to send the relative share certificates to the Registrars and Share Transfer Agents for consolidation of the entire holding in one folio. The share certificates after consolidation will be returned by Registered Post / Courier.

Q. Shareholding Pattern: Categories of Shareholding as on 31st March, 2008

Category	As on 31st March 2008				As on 31st March 2007			
	No. of Share holders	% Share holders	No. of Shares held	% Share holding	No. of Share holders	% Share holders	No. of Shares held	% Share holding
Individuals	24527	96.09	4442418	18.54	20343	96.09	3285462	13.74
Corporates	697	2.73	8440449	35.22	543	2.57	14703691	61.47
FIIs & Other Foreign Bodies	17	0.07	301259	1.25	12	0.06	155980	0.65
NRIs/ OCBs	274	1.07	10474852	43.71	260	1.23	5267195	22.02
Mutual Funds	8	0.04	305957	1.28	11	0.05	508084	2.12
Total	**25523**	**100.00**	**23964935**	**100.00**	**21169**	**100.00**	**23920412**	**100.00**

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 2007-08.

Ganesh Natarajan
Deputy Chairman and Managing Director

Mumbai
Dated 24th April 2008

Practising 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 2008 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 24th April 2008

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

Corporate Profile:

Zensar Technologies Ltd., one of the leading Global Offshore Outsourcing Companies from India as rated by Fortune Magazine, is a leading software and BPO services company operating out of eighteen countries across the world. Zensar is headquartered in India with centres in Pune and Hyderabad; and has its other delivery centres in Gdansk in Poland, Slough in UK and Shenzhen in China.

Zensar was awarded the DHL-CNBC TV 18 International Trade Awards as Exporter of the Year 2008. It is the world's first enterprise-wide SEI CMM Level 5 Company and now a CMMI Level 5 Company with industry expertise that spans Retail & Distribution, Manufacturing, Finance, Insurance, Telecommunications, Utilities, Textiles and Pharma.

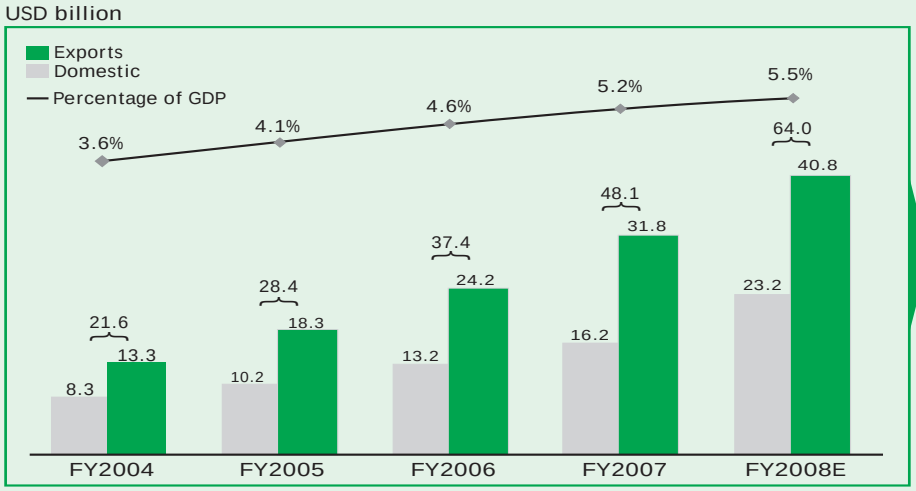
The Company offers end-to-end solutions across diverse technology platforms and industry domains through a Global Delivery Model, delivering 24x7 services.

Zensar has more than 4000 associates across US, UK, Germany, Sweden, Finland, Middle East, South Africa, Hong Kong, Singapore, Australia, Japan, Poland and China. Zensar is on a high growth trajectory and expansion mode.

With its multi-cultural fabric global workforce and the experience of working across cultures, Zensar achieves uniformity of purpose in the midst of diversity. With people from more than 25 nations, less than 25% of its workforce from home state of headquarters and every fourth Zensar associate a woman, there is little wonder that Zensar is a truly global organisation.

Indian IT 2007-08 - Industry Outlook

The Indian Information Technology and related services sector is expected to reach USD 64 billion in FY 2008, a growth of 33% in the current fiscal year. This continued growth amidst concerns about the sector's sensitivity to an impending slowdown in the US economy and supply-side challenge, revalidates the strong fundamentals of the Indian IT-BPO growth story.



Note : Totals may not add up due to rounding off

*Annual revenue aggregate estimates for the IT-BPO sector comprising Exports (IT Services, Software, Engineering Services, ITES-BPO and Hardware) and the Domestic Market (Hardware, IT Services, Software and BPO)

**NASSCOM export estimates have traditionally been higher than those reported in the Balance of Payment Statistics of the Central Bank Of India, Reserve Bank of India (RBI). The RBI, using the GATS methodology, does not include revenues of the foreign subsidiaries of Indian companies; it only considers the billings of the Indian parent to its foreign subsidiaries. NASSCOM, following the US GAAP methodology, considers the revenues of the subsidiaries, after adjusting for intra-company billings. There are also marginal differences on principles of revenue recognition. Historically, RBI's figures of software exports have been about 85 per cent of those reported by NASSCOM.

Source:NASSCOM

As a proportion of national GDP, the Indian technology sector revenues have grown from 1.2% in FY 1998 to an estimated 5.5% in FY 2008. Net value added by this sector to the economy is estimated at 3.3-3.9% for FY 2008.

Management Discussion and Analysis

Exports remain the mainstay of the sector – estimated to cross USD 40 billion in FY 2008, with services and software accounting for over 98% of the total. While US and UK remain the dominant markets, the industry footprint is steadily expanding to other geographies. The Industry's vertical market exposure is well diversified across several mature and emerging sectors; while BFSI and Hi-tech/ Telecom remain the largest verticals, Manufacturing, Retail, Media, Utilities and Healthcare also growing steadily. IT services, accounting for about 57% of exports, is witnessing a noticeable shift from projects towards multi-year outsourcing-based relationships; remote infrastructure management is emerging as a key growth driver. BPO, accounting for about 27%, is the fastest growing segment across software and services exports driven by scale as well as a rapidly expanding service landscape. Continued growth across product development and engineering services reflects India's increasing role in global technology IP creation; India is becoming a strategic hub for R&D, accounting for a growing proportion of Global Product Development (GPD) resources. Broad-based growth is reinforcing India's leadership as the key sourcing location for a wide range of technology related services. Credible scale across a wider service portfolio is helping firms deepen relationships with existing clients as well as drive access to previously untapped opportunities. Industry structure reflects a healthy balance between Indian and foreign multinationals, successfully operating a range of sourcing models. While larger players continue to drive industry growth, SMEs also play a key role in nurturing innovation – and continue to attract VC/ PE interest.

Recognizing the advantages of multi-country service delivery to better manage evolving customer requirements and execute end-to-end delivery of services, Indian companies are enhancing their global service delivery capabilities through a combination of green field initiatives, cross border M&A, partnerships and alliances with local players in customer markets and near-shore, low cost locations.

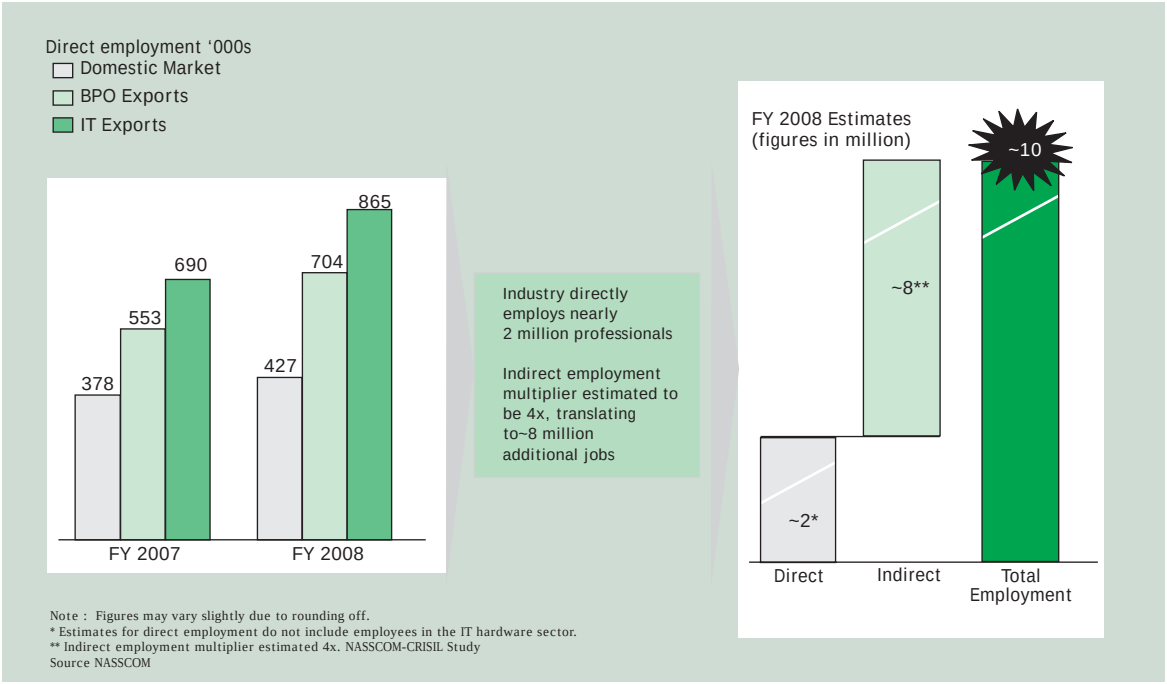
An increasing number of service providers of Indian origin are being recognized as 'global players' with multi-country presence, employing a multicultural workforce drawn from different nationalities, serving countries globally.

The widening service portfolio and geographic footprint is also helping firms deepen existing client relationships and access previously untapped opportunities. Over the past 5-6 years, the service-line mix of Indian IT providers has evolved from being predominantly driven by custom application development and maintenance to a wider portfolio of services including IS outsourcing, software testing, applications management and system integration. The share of these 'other' services has grown from 20 percent in FY 2001 to over 55 percent in FY 2007. This expansion of the service offerings has not only enabled Indian firms to build on existing relationships by expanding the size and scope of work undertaken, but has also brought them the recognition of becoming full-service providers. Consequently, Indian firms are now regularly invited to bid for larger and more complex outsourcing contracts, requiring expertise in multiple aspects of IT provisioning and management.

A study of the economic impacts of the growth of the IT-BPO sector, undertaken by CRISIL in 2007 estimates that every job created in the IT-BPO sector influences the creation of about four more jobs in the overall economy – through indirect and induced multiplier effects. This translates to the creation of about 10 million job opportunities attributed to the growth of this sector.

India's domestic IT-BPO market is expected to cross USD 23 billion in FY 2008 with healthy growth across all key segments. IT services spend is showing signs of increasing sophistication, estimated to be growing at nearly 43% in 2008. Domestic BPO spends are also growing rapidly led by BFSI, Telecom and Airline Industries.

Direct employment in the services and software products segments is expected to reach nearly 2 million by the end of FY 2008. This represents a net addition of 375,000 professionals to the industry employee base this year.



Note : Figures may vary slightly due to rounding off.
* Estimates for direct employment do not include employees in the IT hardware sector.
** Indirect employment multiplier estimated 4x. NASSCOM-CRISIL Study
Source NASSCOM

Indian IT-BPO firms have steadily expanded their delivery footprint to over 45 cities across the country contributing to the nation's efforts towards more distributed growth and development. Over the past 5-6 years, several satellite towns (to existing city centres) have mushroomed across the country – with the IT-BPO firms playing anchor role in their development.

Planning for the Future

Opportunities and Threats:

- These are challenging times for the Indian IT Industry given the Western economies being impacted by the current crisis in their financial sectors and input costs rising in India due to the inflationary effect of a growth economy. All smaller and medium size companies are under threat. These are also interesting times in India with the domestic market opening up and more and more companies becoming global. The opportunities to partner with Indian multinationals in the aviation, hospitality, financial services, pharma and media space are now encouraging domains for Indian software firms to capitalise on. The areas of work are becoming increasingly high-end even in the domestic market and there is ample scope to develop solutions and IP that can find their way into the global market.
- Investment in emerging markets like Middle East, India and Africa are paying off and can be further leveraged.
- Enhanced focus and investment in new service areas like Remote Infrastructure Management, Integrated IT-BPO services and 'templatized' ERP solutions in focused verticals, Retail and Distribution solutions.
- With Zensar's solid management and the stability of its leadership team, a well diversified service portfolio aligned to market needs, a wide geographic presence, increased levels of productivity through efficiency frameworks, and a proven track record through its Innovation, the Company is confident of increased success in the years to come.

SEGMENT-WISE PERFORMANCE

For the financial year under consideration, your Company has reported results of the strategic business units (SBUs) viz. Global Outsourcing Business (GOS), Enterprise Application Services (EAS) and Innovative Technology Solutions (ITS).

Management Discussion and Analysis

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. 6 of the Consolidated Financial Statements of the Company.

INTERNAL CONTROL

In the current global scenario where uncertainty prevails in many spheres, strong internal controls and their governance directly leads to shareholder confidence. Zensar's internal controls cover the financial accounting, regulatory and contractual compliances, taxation, treasury management, procurement as well as work order execution and delivery. Zensar's Audit Committee along with senior management oversees implementation of financial controls and checks adherence to the controls regularly.

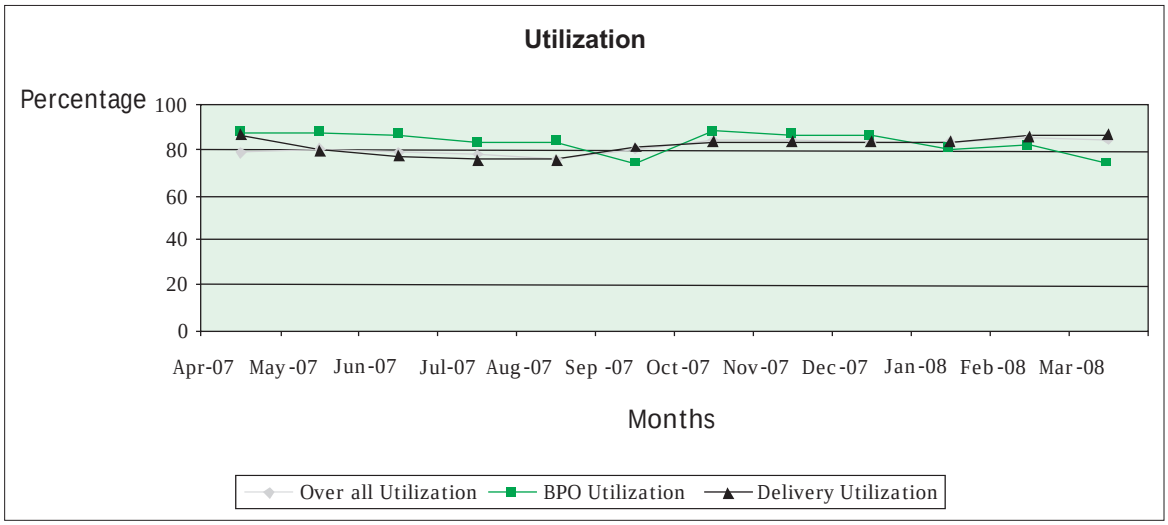
The Audit Committee comprises experts in the financial domain with business acumen and many years of industry experience. The Audit Committee meets regularly, reviews and verifies the controls. As and when required, the Committee recommends seeking of expert opinion from renowned financial experts.

The yearly internal audit plan is rigorous and is approved by the Audit Committee. It is executed by a leading audit firm, which independently and objectively tests the internal controls and proposes improvements. Industry best practices are discussed and implemented as applicable. Zensar has a pre-defined process in place to resolve any audit observation within a quarter thus ensuring that effective controls are in place throughout the year.

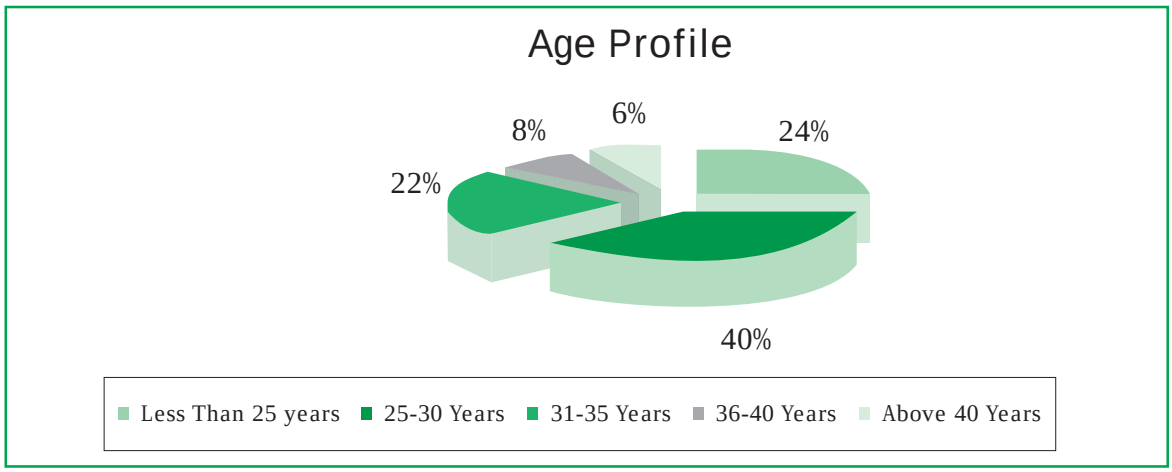
Zensar's Strategy and Risk Management Council is responsible for assessment of current business risks and identification of new risks. The Council proposes planned approach for effective mitigation of such risks. The business risk mitigation strategy is reviewed annually.

HUMAN RESOURCE

Utilization of Resources



1) Delivery Utilization, including onsite delivery staff, relates to IT services.
2) BPO Utilization is provided separately.
3) Overall Utilization includes delivery and support staff.



Zensar has been awarded several awards for its innovative HR practices which acknowledge its commitment towards attracting, enabling and retaining talent. Zensar's belief and strong focus on people being its core value, drives all its people development practices. Zensar's HR strategy is aligned along three key dimensions :

1. Attract

Industry-Academia Partnership

Zensar has established strong strategic partnerships with Academic Institutions in India, China and UK to identify, nurture and develop fresh talent for supporting its growth. Zensar works with students from these Institutions to impart technical and business skills to these students while they are still undergoing their professional trainings to ensure that they have employable skills when they move to the Industry.

Associate Referral Program

Zensar has a strong Associate referral program that it leverages to find good talent from the Industry. About 25% of Zensar's talent requirements are met through this program.

2. Enable

Development Centers (DC) enable Zensarians to continually assess and develop their behavioral and leadership skills. Zensar was one of the first companies to set up DCs with the aim of preparing leaders for the future and providing a forum for other leadership development initiatives. This initiative was launched in the beginning of 2003 and more than 400 frontline leaders have been identified, nurtured and developed through this process.

Performance Planning and Evaluation is a very well managed HR process in Zensar and is carried out with a Top-Down Approach with the goals of the CEO being aligned with his next level and the levels after that. The Performance Management System (PMS) concentrates on evaluation of performance against defined KRAs (Key Result Areas) as well as feedback on behavioral competencies. The outcome of the PMS process is used for the reward system as well as development inputs.

Training and Development is ingrained into Zensar's core philosophy of value addition to the end-customer through value addition to associates. Therefore, there is strong emphasis on training for customer-specific skill sets. The programs are focused and customized for different target associate groups. Some of the training and development programs undertaken are as follows:

- **EPGDBM:** Zensar has partnered with one of the leading management institutes to conduct an Executive MBA program especially for Zensar associates. This is an exclusive EPGDBM program, customized to the specific needs of the organization. A complete batch of budding managers is fully sponsored by Zensar.

- **SICSR:** Zensar has partnered with SICSR (Symbiosis Institute for Computer Studies & Research) for participating in the training of and recruiting high performance candidates from the SICSR MBA-IT program. The batches have been specifically trained on skills required at Zensar. The entire curriculum is being designed by Zensar's senior team.
- **Spot Awards:** This award has been instituted to recognize and reward exemplary performance instantaneously. Since April 2005, 300 individual and 90 team spot awards have been awarded.

3. Retain

Organization and Management Review (OMR) is an umbrella initiative that focuses on organization structure and key people development processes. Through this process, the Management Committee reviews the alignment of the organization structure to the overall strategy of the Company. The Review is used to identify critical positions and resources in the organization and draw up comprehensive succession plans for each critical position and resource. The Management Committee also reviews the progress of Hi-fliers (High potential Zensarians identified through Development Centres), job rotation and succession planning.

360 Degree Feedback Process enables hierarchical barriers to be broken and a true spirit of collaboration to emerge at all levels. Starting with the senior management, a complete 360^0 feedback process is undertaken for managers to help them develop a road map to identify areas of improvement based on the feedback from superiors, peers and subordinates.

HR Shared Services model in Zensar effectively leverages the benefits of outsourcing and is used to effectively manage the back office HR processes and delivery SLA driven performance to the internal customers of HR. This has enabled the HR team to focus on core HR processes and practices and outsource the non-core HR transactional processes to the Shared Services team operating under Zensar's BPO division.

The Associate Relations function in Zensar is unique and has been established to provide Zensarians with a "one window accountability" for any Human Resource related issue. The objective is to embed the HR function inside the Business and Line management and make it an integral part of Business. We have 'Associate Relation Champions' in each Business Unit to address all concerns related to Human Resources. The Associate Relations team proactively identifies associate issues and concerns and brings them to the notice of the management to ensure that the same are effectively addressed. With the introduction of the function, several issues related to associate dissatisfaction have been proactively addressed and several potential attrition cases have been preempted.

Job Rotation And Career Movement: Zensar encourages job-rotation as well as career movement across various customer programs as well as functional streams to ensure overall development of associates.

Forum to Share: Zensar provides several formal and informal forums to associates to share views through the following interventions:

- **Every Body Meets :** These are conducted at various levels quarterly and are used to update associates on the Company performance as well as address associates concerns and issues.
- **Vision Community :** It is an inclusive and participative process where cross-functional teams across the levels in the organization contribute to the vision exercise and direction setting of the organization.
- **Open House :** These are sessions conducted at each location for a close interaction of associates across the levels with the management in smaller groups.
- **Open Door Policy :** Zensar follows open door policy and associates have access to anyone in the senior management team including CEO to voice their opinions.
- **Pizza & Coke Meetings :** Associates are chosen randomly from a work location and they interact with one of the Senior Management members over lunch. Associates are encouraged to freely

express their opinions and these are noted down for suitable actions. These actions are reviewed by the Management periodically and audit for the same is conducted.

- **WE :** This is forum for Zensar's women associates to help foster leadership in the women associates and encourage them to break their internal glass ceilings and work to realize their true potential. Through this forum, we invite successful and inspiring leaders from all walks of life to share their experiences with the team.
- **Zensar Foundation :** This is Zensar's Corporate Social Responsibility Trust that drives Zensar's CSR program. The foundation has a focused agenda of making a positive impact on the community through active associate participation and partnerships with other NGOs and Organizations with similar objectives. **At FICCI CSR awards, Zensar was awarded the 'Special Jury Commendation' Award by the then Hon'ble President of India, Dr. A.P.J. Abdul Kalam for outstanding commitment and contribution to Nation Building through CSR efforts.**

Forums To Mingle : Zensar believes in going beyond the workplace to create a bonding amongst the associates. The following interventions are effective in making the workplace vibrant:

- **Social Evenings :** These are arranged for associates using various themes including dance, entertainment as well as fun competitions. In many of these events, the families of the associates are also invited.
- **Vividha :** "Vividha" means variety. Zensar associates come together once a year to organize a cultural extravaganza of music, dance, and drama. The entire event is completely managed by the associates and showcases the hidden talent across the organization.
- **Interest Groups :** Associates across the organization are part of interest groups like Adventure, Sports, Literature, Dance and Music. These are also completely managed by associates and involve events in respective areas of interest.

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 2008 is provided below:

A. SBU-WISE

Rs. Crore

SBU	2007-08	2006-07
Global Outsourcing Services (GOS)	391.13	357.80
Enterprise Application Services (EAS)	264.41	170.04
Innovative Technology Solutions (ITS)	127.39	78.02
Total	**782.93**	**605.86**

B. GEOGRAPHY-WISE

Rs. Crore

Geography	2007-08	2006-07
United States of America	397.51	303.51
United Kingdom	175.72	165.87
Rest of the World	209.70	136.48
Total	**782.93**	**605.86**

2. Other Income

Other Income comprises dividends from mutual fund investments, interest on bank deposits, profit on sale of investments and other operating income. Other income was higher in the current year by Rs. 3.22 Crore over previous year mainly on account of write back of provisions no longer required.

Management Discussion and Analysis

3. Share Capital

During the year, the Company allotted 44523 equity shares of Rs 10 each fully paid up, pursuant to exercise of stock options under the "2002 ESOP" scheme. Consequently, the subscribed shares of the Company increased from 23920412 to 23964935, the paid up share Capital increased from Rs. 23.92 crore to Rs.23.96 Crore and the share premium account increased from Rs.29.22 Crore to Rs.29.63 Crore as compared with the previous year ended 31st March 2007. Stock options exercised but pending share allotment are shown under Share Capital Suspense. As of 31st March, 2008, the number of stock options outstanding was 806984.

4. Reserves and Surplus

The Company's reserves and surplus position consolidated from Rs. 213.77 Crore in 2006-07 to Rs. 260.05 Crore in 2007-08, an increase of 21.65%. The Company has not revalued any of its assets during the year.

5. Secured Loan

As of 31st March 2008, secured loan outstanding was Rs.63.86 Crore as against Rs.88.47 Crore outstanding as of 31st March 2007. During the year, the Company repaid an ECB of US $ 3.3 Mln aggregating to Rs. 14.51 Crore.

6. Fixed Assets

Gross Block of Fixed Assets increased by Rs. 7.08 Crore.

Capital work-in-progress of Rs.29.48 Crore is mainly on account of civil works related to the construction of two Development Centres at our Campus in Kharadi, Pune.

7. Return on Capital employed

The return on capital employed (ROCE) for the year 2007-08 is 25%.

8. Debtors

Debtors at Rs. 144.33 Crore as on 31st March 2008 were higher than the previous year debtors of Rs. 130.39 Crore. This was largely due to increased business activity.

The position of outstanding debtors was:

Rs. Crore

	As at 31st March, 2008	As at 31st March, 2007
Outstanding for less than six months	141.60	127.72
Outstanding for more than six months	7.74	7.21
Provision for doubtful debts	(5.01)	(4.55)
Total Sundry Debtors	144.33	130.39
No. of days outstanding	67	77

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 a cash and bank balance (India and overseas) of Rs 37.52 Crore as on 31st March, 2008.

10. Other Current Assets

These 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 2008.

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. 38.25 Crore as on 31st March, 2008 (Previous year: Rs 30.05

Crore), against which a provision for doubtful advances has been created to the extent of Rs. 0.29 Crore (Previous year Rs. 0.38 Crore).

12. Current Liabilities & Provisions

Current liabilities 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. 15.75 Crore (Previous year Rs. 15.10 Crore). The Company has also provided for Fringe Benefit Tax of Rs.1.17 Crore (Previous year Rs.1.05 Crore)

14. Contingent Liabilities

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

RISK MANAGEMENT

A continuous review of risks which are inherent to the Company's business is the key to ensuring effective risk management. Post review, your Company evaluates its appetite for risk and identifies the appropriate risk management strategies applicable to the identified risks. Appropriate insurance cover is obtained to cover certain risks. Internal processes and control measures are identified, implemented and reviewed periodically to mitigate risks. Risks are periodically evaluated to ascertain applicability to changing business scenarios. Generally, the person leading the function which carries the identified risk is assigned the responsibility of monitoring the risks on a continuous basis and reporting to the Management any significant variations in the existing identified risks and also draw attention to any new risks in their area of operations.

Certain risks to which the Company is exposed are listed below:

Client Risk

Excessive exposure to a few clients could impact the Company's revenues and profitability in case of loss of these clients or a significant downsizing of projects given to the Company by these clients.

Risk Mitigation

The Company has been engaged in long-term relationships with its major customers thus mitigating the risk of inconsistent revenues. The Company also, on a periodical basis, updates its clients' credit risk assessment.

Vertical Risk

Zensar may be excessively dependent on select verticals. A downturn in the fortunes of clients in this group or a reduction in their IT spending / budgets, would adversely affect Zensar's own profitability.

Risk Mitigation

Zensar provides solutions to a wide range of verticals spanning across banking & finance, retail, manufacturing, distribution, telecom and utilities segments. Zensar has prudently selected these verticals on the basis of their rapid growth and the critical dependence of these verticals on IT solutions to increase their respective business efficiency. The Company has adequately distributed its business across verticals to mitigate any risk through such exposure.

New Customer Segments

Zensar's capability to execute projects in new customer segments could adversely affect its delivery capabilities due to lack of expertise or domain knowledge.

Risk Mitigation

The Company's ability to execute new projects stems from its strong Research and thorough analysis of the project requirements. Your Company has a policy of doing a meticulous due diligence, advanced studies and thorough research for every project that it undertakes, especially in new customer segments. Risks and potential problem areas peculiar to that segment are first identified; analyzed and alternate solutions to the same are found even before venturing into a new segment.

Geographical Concentration Risk

A high geographical concentration of business could be a risk especially in the event of political and economic instability in the target markets.

Management Discussion and Analysis

Risk Mitigation

The Company is present in the largest IT economies in the world (US, Europe, Japan), which are expected to be least affected even in advent of a slowdown. To cap its geographic risk, Zensar intends to strengthen its presence across other regions like South East Asia, Middle East to name a few.

Technology Obsolescence Risk

The Company's ability to remain competitive depends on the ability to adapt to changing technology. Zensar may also have invested in certain technologies, which may become obsolete in the future.

Risk Mitigation

The Company continuously updates itself in terms of various emerging technologies and trains its resources suitably.

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 substantial damages against Zensar.

Risk Mitigation

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 negligent acts, errors, mistakes or omissions in service delivery.

International Exposure Risk

A limited experience in facilities outside India could result in regulatory, export, visa and tax complications, leading to a possible non-compliance of local laws and contractual obligations.

Risk Mitigation

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

A software company has to give special emphasis on its employees given the nature of business. Poor job satisfaction can lead to low productivity, discontent and subsequently attrition in human resources, which could drain valuable knowledge and customer experience and, hence, potentially have an adverse impact on revenues.

Risk Mitigation

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 and effective training and facilities, 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

As the Company's revenues are in Foreign Currencies and expenses are incurred in Rupee, there is an inherent foreign currency exposure, which could impact revenues as well as profitability. Volatility in the currency market may have a further potential impact on the Company.

Risk Mitigation

The Company has an active treasury department which constantly monitors the foreign currency exposures and takes suitable measures to address this risk.

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 31st March 2008, 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, 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 said 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 maintained at the registered office of the Company at Pune, and which incorporate the accounting returns of its Indian and overseas branches that we have audited at the registered office and found adequate for the purpose of our audit;

   (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 31st March 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2008 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 31st March 2008;

      (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.

Jeetendra Mirchandani
Partner
Membership no. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Date : 24th April 2008

Auditors' Report

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 31st March 2008]

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. In our opinion, the frequency of verification is reasonable.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. (a) The Company has granted unsecured loans to two companies listed 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. 658.76 Lacs and Rs. 658.76 Lacs, 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 parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.

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

   (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act.

3. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, 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 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 Lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

5. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

6. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

Auditors' Report

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 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 records of the Company and the information and explanations given to us, there are no disputed dues in respect of income-tax, wealth tax, service tax, customs duty, excise duty and cess, as applicable, other than central sales tax, value added tax and ESI demands aggregating Rs. 89.23 Lacs disputed at various forums as indicated in Note 4 of Schedule 15 to the Accounts.

8. The Company has no accumulated losses as at 31st March 2008 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. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

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 listed 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 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.

Jeetendra Mirchandani
Partner
Membership no. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Date : 24th April 2008

Balance Sheet as at 31st March 2008

	Schedule	2008 Rs. in lakhs	2007 Rs. in lakhs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2396.49	2392.04
Share Application Money Pending allotment		0.66	12.75
Reserves and Surplus	2	18106.29	14697.97
		20503.44	**17102.76**
Loan Funds			
Secured Loans	3	**-**	**1451.67**
		20503.44	**18554.43**
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		12372.40	10872.24
Less : Depreciation		6559.13	5069.11
Net Block		5813.27	5803.13
Capital Work in Progress		2948.79	1279.65
		8762.06	**7082.78**
Investments	5	**2341.57**	**2780.70**
Current Assets, Loans and Advances			
Sundry Debtors	6	8349.39	7854.83
Cash and Bank Balances	7	1679.53	1215.09
Other Current Assets	8	1712.86	1679.31
Loans and Advances	9	4340.99	3051.99
		16082.77	13801.22
Less:			
Current Liabilities and Provisions			
Current Liabilities	10	4349.63	3386.96
Provisions	11	2333.33	1723.31
		6682.96	5110.27
Net Current Assets		**9399.81**	**8690.95**
		20503.44	**18554.43**
Notes to Accounts	15		

Notes as per Schedule 15 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

Jeetendra Mirchandani
Partner
Membership No. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Dated : 24th April 2008

H.V. Goenka
Chairman

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

Ganesh Natarajan
Deputy Chairman & Managing Director

Profit and Loss Account for the year ended 31st March 2008

	Schedule	2008 Rs. in lakhs	2007 Rs. in lakhs
INCOME			
Software development and allied services [See Schedule 15, Note 1(c) and 1(j)]		33560.01	27827.83
Sale of System Integration Systems		27.19	-
Other Income	12	1191.09	717.73
		34778.29	**28545.56**
EXPENDITURE			
Operating Expenses	13	28235.77	23340.45
Interest and Finance Charges	14	111.77	124.53
Depreciation		1563.51	1446.64
		29911.05	**24911.62**
PROFIT BEFORE TAXATION AND PRIOR PERIOD EXPENSES		**4867.24**	**3633.94**
Prior Period Expenses		-	46.00
Provision for Taxation [See Schedule 15, Note 1(n)]			
- Current Tax		761.03	102.00
- MAT Credit Entitlement		(540.00)	-
- Fringe Benefit Tax		107.90	100.00
PROFIT AFTER TAXATION AND PRIOR PERIOD EXPENSES		**4538.31**	**3385.94**
Balance brought forward from previous year		8272.83	6204.94
PROFIT AVAILABLE FOR APPROPRIATION		**12811.14**	**9590.88**
Proposed Dividend		910.67	837.21
Tax on Proposed Dividend		154.77	142.24
Transfer to General Reserve		453.83	338.60
PROFIT AND LOSS ACCOUNT BALANCE CARRIED TO BALANCE SHEET		**11291.87**	**8272.83**
		Rs.	Rs.
Earnings Per Equity Share (Face Value Rs. 10) : (See Schedule 15, Note 8)			
- Basic		18.95	14.34
- Diluted		18.85	14.24
Notes to Accounts	15		

Notes as per Schedule 15 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.

Jeetendra Mirchandani
Partner
Membership No. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Dated : 24th April 2008

For and on behalf of the Board

H.V. Goenka
Chairman

Ganesh Natarajan
Deputy Chairman & Managing Director

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 1 annexed to and forming part of the Balance Sheet as at 31st March 2008		
SHARE CAPITAL		
Authorised		
2,75,00,000 Equity Shares of Rs. 10 each	2750.00	2750.00
2,50,000 Preference Shares of Rs. 100 each	250.00	250.00
	3000.00	**3000.00**
Issued and Subscribed		
2,39,64,935 (Previous year: 2,39,20,412) Equity Shares of Rs. 10 each fully paid-up [See note below and Schedule 15, Note 6]	2396.49	2392.04
	2396.49	**2392.04**
Note : Of the above, 58,95,304 (Previous year: 58,95,304) 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 2008		
RESERVES AND SURPLUS		
Revaluation Reserve	1.56	1.56
Capital Reserve	10.18	10.18
Capital Redemption Reserve	200.00	200.00
Share Premium		
Balance brought forward	2922.51	2415.25
Add: Received during the year on exercise of stock options issued to employees	40.90	507.26
	2963.41	**2922.51**
General Reserve		
Balance brought forward	3269.79	2931.19
Less : Transitional effect on account of adoption of AS 15 (Revised 2005) "Employee benefits" as on 1st April 2007	(110.42)	-
Add : Transferred from Profit & Loss Account	453.83	338.60
	3613.20	**3269.79**
Employee Stock Options		
[See Schedule 15, Notes 1(m) and 6]		
Employee Stock Options Outstanding	39.45	45.35
Less : Deferred Employee Compensation	(13.38)	24.25
	26.07	**21.10**
Profit and Loss Account		
Balance in Profit and Loss Account	**11291.87**	**8272.83**
	18106.29	**14697.97**

	2008	2007
	Rs. in lakhs	Rs. in lakhs
SCHEDULE 3 annexed to and forming part of the Balance Sheet as at 31st March 2008		
SECURED LOANS		
External Commercial Borrowing from bank (Refer Note below)	-	1451.67
[Amount repayable within one year Rs. Nil (Previous year: Rs. 1451.67 lakhs)]		
	-	**1451.67**

Note:
External Commercial Borrowing is 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 Balance Sheet as at 31st March 2008

FIXED ASSETS [See Schedule 15, Notes 1(e), 1(f), 1(g)]

Rs. In lakhs

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Assets	Cost as at 31st March 2007	Additions during the year	Deletions during the year	Cost as at 31st March 2008	Accumulated Depreciation/ Impairment loss as at 31st March 2007	Depreciation for the year	Depreciation written back on deletions during the year	Accumulated Depreciation as at 31st March 2008	As at 31st March 2008	As at 31st March 2007
Tangible:										
Land -										
- Leasehold	264.25	-	-	264.25	11.12	2.77	-	13.89	**250.36**	253.13
- Freehold	34.67	-	-	34.67	21.69	-	-	21.69	**12.98**	12.98
Buildings	2326.92	190.81	-	2517.73	158.53	82.59	-	241.12	**2276.61**	2168.39
Improvement to Leasehold Premises	297.55	222.39	5.86	514.08	207.37	104.17	5.86	305.68	**208.40**	90.18
Plant and Machinery	1848.30	123.84	7.84	1964.30	982.68	329.90	7.84	1304.74	**659.56**	865.62
Furniture, Fixtures and Office Equipment	1962.76	158.48	23.72	2097.52	773.80	215.78	10.55	979.03	**1118.49**	1188.96
Motor Vehicles	177.49	96.33	48.02	225.80	82.22	38.34	37.80	82.76	**143.04**	95.27
Data Processing Equipment-Own use	3030.32	566.02	72.92	3523.42	2131.73	485.26	11.44	2605.55	**917.87**	898.59
Intangible:										
Software including Courseware	929.98	300.65	-	1230.63	699.97	304.70	-	1004.67	**225.96**	230.01
TOTAL	**10872.24**	**1658.52**	**158.36**	**12372.40**	**5069.11**	**1563.51**	**73.49**	**6559.13**	**5813.27**	**5803.13**
Previous Year	8829.76	2257.28	214.80	10872.24	3836.37	1446.64	213.90	5069.11		
Capital Work in Progress including advances on Capital Account Rs. 2120.04 lakhs (Previous year: Rs. 1071.22 lakhs)									**2948.79**	**1279.65**
									8762.06	**7082.78**

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 5 annexed to and forming part of the Balance Sheet as at 31st March 2008		
INVESTMENTS [See Schedule 15, Notes 1(h) and 1(j)(iii)]		
(I) Long Term		
A. Trade		
Unquoted		
Subsidiary Companies		
200,000 (Previous year: 200,000) Shares of an aggregate cost of US$ 1,000,000 (Previous year: US$ 1,000,000) of the common stock of Zensar Technologies Inc., USA, no par value	290.30	290.30
300,000 (Previous year: 300,000) Shares of an aggregate cost of S$ 300,000 (Previous year: S$ 300,000) of the common stock of Zensar Technologies (Singapore) Pte Ltd. of S$ 1 each	78.02	78.02
50,000 (Previous year: 50,000) Equity Shares of Rs. 10 each fully paid-up in ICIM Systems and Engineering Services Limited	5.00	5.00
Shares of an aggregate cost of Euro 404,000 (Previous year: Euro 404,000) of Zensar Technologies GmbH, Germany (under liquidation)	197.30	197.30
Unissued shares of an aggregate cost of Euro 200,000 (Previous year: Euro 200,000) of Zensar Technologies GmbH, Germany (under liquidation)	112.36	112.36
50,000 (Previous year: 50,000) Shares of an aggregate cost of GBP 50,000 (Previous year: GBP 50,000) of Zensar Technologies (UK) Limited	38.51	38.51
Shares of Aggregate cost of US$ 102,000 (Previous year: US$ 102,000) of Zensar Technologies (Shenzhen) Limited	45.78	45.78
49,800 (Previous year: 40,200) Equity Shares of Rs. 10 each fully paid-up in Zensar OBT Technologies Ltd. (formerly known as OBT Global Private Limited)	342.25	341.29
12 (Previous year: Nil) Equity Shares of JPY 50,000 each fully paid-up in Zensar Advanced Technologies Limited	2.06	-
Less : Provision for diminution in the value of investments	(355.44)	(355.44)
	756.14	**753.12**

		2008	2007
		Rs. in lakhs	Rs. in lakhs
B.	**Non-Trade**		
	Quoted		
170	Equity Shares of Rs. 10 each fully paid-up in RPG Cables Limited	0.05	0.05
100	Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited	0.02	0.02
75	(Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.06
25	(Previous year: Nil) Equity Shares of Rs. 10 each fully paid-up in CHI Investments Limited (Pursuant to the scheme of arrangement between CEAT Limited and CHI Investments Limited, 25 shares received in lieu of 25 shares of CEAT Limited during the year)	0.01	-
100	Equity Shares of Rs. 10 each fully paid-up in CESC Ltd.	0.05	0.05
100	Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited	0.04	0.04
144	(Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in KEC International Limited (Consequent to the merger of RPG Transmission Ltd. with KEC International Limited, 44 shares received in lieu of 100 shares of RPG Transmission Limited during the year)	0.14	0.07
100	Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
Nil	(Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in RPG Transmission Limited (Consequent to the merger of RPG Transmission Ltd. with KEC International Limited during the year)	-	0.07
100	Equity Shares of Rs. 10 each fully paid-up in Brabourne Enterprises Limited (formerly known as RPG Life Sciences Limited)	0.08	0.08
100	Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
100	Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
		0.59	**0.59**
(II)	**Current Invesments**		
	Non-Trade		
	Unquoted		
2059131	(Previous year: Nil) units of Birla SunLife Liquid Plus-IP-Growth	205.91	-
2015279	(Previous year : Nil) units of ING Liquid Plus Fund -IP-Growth	201.58	-
2047070	(Previous year : Nil) units of JM Money Manager Fund-Super Plus Plan-Growth	204.86	-
1003808	(Previous year : Nil) units of Lotus India Liquid Plus -IP-Growth	100.38	-
10039	(Previous year : Nil) units of Reliance Liquid Plus Fund-IP-Growth	100.50	-
1001907	(Previous year: Nil) units of Tata Floater Fund-Growth	100.19	-
20215	(Previous year : Nil) units of Tata Treasury Manager Fund -SHIP-Growth	202.75	-

		2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 5 (Continued)			
annexed to and forming part of the Balance Sheet as at 31st March 2008			
2012851	(Previous year : Nil) units of Templeton India Ultra Short Bond Fund-IP-Growth	201.82	-
10248	(Previous year : Nil) units of UTI Liquid Plus Fund-IP-Growth	102.50	-
Nil	(Previous year: 1013379) Units of ABN AMRO Mutual Fund - Flexi Debt	-	101.34
Nil	(Previous year: 2000000) Units of Kotak Mutual Fund - FMP	-	200.00
Nil	(Previous year: 2000000) Units of Reliance Mutual Fund - Fixed Horizon	-	200.00
Nil	(Previous year: 2000000) Units of Reliance Mutual Fund - Monthly Interval Fund	-	200.00
Nil	(Previous year: 15583) Units of DSP Merril Lynch Mutual Fund - FTP	-	155.83
1137305	(Previous year: 1041957) Units of JM Mutual Fund - Arbitrage Advantage	114.35	104.27
Nil	(Previous year: 20329) Units of Tata Mutual Fund - Liquidity Management	-	204.48
Nil	(Previous year: 2000000) Units of SBI Mutual Fund - Debt fund series	-	200.00
500000	(Previous year: 500000) Units of Standard Chartered Mutual Fund - Arbitrage	50.00	50.00
Nil	(Previous year: 2000000) Units of LIC Mutual Fund - FMP	-	200.00
Nil	(Previous year: 1894290) Units of LIC Mutual Fund - Liquid	-	207.91
Nil	(Previous year: 1910088) Units of HDFC Mutual Fund - Cash Management	-	203.16
		1584.84	**2026.99**
Grand Total [I+II]		**2341.57**	**2780.70**
Aggregate amount of Quoted Investments		0.59	0.59
[Market Value Rs. 1.88 lakhs (Previous year: Rs.1.83 lakhs)]			
Aggregate cost of Unquoted Investments		2340.98	2,780.11
		2341.57	**2780.70**

	2008	2007
	Rs. in lakhs	Rs. in lakhs
CURRENT ASSETS, LOANS AND ADVANCES		
[See Schedule 15, Note 1(j)(ii)]		
SCHEDULE 6		
annexed to and forming part of the Balance Sheet as at 31st March 2008		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding 6 months :		
- Considered good	97.74	181.88
- Considered doubtful	271.52	232.93
	369.26	414.81
Other debts :		
- Considered good	8251.65	7672.95
[Including dues from subsidiary companies Rs. 5152.12 lakhs (Previous year: Rs. 5241.23 lakhs]		
- Considered doubtful	-	-
	8251.65	7672.95
Less : Provision for doubtful debts	271.52	232.93
	8349.39	**7854.83**
SCHEDULE 7		
annexed to and forming part of the Balance Sheet as at 31st March 2008		
CASH AND BANK BALANCES		
Cash on hand	6.03	21.24
Balances with Scheduled Banks :		
(a) On Current Account	875.87	286.79
[Including balance in Exchange Earner's Foreign Currency Accounts equivalent to an amount aggregating to Rs. 441.64 lakhs (Previous year: Rs. 203.01 lakhs)]		
(b) On Time Deposit Account	314.63	639.74
Balance with Non-Scheduled Banks on Current Account :		
Bank of Tokyo Mitsubishi, Japan	40.39	39.92
CBA Imprest	2.80	-
Common Wealth Bank of Australia	76.82	1.81
ABN AMRO Bank N.V., South Africa	283.39	131.35
ANZ Banking Group Limited, Australia	79.60	94.24
	1679.53	**1215.09**
Maximum outstanding during the year :		
Bank of Tokyo Mitsubishi, Japan	101.85	150.05
CBA Imprest	13.36	-
Common Wealth Bank of Australia	380.00	15.51
ABN AMRO Bank N.V., South Africa	398.70	441.92
ANZ Banking Group Limited, Australia	329.95	144.39

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 8 annexed to and forming part of the Balance Sheet as at 31st March 2008		
OTHER CURRENT ASSETS		
Accrued Income (Unbilled Services) [Includes dues from subsidiary companies Rs. 656.55 lakhs (Previous year: Rs. 736.12 lakhs)]	1707.40	1675.51
Interest accrued on deposits	5.46	3.80
	1712.86	**1679.31**
SCHEDULE 9 annexed to and forming part of the Balance Sheet as at 31st March 2008		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances and Loans to subsidiaries [including a loan of Rs. 658.76 lakhs (Previous year: Rs. 105.92 lakhs)]		
Maximum amount outstanding during the year Rs. 658.76 lakhs (Previous year: Rs. 160.67 lakhs)]		
- Considered good	1482.72	1065.38
- Considered doubtful	-	-
Advances recoverable in cash or in kind or for value to be received		
- Considered good	1024.44	824.48
- Considered doubtful	4.30	13.27
Security and other deposits :		
- Considered good	514.68	407.11
- Considered doubtful	25.00	25.00
MAT Credit Entitlement	540.00	-
Taxes recoverable [taxes paid less provisions Rs. 866.71 lakhs thereagainst (Previous year: Rs. 776.08 lakhs)]	779.15	755.02
	4370.29	**3090.26**
Less : Provision for doubtful Loans and advances	29.30	38.27
	4340.99	**3051.99**
SCHEDULE 10 annexed to and forming part of the Balance Sheet as at 31st March 2008		
CURRENT LIABILITIES		
Sundry Creditors :		
Dues to micro and small enterprises (See Schedule 15, Note 5)	-	-
Dues to other than micro and small enterprises [including book over draft Rs. 368.74 lakhs (Previous year: Rs. 44.58 lakhs)]	4349.63	3349.61
Interest Accrued but not due on External Commercial Borrowing from Bank	-	37.35
	4349.63	**3386.96**

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 11		
annexed to and forming part of the Balance Sheet as at 31st March 2008		
PROVISIONS		
Taxation less payments thereagainst	541.90	170.76
Proposed Dividend on Equity Shares	910.67	837.21
Tax on proposed dividend	154.77	142.24
Leave Encashment	457.82	226.99
Gratuity	120.07	124.04
Disputed statutory matters (See Schedule 15, Note 17)	71.96	93.27
Other Obligations (See Schedule 15, Note 17)	76.14	128.80
	2333.33	**1723.31**
SCHEDULE 12		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2008		
OTHER INCOME		
Dividend from Current Investments - Non Trade	93.66	122.16
Interest :		
- on deposits with banks [Tax deducted at source Rs. 4.16 lakhs (Previous year: Rs. 16.12 lakhs)]	30.59	64.07
- on loans to subsidiaries	30.76	7.40
- others	10.04	12.07
	71.39	**83.54**
Exchange gain (net) [See Schedule 15, Note 1(j) and (k)]	142.25	211.12
Profit on sale of fixed assets	-	22.50
Profit on sale of current investments - Non Trade	1.99	2.86
Provisions no longer required and credit balances written back	564.72	132.82
Miscellaneous Income	317.08	142.73
	1191.09	**717.73**

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 13		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2008		
OPERATING EXPENSES		
Salaries, Wages and Bonus	17891.44	14576.88
Contribution to Provident and other funds	913.75	822.48
Staff Welfare	643.53	526.71
Employee Stock Compensation Expense	7.21	18.31
	19455.93	**15944.38**
Travelling and conveyance	1921.01	1395.76
Cost of manpower hired	1638.58	822.64
Recruitment Expenses [including Advertisement expenses for recruitment Rs. 24.07 lakhs (Previous year: Rs. 50.87 lakhs)]	346.94	295.21
Training Expenses	99.66	81.06
Electricity and Power	564.71	640.02
Rent	1202.40	821.45
Repairs and Maintenance to :		
- Plant and Machinery	100.69	73.34
- Building	365.12	294.40
- Others	47.99	25.78
	513.80	**393.52**
Insurance	377.50	238.13
Rates and Taxes	80.71	76.04
Consumable Media	256.14	193.17
Legal and Professional Charges	339.38	386.00
Postage, Telephone and E-Mail	804.35	775.60
Stationery and Printing	85.28	76.65
Carriage, Freight and Octroi	4.26	2.60
Vehicle Running expenses	92.63	97.04
Advertisement and Publicity	151.77	199.97
Purchases of hardware & software for Integration Systems	25.93	6.50
Loss on Disposal of Fixed Assets	3.85	-
Bad Debts written off	25.47	517.94
Directors' Fees	7.65	6.16
Claims/Deposits written off	11.77	1.50
Provision for Doubtful Debts	41.43	118.22
Provision for Diminution in the value of Investments	-	57.94
Miscellaneous Expenses	184.62	192.95
	28235.77	**23340.45**
SCHEDULE 14		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2008		
INTEREST AND FINANCE CHARGES		
Interest :		
- on Fixed Loans	48.07	86.49
Finance Charges :		
- Bank Charges	63.70	38.04
	111.77	**124.53**

SCHEDULE 15
annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

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.

(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 assets and 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 Company recognizes revenue based on the completed-contract method where the work to complete cannot be reasonably estimated. 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 licences for software applications is recognised on transfer of the title in the user licence.

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.

(d) 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.

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

Fixed assets are stated at actual cost less accumulated depreciation. The actual cost

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

capitalised includes material cost, freight, insurance, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/ installation stage.

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.

(f) Depreciation

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

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

Class of Asset	Useful Life	Depreciation Rate
Leasehold Land	95 years	1.05%
Buildings	30 years	3.33%
Plant and 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%
Leasehold Improvements	5 years	20%
Certain Office Equipment and Data Processing Equipment	3 years	33.33%
Intangible Assets - Software	1-3 years	33.33%
Intangible Assets - Courseware	2 years	50%
Employee - perquisite related Assets	5 years	20%

(g) 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.

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

(h) 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 (j)(iii) below.

(i) 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 which are administered through Life Insurance Corporation (LIC)/other private insurer 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 which is administered through a trust administered by the trustees. The Company's contributions are charged to the Profit and Loss Account as and when incurred. 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 Accrued Benefit method which is the same as the Projected Unit Credit method in respect of past service. Under this method, the Defined Benefit Obligation is calculated taking into account pattern of availment of leave whilst in service and qualifying salary on the date of availment of leave. 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.

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

(j) 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 difference is recognised in the Profit and Loss Account.

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.

(k) Forward contracts

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.

Premium or discount arising at the inception of a forward exchange contract assigned to foreign currency assets is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or expense for the period. In the case of other derivative contracts, only net loss, if any, arising on the mark-to-market valuation of the contracts at the year-end is recognised in the Profit and Loss account.

(l) 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(f) above. Net gain/loss on foreign currency translation is recognised in the Profit and Loss Account.

(m) 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".

(n) 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 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

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.

(o) 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.

(p) 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.

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

Rs. in lakhs

		2008	2007
2.	Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 2120.04 lakhs (Previous year: Rs. 1071.22 lakhs)]	3084.14	1849.51
3.	**Contingent Liabilities**		
(a)	Income Tax: Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.	501.66	501.66
	Matters on which the Company is in appeal	272.59	272.59
(b)	Sales Tax / Value Added Tax:Claims against the Company regarding sales tax against which the Company has preferred appeals.	69.59	105.46
(c)	Claim in respect of rented premises.	191.27	118.61
(d)	Claims against the Company not acknowledged as debts.	61.85	63.57
(e)	Guarantees given by the Company in respect of loans and working capital limits taken by the subsidiaries. The loans and working capital limits taken by the subsidiaries are secured by a pari passu charge against the movable and immovable fixed assets of the Company situated at Kharadi.	6839.69	7598.50

(f) Customs Duty:

(i) 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.

4. Disclosure of Disputed dues not deposited

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Forum where dispute is pending
Sales Tax Act	Sales Tax Demands	5.85	Assistant Appellate Commissioner
	Sales Tax Demands	4.54	High Court
	Sales Tax Demands	78.84	Tribunal
Total		**89.23**	

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

5. 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 2008, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with the appropriate authority under the Micro, Small And Medium Enterprises Development Act, 2006.

6. 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	2007-08		2006-07	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	329242	141.28	787812	106.50
Granted during the year	64394	175.00	69944	212.70
Exercised during the year	30258	102.56	499039	97.03
Cancelled during the year	29594	152.23	29475	131.17
Balance unexercised options	333784	150.23	329242	141.28
Exercisable at end of year	162342	122.83	135575	96.65

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

Particulars	2007-08		2006-07	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	357000	200.00	-	-
Granted during the year	223000	194.17	357000	200.00
Exercised during the year	-	-	-	-
Cancelled during the year	106800	229.49	-	-
Balance unexercised options	473200	190.60	357000	200.00
Exercisable at end of year	57600	200.00	-	-

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

7. 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 (under Liquidation)

ICIM Systems and Engineering Services Limited

Zensar OBT Technologies Limited
(formerly known as OBT Global Private Limited)

Zensar OBT Technologies Inc., USA
(formerly known as OBT Global Inc., USA)

Zensar ThoughtDigital LLC
(formerly known as Zensar TD, LLC)

b. Other subsidiaries (Entities under joint control)

Zensar Technologies (Shenzen) Limited
Zensar Advanced Technologies Limited

c. Parties having control (directly or indirectly):

RPG Industries Pvt. Limited
CHI Investments Limited
Hilltop Holdings India Limited
Jubilee Investments and Industries Limited
Kocilim Breweries Pvt. Limited
Blue Niles Holdings Limited
Pedriano Investments Limited
Fujitsu Services Ltd. (upto 4th July 2007)
Fujitsu Services Holdings B.V. (upto 4th July 2007)
Electra Partners Mauritius Limited

(ii) Key Management Personnel

Dr. Ganesh Natarajan
Mr. Parmod Bhalla
Mr. S. Balasubramaniam
Mr. V. Balasubramanian
Ms. Vaijayanti Deshpande
Ms. Prameela Kalive
Mr. Hiren Kulkarni

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

7. Related Party Disclosures (Continued)

Transactions with Related Parties

Rs. in Lakhs

Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
	2007-08	2006-07	2008		2007	
			Receivable	Payable	Receivable	Payable
A. Rendering of Software Services						
1. Wholly owned subsidiaries:						
(i) Zensar Technologies, Inc., USA	11609.63	9864.93	3094.69	-	3205.59	-
(ii) Zensar Technologies (UK) Limited	7809.83	8864.04	2578.51	-	2768.50	-
(iii) Zensar Technologies GmbH, Germany	-	0.53	-	-	-	-
(iv) Zensar Technologies (Singapore) Pte. Ltd.	159.82	-	28.93	-	-	-
(v) Zensar OBT Technologies Ltd.	-	9.60	-	-	4.71	-
(vi) Zensar ThoughtDigital LLC	27.54	-	27.76	-	-	-
2. Other subsidiaries: (Entities under joint control)						
(i) Zensar Technologies (Shenzen) Ltd.	-	5.48	-	-	55.98	-
(ii) Zensar Advanced Technologies Ltd.	107.35	-	78.78	-	-	-
3. Parties having control (directly or indirectly)						
(i) Ceat Limited	11.70	28.16	11.36	-	20.61	-
Total of rendering of Software Services	**19725.87**	**18772.74**	**5820.03**	**-**	**6055.39**	**-**
B. Receipt of Software Services						
1. Wholly owned subsidiaries:						
(i) Zensar OBT Technologies Ltd.	467.90	172.21	-	271.30	-	127.87
(ii) Zensar OBT Technologies Inc., USA	396.24	3.57	-	68.26	-	3.57
Total of Software Services received	**864.14**	**175.78**	**-**	**339.56**	**-**	**131.44**
C. Rendering of Other Services						
1. Wholly owned subsidiaries:						
(i) Zensar Technologies, Inc., USA	18.06	19.98	-	-	1.69	-
(ii) Zensar Technologies (UK) Limited	10.09	-	0.99	-	-	-
(iii) Zensar ThoughtDigital LLC	11.87	-	4.00	-	-	-
(iv) Zensar OBT Technologies Ltd.	2.84	-	-	-	-	-
Total of rendering of Other Services	**42.86**	**19.98**	**4.99**	**-**	**1.69**	**-**
D. Reimbursement of expenses incurred						
1. Wholly owned subsidiaries:						
(i) Zensar Technologies, Inc., USA	1569.55	1107.68	279.48	-	309.76	-
(ii) Zensar Technologies (UK) Limited	1017.29	1210.11	513.06	-	383.04	-
(iii) Zensar Technologies (Singapore) Pte. Limited	261.21	156.85	10.12	-	236.19	-
(iv) Zensar OBT Technologies Ltd.	204.35	47.96	16.43	-	38.60	-
2. Parties having control (directly or indirectly)						
(i) Ceat Limited	(3.68)	(4.38)	-	-	0.25	-
Total reimbursement of expenses incurred	**3048.72**	**2518.22**	**819.09**	**-**	**967.84**	**-**

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

Related Party Disclosures (Continued)

7. Transactions with Related Parties (Continued)

Rs. in Lakhs

Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
	2007-08	2006-07	2008		2007	
			Receivable	Payable	Receivable	Payable
E. Equity Contribution						
1. Wholly owned subsidiaries:						
(i) Zensar OBT Technologies Ltd.	0.96	-	-	-	-	-
(ii) Zensar Technologies, GmbH, Germany	-	112.36	-	-	-	-
2. Other subsidiaries (Entities under joint control)						
(i) Zensar Advanced Technologies Ltd.	2.06	-	-	-	-	-
Total of Equity Contributions	**3.02**	**112.36**	**-**	**-**	**-**	**-**
F. Loans granted/ (repaid)						
1. Wholly owned subsidiaries:						
(i) Zensar OBT Technologies Ltd.	(100.00)	-	-	-	100.00	-
(ii) Zensar Technologies, GmbH, Germany	-	(53.71)	-	-	-	-
2. Other subsidiaries (Entities under joint control)						
(i) Zensar Advanced Technologies Ltd.	633.85	-	633.85	-	-	-
Total of loans granted/ (repaid)	**533.85**	**(53.71)**	**633.85**	**-**	**100.00**	**-**
G. Interest on Unsecured Loans						
1. Wholly owned subsidiaries:						
(i) Zensar Technologies, GmbH, Germany	-	0.38	-	-	-	-
(ii) Zensar OBT Technologies Ltd.	5.85	7.02	-	-	7.02	-
(iii) Zensar Advanced Technologies Ltd.	24.91	-	24.91	-	-	-
Total of interest on Unsecured Loan	**30.76**	**7.40**	**24.91**	**-**	**7.02**	**-**
H. Remuneration to Key Management Personnel						
(i) Dr. Ganesh Natarajan	79.38	66.46	-	-	-	-
(ii) Mr. Parmod Bhalla	70.43	63.16				
(iii) Mr. S. Balasubramaniam	30.70	27.83				
(iv) Mr. V. Balasubramanian	43.75	36.83				
(v) Others	78.30	68.35	-	-	-	-
Total remuneration of Key Management Personnel	**302.56**	**262.63**	**-**	**-**	**-**	**-**

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

8. Earnings Per Share (EPS)

Particulars	Year ended 31st March 2008	Year ended 31st March 2007
a. Profits attributable to equity shareholders (Rs. in Lakhs)	4538.31	3385.94
b. Basic Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year.	23949573	23613913
Basic EPS (Rs.)	18.95	14.34
c. Diluted Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year	23949573	23613913
No. of stock options outstanding as at the year end	127502	686242
Weighted average no. of equity shares outstanding for Diluted EPS	24077075	23781542
Diluted EPS (Rs.)	18.85	14.24

9. Forward contracts and options outstanding

Particulars	2008	2007
Forward Contracts		
In US$	$7,600,000	$5,400,000
(Equivalent approximate in Rs. lakhs)	2,995.92	2,464.19
In GBP	£400,000	£100,000
(Equivalent approximate in Rs. lakhs)	314.60	85.15
Options		
Variable Strike Options in US$	$4,650,000	$8,850,000
(Equivalent approximate in Rs. lakhs)	1,969.70	3,816.12
Variable Strike Options in GBP	£1,400,000	£2,600,000
(Equivalent approximate in Rs. lakhs)	1,022.45	2,201.68

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

10. Managerial Remuneration

Rs. in lakhs

Particulars	2007-08	2006-07
(a) Salary and Allowances	63.42	48.15
(b) Contribution to Provident Fund and Superannuation Scheme	11.57	9.88
(c) Perquisites (Valued as per the provisions of the Income-tax Act, 1961, where applicable)	4.39	8.43
	79.38	**66.46**

Notes:

(i) The above does not include gratuity contributions made under group gratuity policy of the Company as the amount is not available separately.

(ii) Computation of net profit and commission payable to the Directors as per Section 349 of the Act has not been given as no commission is payable to Directors during the year ended 31st March 2008.

Rs. in lakhs

	2007-08	2006-07
11. Miscellaneous Expenses include Auditors' Remuneration and Expenses as under:		
(a) As auditors	22.00	22.00
(b) As advisors, or in any other capacity, in respect of		
(i) Taxation matters		
(ii) Management services		
(iii) Other services	-	0.41
(c) Out of pocket expenses reimbursed [for (a) and (b) above]	0.79	0.46
12. Earnings in foreign exchange		
Fees for technical services outside India in connection with development / production of Computer Software	32434.75	27342.95
13. 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)	4694.94	4218.43
(b) Professional and Consultation fees	104.00	103.13
(c) Link Charges	98.03	196.12
(d) Others	1759.84	897.99
14. Value of imports calculated on C.I.F. basis		
(a) Software	0.76	-
(b) Capital Goods	133.28	198.74

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

15. Remittance in foreign currency on account of dividend to non-resident shareholders	2007-08	2006-07
(a) Number of shareholders	195	321
(b) Number of shares on which dividend was paid	12436223	12275367
(c) Years to which dividend relates	2006-07	2005-06
(d) Amount of dividend remitted (Rs. in Lakhs)	435.27	319.16

16. Details of Investments purchased and sold during the year	Units Purchased	Units Sold
ABN Amro Mutual Fund		
Liquid	2999640	2999640
AIG Liquid Fund		
Liquid	4013116	4013116
Birla Sunlife Mutual Fund		
Liquid	5897883	5897883
DSP ML Mutual Fund		
Liquid	2017987	2017987
Fixed Maturity Plan	15504	15504
DWS Mutual Fund		
Cash Plus	1941871	1941871
Money Plus	1994833	1994833
HDFC Mutual Fund		
Liquid	5733412	5733412
HSBC Mutual Fund		
Liquid	2930507	2930507
ICICI Prudential Mutual Fund		
Flexible	945761	945761
Fixed Maturity Plan	2000000	2000000
ING Vysya Mutual Fund		
Liquid plus	3974870	3974870
Kotak Mahindra Mutual Fund		
Liquid	5691	5691
Fixed Maturity Plan	2000000	2000000
Flexi debt	1993799	1993799
LIC Mutual Fund		
Liquid	14217821	14217821
Fixed Maturity Plan	2000000	2000000
Lotus India Mutual Fund		
Liquid	10988437	10988437
Reliance Asset Management		
Fixed Maturity Plan	14000000	14000000
Liquid	263710	263710

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

16. Details of Investments purchased and sold during the year (Continued)	Units Purchased	Units Sold
SBI Mutual Fund		
180 days Fixed Maturity Plan	2000000	2000000
Standard Chartered Mutual Fund		
Liquid	20021	20021
Tata Mutual Fund		
Liquid Plus	1966966	1966966
Liquid	75147	75147

17. Disclosure as per Accounting Standard - 29

(Rs. lakhs)

	2007-08			2006-07		
	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	93.27	128.80	222.07	93.27	119.67	212.94
Addition	-	11.66	11.66	-	11.66	11.66
Utilisation	21.31	64.32	85.63	-	2.53	2.53
Reversal	-	-	-	-	-	-
Closing Balance	**71.96**	**76.14**	**148.10**	**93.27**	**128.80**	**222.07**

A. Disputed Statutory matters mainly include:

(a) Provision for disputed statutory liabilities comprises matters under litigation with Sales-Tax, Customs Duty and ESI authorities.

(b) The amount of provision made by the Company is based on the estimate made by the Management considering the facts and circumstances of each case.

To the extent the Company is confident that they have 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 provision 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.

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

The Accounting Standard - 15 (Revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India has been adopted by the Company effective from April 1, 2007. In accordance with the above Standard, the additional obligations of the Company, on account of employee benefits, based on independent actuarial valuation, amounting to Rs. 110.42 lakhs have been accounted by debiting the opening balance of the General Reserve as on April 1, 2007 as per the transitional provisions of AS 15 (Revised 2005).

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

(A) Defined Contribution Plans

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

(Rs.in lakhs)

		For the year ended 31st March 2008
(i)	Contribution to Employees' Provident Fund	346.64
(ii)	Contribution to Employees' Family Pension Fund	175.22
(iii)	Contribution to Employees' Superannuation Fund	15.55
	Total	**537.41**

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, 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)

(a)	Present Value of Obligation as at April 1, 2007	567.85
(b)	Interest Cost	46.85
(c)	Past Service Cost	-
(d)	Current Service Cost	110.67
(e)	Curtailment Cost/(Credit)	-
(f)	Settlement Cost/(Credit)	-
(g)	Benefits Paid	(62.50)
(h)	Actuarial (Gain)/Loss	107.78
(i)	Present Value of Obligation as at March 31,2008	770.65

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

(ii) Changes in the Fair value of Plan Assets

(Rs.in lakhs)

		For the year ended 31st March 2008
(a)	Present Value of Plan Assets as at April 1, 2007	597.85
(b)	Expected Return on Plan Assets	49.33
(c)	Actuarial Gain/(Loss)	3.40
(d)	Contributions	62.50
(e)	Benefits Paid	(62.50)
(f)	Fair Value of Plan Assets as at 31st March 2008	650.58

(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)

		For the year ended 31st March 2008
(a)	Present Value of Funded Obligation as at 31st March 2008	770.65
(b)	Fair Value of Plan Assets as at 31st March 2008	650.58
(c)	Present Value of Unfunded Obligation as at 31st March 2008	-
(d)	Net Liability recognised in the Balance Sheet	120.07

(iv) Expenses recognised in the Profit and Loss Account

(Rs.in lakhs)

		For the year ended 31st March 2008
(a)	Current Service Cost	110.67
(b)	Past Service Cost	-
(c)	Interest Cost	46.85
(d)	Expected Return on Plan Assets	(49.33)
(e)	Curtailment Cost/(Credit)	-
(f)	Settlement Cost/(Credit)	-
(g)	Net actuarial (Gain)/Loss	104.38
(h)	Employees' Contribution	-
(i)	Total Expenses recognised in the Profit and Loss Account	212.57

(v) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March 2008

(a)	Government of India Securities	0%
(b)	Corporate Bonds	0%
(c)	Special Deposit Scheme	0%
(d)	Equity Shares of Listed Companies	0%
(e)	Property	0%
(f)	Insurer Managed Funds	100%
(g)	Others	0%

SCHEDULE 15 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

(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

Sr.	Particulars	Rs. In lakhs
(a)	Actual return on plan assets	52.76

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

	Particulars	Rate
(a)	Discount Rate	8.25%
(b)	Expected Rate of Return on Plan Assets	8.25%
(c)	Salary Escalation Rate - Management Staff	6.00%

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

(ix) This being first year of implementation of AS-15 (Revised), previous year figures have not been given.

(x) The Guidance on implementing AS 15, Employee Benefits issued by the Accounting Standards Board provides that provident fund trusts which require employers to meet the interest shortfall are in effect defined benefit plans. The Company's actuary has informed that it is not practicable to actuarially determine the interest shortfall obligation.

19. Other Information

(a) 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.

(b) Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is set out in the Annexure.

20. Reclassification

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

Signatures to Schedules 1 to 15 forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended 31st March 2008.

For and on behalf of the Board

Jeetendra Mirchandani
Partner
Membership No. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Dated : 24th April 2008

H.V. Goenka
Chairman

Ganesh Natarajan
Deputy Chairman & Managing Director

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

Cash Flow Statement for the year ended 31st March 2008

Rs. in lakhs

	2007-08		2006-07	
A. Cash Flow from Operating Activities :				
Net Profit before Taxation and Prior period expenses		4867.24		3633.94
Adjustments for				
Depreciation	1563.51			1446.63
Dividend Income	(93.66)			(122.16)
Interest Expense	111.77			124.53
(Profit) / Loss on Sale of Investments (net)	(1.99)			(2.86)
Interest Income	(71.39)			(83.54)
(Profit) / Loss on Sale of Fixed Assets (net)	3.85			(22.50)
Employee Stock Compensation Expense	7.21			18.31
Provision for Diminution in Value of Investments	-			57.94
		1519.30		1416.35
Operating Profit before Working Capital Changes		**6386.54**		**5050.29**
Adjustments for				
Sundry Debtors	(494.56)			(1752.69)
Other Current Assets	(33.55)			27.06
Loans and Advances	(724.87)			(661.93)
Current Liabilities and Provisions	1005.15			560.30
		(247.83)		(1827.26)
Cash generated from Operations		**6138.71**		**3223.03**
Taxes (Paid) / Received	(521.92)		(151.31)	
		(521.92)		(151.31)
Net Cash from Operating activities (A)		**5616.79**		**3071.72**
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including CWIP	(3327.66)		(2819.99)	
Sale Proceeds of Fixed Assets	81.02		23.40	
Investment in Subsidiary / Jointly Owned entities	(3.02)		(57.94)	
Purchase of Investments in Mutual Funds	(9993.21)		(11370.63)	
Sale Proceeds of Investments in Mutual Funds	10437.34		10702.06	
Interest Income	71.39		83.54	
Dividend Income	93.66		122.16	
Net Cash from Investing Activities (B)		**(2640.48)**		**(3317.40)**
C. Cash Flow from Financing Activities				
Proceeds from Issuance of Share Capital on Exercise of Stock Options	31.03		487.95	
Loans	(1451.67)		(36.02)	
Interest Payment	(111.77)		(124.53)	
Dividend on Equity Shares & Tax thereon	(979.45)		(694.82)	
Net Cash from Financing Activities (C)		**(2511.86)**		**(367.42)**

Cash Flow Statement for the year ended 31st March 2008 (Continued)

Rs. in lakhs

	2007-08	2006-07
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**464.44**	**(613.10)**
Opening Balance of Cash & Cash Equivalents	1215.09	1828.19
Closing Balance of Cash & Cash Equivalents	1679.53	1215.09

Notes :

1 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 3 on Cash Flow Statement.

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

Notes as per Schedule 15 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

Jeetendra Mirchandani
Partner
Membership No. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Dated : 24th April 2008

H.V. Goenka
Chairman

Ganesh Natarajan
Deputy Chairman & Managing Director

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 of India [See Schedule 15, Note 19 (b)]

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 0 8

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 - - - - N I L

Private Placement - - - - N I L

ESOP - - - - 4 4 5

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 2 7 1 8 6 4 0

Total Assets 2 7 1 8 6 4 0

Sources of Funds

Paid-up Capital - 2 3 9 6 4 9

Reserves & Surplus 1 8 1 0 6 2 9

Secured Loans - - - - - - -

Unsecured Loans - - - - - - -

Share Application Money - - - - - 6 6

Application of Funds

Net Fixed Assets - 8 7 6 2 0 6

Investments - 2 3 4 1 5 7

Net Current Assets - 9 3 9 9 8 1

Miscellaneous Expenditure - - - - N I L

Accumulated Losses - - - - N I L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover 3 4 7 7 8 2 9

Total Expenditure 2 9 9 1 1 0 5

+ - Profit/Loss before Tax + - - - 4 8 6 7 2 4

+ - Profit/Loss after Tax + - - 4 5 3 8 3 1

Earning per Share in Rs. 1 8 . 9 5

Dividend rate % 3 8

V. Generic Names of Principal Products / Services of 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

Ganesh Natarajan
Deputy Chairman & Managing Director

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

Information regarding subsidiary companies

1.	Subsidiary companies	Zensar Technologies Inc.	Zensar Technologies (UK) Limited	Zensar Technologies (Singapore) Pte. Ltd.	ICIM Systems and Engineering Services Ltd.	Zensar Technologies GmbH	Zensar Technologies (Shenzen) Ltd.	Zensar OBT Technologies Limited	Zensar Advanced Technologies Limited
		US$ '000	GBP '000	S$ '000	Rs. Lakhs	Euro '000	RMB '000	Rs. Lakhs	JPY '000"
		100%	100%	100%	100%	100%	51%	100%	60%
2.	Capital	1,204.91	50.00	300.00	5.00	604.00	1,642.94	5.00	1000.00
3.	Reserves	11,305.40	280.42	1,612.91	10.56	(577.60)	(715.59)	780.63	24877.56
4.	Total Assets	45,741.20	6,176.34	4,242.28	15.85	39.05	1,501.01	1,276.78	269136.51
5.	Total Liabilities	33,230.88	5,845.92	2,329.37	0.30	12.65	573.66	491.15	243258.95
6.	Details of Investment	-	-	-	-	-	-	-	0.00
7.	Turnover	99,133.49	21,820.36	17,054.84	-	-	1,447.13	2,745.33	319439.42
8.	Profit Before Taxation	(143.57)	3.86	739.48	(0.30)	28.46	625.88	746.75	26976.76
9.	Provision for Taxation	359.59	32.31	109.53	-	-	-	260.77	8093.21
10.	Profit After Taxation	(503.16)	(28.45)	629.95	(0.30)	28.46	625.88	485.98	18883.55
11.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Profit Before Taxation (In INR Lakhs)**	(57.22)	3.09	199.91	(0.30)	16.07	33.73	746.75	94.45
	Profit After Taxation (In INR Lakhs)**	(200.55)	(22.77)	170.30	(0.30)	16.07	33.73	485.98	66.11

* The results of the Zensar Technologies Inc, USA include the results of its subsidiaries i.e.Zensar Thought DigitalLLC("ZTD LLC") and Zensar OBT Technologies Inc.

** The figures shown above are in accordance with audited accounts prepared as per the GAAP prevailing in the respective countries and converted into Indian Rupees at the average exchange rates

*** The results of the Zensar Tehnologies, GmbH are for the period from perod 1st April 2007 to 31st October, 2007

Information regarding subsidiary companies (Continued)

Consolidated Profit Reconciliation for the year 07-08

Profit as reported by the subsidiaries in their respective currencies

Subsidiaries	Currency	Profit as per subsidiary accounts	Profit before Tax in INR lakhs considered in consolidation
Zensar Technologies Inc.	US $ K	(143.57)	(57.22)
Zensar Technologies (UK) Ltd.	GBP K	3.86	3.09
Zensar Technologies (Singapore) Pte. Ltd.	S $ K	739.48	199.91
Zensar Technologies GmbH	€ K	28.46	16.07
ICIM Systems & Engineering Services Ltd.	INR Lacs	(0.30)	(0.30)
Zensar OBT Technologies Ltd.	INR Lacs	746.75	746.75
Zensar Technologies (Shenzen) Ltd.	RMB '000	625.88	33.73
Zensar Advanced Technologies Ltd.	JPY '000	26,976.76	94.45
Profit Before Tax of Subsidiaries Consolidated in Statement u/s 212(8)			**1,036.48**
Zensar Technologies Limited			4,867.24
Zensar Technologies Limited Unadjusted Consolidated Profit before Tax			**5,903.72**
Add: Adjustments to Consolidated Profit Before Tax			
Amortisation of Intangibles pertaining to subsidiaries of Zensar Technologies Inc			1,980.38
Other Adjustments to comply with Indian GAAP			258.50
Net Profit before tax as per consolidated accounts			**8,142.60**

Consolidated Profit After Tax Reconciliation for the year 07-08

Profit after tax as reported by the subsidiaries in their respective currencies

Subsidiaries	Currency	Profit as per subsidiary accounts	Profit before Tax in INR lakhs considered in consolidation
Zensar Technologies Inc.	US $ K	(503.16)	(200.55)
Zensar Technologies (UK) Ltd.	GBP K	(28.45)	(22.77)
Zensar Technologies (Singapore) Pte. Ltd.	S $ K	629.95	170.30
Zensar Technologies GmbH	€ K	28.46	16.07
ICIM Systems & Engineering Services Ltd.	INR Lacs	(0.30)	(0.30)
Zensar OBT Technologies Ltd.	INR Lacs	485.98	485.98
Zensar Technologies (Shenzen) Ltd.	RMB '000	625.88	33.73
Zensar Advanced Technologies Ltd.	JPY '000	18,883.55	66.11
Profit After Tax of Subsidiaries Consolidated in Statement u/s 212(8)			**548.57**
Zensar Technologies Limited			4,538.31
Zensar Technologies Limited Unadjusted Consolidated Profit After Tax			**5,086.88**
Add: Adjustments to Consolidated Profit After Tax			
Adjustment to PAT on account of GAAP Differences			1,363.27
Net Profit After Tax as per consolidated accounts			**6,450.15**

For and on behalf of the Board of Directors

H.V. Goenka
Chairman

Ganesh Natarajan
Deputy Chairman & Managing Director

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

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Consolidated Financial Statements

Auditors' Report

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 as at 31st March 2008, the Consolidated Profit and Loss Account for the year ended on that date, 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 Consolidated Financial Statements based on our audit.

2. We have conducted our audit in accordance with 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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 the 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 certain consolidated entities, whose financial statements reflect total assets of Rs. 840.43 Lacs as at 31st March 2008 and total revenues of Rs. 2945.70 Lacs for the year ended on that date. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these consolidated entities, is based solely on the report of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of Zensar Technologies Limited and its subsidiaries included in the Consolidated Financial Statements.

5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Zensar Technologies Limited and its subsidiaries, in our opinion, the aforesaid 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 consolidated state of affairs of Zensar Technologies Limited and its subsidiaries as at 31st March 2008;

   (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Zensar Technologies Limited and its subsidiaries for the year ended on that date;

   (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Zensar Technologies Limited and its subsidiaries for the year ended on that date.

Place : Pune
Date : 24th April 2008

Jeetendra Mirchandani
Partner
Membership no. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Consolidated Balance Sheet as at 31st March 2008

	Schedule	2008 Rs. in lakhs	2007 Rs. in lakhs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2396.49	2392.04
Share Application money pending allotment		0.66	12.75
Reserves and Surplus	2	26004.59	21377.10
		28401.74	**23781.89**
Loan Funds			
Secured Loans	3	6386.04	8846.75
Minority Interest		66.38	8.24
		34854.16	**32636.88**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	23172.71	22465.04
Less : Depreciation/ Amortization		7020.04	5418.66
Net Block		16152.67	17046.38
Capital Work in Progress		2948.79	1279.65
		19101.46	**18326.03**
Investments	5	**1595.43**	**2037.57**
Current Assets, Loans and Advances			
Sundry Debtors	6	14433.05	13038.76
Cash and Bank Balances	7	3751.80	4479.62
Other Current Assets	8	3691.89	2948.59
Loans and Advances	9	3795.43	2966.62
		25672.17	23433.59
Less:			
Current Liabilities and Provisions			
Current Liabilities	10	9041.30	9193.87
Provisions	11	2873.12	2364.17
		11914.42	11558.04
Net Current Assets		**13757.75**	**11875.55**
Deferred Tax			
Deferred Tax Asset	12 A	476.60	452.22
Deferred Tax Liability	12 B	(77.08)	(54.74)
		399.52	**397.48**
Miscellaneous Expenditure (to the extent not written off or adjusted)		-	0.25
		34854.16	**32636.88**
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

Jeetendra Mirchandani
Partner
Membership No. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Dated : 24th April 2008

H. V. Goenka
Chairman

Ganesh Natarajan
Deputy Chairman & Managing Director

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

Consolidated Profit and Loss Account for the year ended 31st March 2008

	Schedule	2008 Rs. in lakhs	2007 Rs. in lakhs
INCOME			
Software development and allied services		77479.88	60586.06
Sale of System Integration systems		813.48	-
Other Income	13	1,218.89	897.09
		79512.25	**61483.15**
EXPENDITURE			
Operating Expenses	14	69043.17	52301.93
Interest and Finance Charges	15	591.09	209.99
Depreciation/ Amortization		1735.39	1525.75
		71369.65	**54037.67**
PROFIT BEFORE TAXATION, PRIOR PERIOD EXPENSES AND MINORITY INTEREST		**8142.60**	**7445.48**
Prior period expenses		-	65.69
Provision for Taxation			
-Current tax		1946.29	1686.20
-Deferred tax		116.31	(185.68)
-MAT Credit Entitlement		(540.00)	-
-Fringe Benefit Tax		116.90	105.19
Short / (Excess) provision for taxation in respect of earlier years (net)		52.95	9.94
PROFIT AFTER TAXATION AND BEFORE MINORITY INTEREST		**6450.15**	**5764.14**
Minority Interest		47.14	45.40
PROFIT AFTER TAXATION		**6403.01**	**5718.74**
Balance brought forward from Previous year		12497.67	8096.98
PROFIT AVAILABLE FOR APPROPRIATION		**18900.68**	**13815.72**
Proposed Dividend		910.67	837.21
Provision for Tax on Proposed Dividend		154.77	142.24
Transfer to General Reserve		453.83	338.60
PROFIT AND LOSS ACCOUNT BALANCE CARRIED TO BALANCE SHEET		**17381.41**	**12497.67**
Earnings Per Equity Share (Face Value Rs. 10):		Rs.	Rs.
[See Schedule 16, Note 9]			
- Basic		26.73	24.22
- Diluted		26.59	24.05
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

Jeetendra Mirchandani
Partner
Membership No. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Dated : 24th April 2008

H. V. Goenka
Chairman

Ganesh Natarajan
Deputy Chairman & Managing Director

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

Consolidated Financial Statements

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 1		
annexed to and forming part of the Consolidated		
Balance Sheet as at 31st March 2008		
SHARE CAPITAL		
Authorised		
2,75,00,000 Equity Shares of Rs. 10 each	2750.00	2750.00
2,50,000 Preference Shares of Rs. 100 each	250.00	250.00
	3000.00	**3000.00**
Issued and Subscribed		
2,39,64,935 (Previous year: 2,39,20,412)		
Equity Shares of Rs. 10 each fully paid-up	2396.49	2392.04
[See note below and Schedule 16, Note 5]		
	2396.49	**2392.04**
Note :-		
Of the above, 58,95,304 (Previous year : 58,95,304)		
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 2008		
RESERVES AND SURPLUS		
Revaluation Reserve	1.56	1.56
Capital Reserve	10.18	10.18
Capital Redemption Reserve	200.00	200.00
Share Premium		
Balance brought forward	2922.51	2415.25
Add : Received during the year on exercise of		
Stock Options issued to employees	40.90	507.26
	2,963.41	2922.51
General Reserve		
Balance brought forward	5750.37	5022.13
Less : Transitional effect on account of adoption of AS 15		
(Revised 2005) "Employee benefits" as on 1st April 2007	112.33	-
Add : Adjustment for Goodwill	-	389.64
Add : Transfer from Profit & Loss Account	453.83	338.60
	6091.87	5750.37
Employee Stock Options		
[See Schedule 16, Note 5]		
Employee Stock Options Outstanding	39.45	45.34
Less : Deferred Employee Compensation	13.38	24.24
	26.07	21.10
Foreign Currency Translation Reserve		
Balance brought forward	(26.29)	(50.15)
Foreign Currency Translation Reserve for the year	(643.62)	23.86
	(669.91)	(26.29)
Profit and Loss Account		
Balance in Profit and Loss Account	17381.41	12497.67
	26004.59	**21377.10**

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 3 annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008		
SECURED LOANS		
External Commercial Borrowing from Bank [Amount repayable within one year Rs. Nil (Previous year: Rs. 1451.67 lakhs)]	-	1451.67
Term Loans from Bank [Amount repayable within one year Rs. Nil (Previous year: Rs. Nil)]	5,913.00	6,468.00
Working Capital facilities from Banks [Amount repayable within one year Rs. 473.04 lakhs (Previous year: Rs. 927.08 lakhs)]	473.04	927.08
	6386.04	**8846.75**
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 2008
Fixed Assets

Rs. in lakhs

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31st March 2007	Additions during the year	Deletions during the year	Cost as at 31st March 2008	Accumulated Depreciation/ Amortisation as at 31st March 2007	Depreciation/ Amortisation for the year	Depreciation/ Amortisation written back on deletions during the year	Accumulated Depreciation/ Amortisation as at 31st March 2008	As at 31st March 2008	As at 31st March 2007
Goodwill	10,865.91	362.09	-	11,228.00	-	47.29	-	47.29	11,180.71	10,865.91
Land-										
Leasehold	264.25	-	-	264.25	11.12	2.77	-	13.89	250.36	253.13
Freehold	34.67	-	-	34.67	21.69	-	-	21.69	12.98	12.98
Buildings	2,327.40	190.81	-	2,518.21	157.70	82.98	-	240.68	2,277.53	2,169.70
Improvement to Leasehold Premises	312.11	230.44	5.86	536.69	220.61	107.82	5.86	322.57	214.12	91.50
Plant and Machinery	1,845.88	127.30	7.84	1,965.34	982.08	331.17	7.84	1,305.41	659.93	863.80
Furniture, Fixtures and Office Equipment	2,274.41	175.39	35.96	2,413.84	840.39	272.08	10.55	1,101.92	1,311.92	1,434.02
Motor Vehicles	177.49	96.33	48.02	225.80	82.22	38.34	37.80	82.76	143.04	95.27
Data Processing Equipment-Own use	3,465.98	635.09	72.92	4,028.15	2,396.39	546.18	11.44	2,931.13	1,097.02	1,069.59
Intangible Assets (Software including Courseware)	1,029.94	302.58	-	1,332.52	785.46	306.76	-	1,092.22	240.30	244.48
Total	**22,598.04**	**2,120.03**	**170.60**	**24,547.47**	**5,497.66**	**1,735.39**	**73.49**	**7,159.56**	17,387.91	17,100.38
Exchange Fluctuation on Consolidation	(133.00)	(1,241.76)	-	(1,374.76)	(79.00)	(60.52)	-	(139.52)	(1,235.24)	(54.00)
Total	**22,465.04**	**878.27**	**170.60**	**23,172.71**	**5,418.66**	**1,674.87**	**73.49**	**7,020.04**	**16,152.67**	**17,046.38**
Previous Financial Year	10,866.20	11,822.31	223.47	22,465.04	4,085.38	1,551.62	218.34	5,418.66		
Capital Work in Progress including advances on Capital Account Rs. 2120.04 (Previous year : Rs. 1071.22 Lakhs)									**2,948.79**	**1,279.65**
									19,101.46	**18,326.03**

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 5		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008		
INVESTMENTS		
(I) Long Term		
Non-Trade		
Quoted		
170 Equity Shares of Rs. 10 each fully paid-up in RPG Cables Limited	0.05	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	0.06
25 Equity Shares of Rs. 10 each fully paid-up in CHI Investments Limited (Pursuant to the scheme of arrangement between CEAT Limited and CHI Investments Limited, 25 shares received in lieu of 25 shares of CEAT Limited during the year)	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
144 Equity Shares of Rs. 10 each fully paid-up in KEC International Limited (Consequent to the merger of RPG Transmission Limited with KEC International Limited, additional 44 shares received in lieu of 100 shares of RPG Transmission Limited during the year)	0.14	0.07
100 Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
100 Equity Shares of Rs. 10 each fully paid-up in RPG Transmission Limited (Consequent to the merger of RPG Transmission Limited with KEC International Limited during the year)	-	0.07
100 Equity Shares of Rs. 10 each fully paid-up in Brabourne Enterprises Limited (formerly known as RPG Life Sciences Limited)	0.08	0.08
100 Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
100 Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
	0.59	**0.59**

Consolidated Financial Statements

		2008 Rs. in lakhs	2007 Rs. in lakhs
(II) Current Investments			
Non-Trade			
Unquoted			
2059131	(Previous year: Nil) units of Birla SunLife Liquid Plus-IP-Growth	205.91	-
2015279	(Previous year : Nil) units of ING Liquid Plus Fund -IP-Growth	201.58	-
2047070	(Previous year : Nil) units of JM Money Manager Fund-Super Plus Plan-Growth	204.86	-
1003808	(Previous year : Nil) units of Lotus India Liquid Plus -IP-Growth	100.38	-
10039	(Previous year : Nil) units of Reliance Liquid Plus Fund-IP-Growth	100.50	-
1001907	(Previous year: Nil) units of Tata Floater Fund-Growth	100.19	-
20215	(Previous year : Nil) units of Tata Treasury Manager Fund -SHIP-Growth	202.75	-
2012851	(Previous year : Nil) units of Templeton India Ultra Short Bond Fund-IP-Growth	201.82	-
10248	(Previous year : Nil) units of UTI Liquid Plus Fund-IP-Growth	102.50	-
NIL	(Previous year: 1013379) Units of ABN AMRO Mutual Fund - Flexi Debt	-	101.34
NIL	(Previous year: 2000000) Units of Kotak Mutual Fund - FMP	-	200.00
NIL	(Previous year: 2000000) Units of Reliance Mutual Fund - Fixed Horizon	-	200.00
NIL	(Previous year: 2000000) Units of Reliance Mutual Fund - Monthly Interval Fund	-	200.00
NIL	(Previous year: 15583) Units of DSP Merril Lynch Mutual Fund - FTP	-	155.83
1137305	(Previous year: 1041957) Units of JM Mutual Fund - Arbitrage Advantage	114.35	104.27
NIL	(Previous year: 20329) Units of Tata Mutual Fund - Liquidity Management	-	204.48
NIL	(Previous year: 2000000) Units of SBI Mutual Fund - Debt fund series	-	200.00
500000	(Previous year: 500000) Units of Standard Chartered Mutual Fund - Arbitrage	50.00	50.00
NIL	(Previous year: 2000000) Units of LIC Mutual Fund - FMP	-	200.00
NIL	(Previous year: 1894290) Units of LIC Mutual Fund - Liquid	-	207.90
NIL	(Previous year: 1910088) Units of HDFC Mutual Fund - Cash Management	-	203.16
50000	(Previous year: 50000) Units of LIC Mutual Fund - FMP	5.00	5.00
50000	(Previous year: 50000) Units of Tata Mutual Fund - FMP	5.00	5.00
		1594.84	**2036.98**
Grand Total (I + II)		**1595.43**	**2037.57**
Aggregate amount of Quoted Investments [Market Value Rs. 1.88 lakhs (Previous year: Rs. 1.83 lakhs)]		0.59	0.59
Aggregate cost of Unquoted Investments		1594.84	2036.98
		1595.43	**2037.57**

	2008 Rs. in lakhs	2007 Rs. in lakhs
CURRENT ASSETS, LOANS AND ADVANCES		
SCHEDULE 6		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding 6 months:		
- Considered good	272.60	271.56
- Considered doubtful	501.87	450.17
	774.47	**721.73**
Other debts		
- Considered good	14160.45	12767.20
- Considered doubtful	-	5.00
	14160.45	**12772.20**
	14934.92	**13493.93**
Less : Provision for doubtful debts	501.87	455.17
	14433.05	**13038.76**
SCHEDULE 7		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008		
CASH AND BANK BALANCES		
Cash on hand	8.81	24.06
Balances with Scheduled Banks:		
(a) On Current Account [Including balances in Exchange Earner's Foreign Currency Accounts equivalent to amount aggregating to Rs. 441.64 lakhs (Previous year Rs. 203.01 lakhs)]	1006.37	554.14
(b) On Time Deposit Account	707.90	1284.17
Balance with Other Banks:		
On Current Accounts	1924.38	1726.86
On Money Market and Treasury Accounts	104.34	890.39
	3751.80	**4479.62**
SCHEDULE 8		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008		
OTHER CURRENT ASSETS		
Accrued Income (Unbilled Services)	3686.43	2944.79
Interest accrued on deposits	5.46	3.80
	3,691.89	**2,948.59**
SCHEDULE 9		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008		
LOANS AND ADVANCES		
(unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	1,934.80	1,583.60
- Considered doubtful	4.30	13.27
Security and other deposits:		
- Considered good	541.22	429.85
- Considered doubtful	25.00	25.00
MAT Credit Entitlement	540.00	-
Taxes recoverable (taxes paid less provisions Rs. 867.67 lakhs thereagainst)	779.41	953.17
	3824.73	**3004.89**
Less : Provision for doubtful deposits and advances	29.30	38.27
	3795.43	**2966.62**

Consolidated Financial Statements

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 10		
annexed to and forming part of the Consolidated		
Balance Sheet as at 31st March 2008		
CURRENT LIABILITIES		
Sundry Creditors	8950.76	9023.03
[Including book overdraft Rs. 368.74 lakhs		
(Previous year : Rs. 44.58 lakhs)]		
Advances from customers	90.54	96.06
Interest accrued but not due on Fixed Loans	-	74.78
	9041.30	**9193.87**
SCHEDULE 11		
annexed to and forming part of the Consolidated		
Balance Sheet as at 31st March 2008		
PROVISIONS		
Taxation less payments thereagainst	647.37	362.18
Proposed Dividend	910.67	837.21
Provision for Tax on Proposed Dividend	154.77	142.24
Leave Encashment	892.14	641.15
Gratuity	120.07	159.32
Provision for disputed Statutory Liabilities	71.96	93.27
[See Schedule 16, Note 13]		
Other obligations [See Schedule 16, Note 13]	76.14	128.80
	2873.12	**2364.17**
SCHEDULE 12 A		
annexed to and forming part of the Consolidated		
Balance Sheet as at 31st March 2008		
DEFERRED TAX ASSETS		
Other Miscellaneous Items	476.60	452.22
	476.60	**452.22**
SCHEDULE 12 B		
annexed to and forming part of the Consolidated		
Balance Sheet as at 31st March 2008		
DEFERRED TAX LIABILITY		
Other Miscellaneous Items	77.08	54.74
	77.08	**54.74**
SCHEDULE 13		
annexed to and forming part of the Consolidated		
Profit and Loss Account for the year ended 31st March 2008		
OTHER INCOME		
Dividend from current investments, Non Trade	93.65	122.16
Interest:		
- on deposits with banks	83.55	174.27
- others	16.15	12.90
	99.70	187.17
Exchange gain (net)	117.34	203.39
Profit on sale of fixed assets	-	22.50
Profit on sale of current investments Non Trade	3.03	2.86
Provisions no longer required and credit balances written back	626.76	215.31
Miscellaneous Income	278.41	143.70
	1218.89	**897.09**

	2008 Rs. in lakhs	2007 Rs. in lakhs
SCHEDULE 14		
annexed to and forming part of the Consolidated		
Profit and Loss Account for the year ended 31st March 2008		
OPERATING EXPENSES		
Salaries, Wages and Bonus	40163.90	31797.61
Company's contribution to Provident and other funds	2139.86	1684.01
Staff Welfare Expenses	975.26	809.20
Employee Stock Compensation Expense	7.21	18.31
	43286.23	**34309.13**
Travelling Expenses	5137.27	3885.68
Cost of manpower hired	10198.82	5642.23
Recruitment Expenses	512.41	532.96
Training Expenses	109.98	180.36
Electricity and Power	577.27	652.95
Rent	1573.76	1092.34
Repairs and Maintenance to:		
- Plant and Machinery	107.60	77.26
- Building	375.36	304.26
- Others	60.73	34.39
	543.69	**415.91**
Insurance	1611.07	1029.05
Rates and Taxes	139.89	100.04
Consumable Media	268.28	222.54
Legal and Professional Charges	1394.12	1185.00
Postage, Telephone and E-Mail	1149.98	1010.73
Stationery and Printing	132.20	102.06
Carriage, Freight and Octroi	4.26	3.19
Vehicle Expenses	108.22	107.57
Advertisement and Publicity	548.34	472.67
Purchase of hardware and software for Integration System	650.55	235.95
Loss on Disposal of Fixed Assets	4.58	-
Bad Debts written off	591.92	635.22
Claims/Deposits written off	11.77	-
Provision for Doubtful Debts	127.47	185.52
Directors' Fees	7.65	6.97
Miscellaneous Expenses	353.44	293.86
	69043.17	**52301.93**
SCHEDULE 15		
annexed to and forming part of the Consolidated		
Profit and Loss Account for the year ended 31st March 2008		
INTEREST AND FINANCE CHARGES		
Interest:		
- On Fixed Loans	463.41	124.62
- Others	49.75	15.27
	513.16	139.89
Finance Charges :		
- Bank Charges	77.93	70.10
	591.09	**209.99**

Consolidated Financial Statements

SCHEDULE 16

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

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 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 of 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 and jointly controlled entities considered in the consolidated financial statements

Sr. No.	Name of the subsidiary	Country of Incorporation	Extent of holding as on 31st March 2008
1.	Zensar Technologies Inc. (ZTI)	USA	100 %
2.	Zensar Technologies (Singapore) Pte Ltd. (ZTS)	Singapore	100 %
3.	Zensar Technologies, GmbH (ZTG) (under liquidation)	Germany	100 %
4.	Zensar Technologies (UK) Ltd. [ZT (UK)]	UK	100 %
5.	ICIM Systems and Engineering Services Limited (ISESL)	India	100 %
6.	Zensar OBT Technologies Limited (formerly known as OBT Global Private Limited)	India	100%
7.	Zensar OBT Technologies Inc., USA (formerly known as OBT Global Inc., USA)	USA	100% (Step down subsidiary)
8.	Zensar Technologies(Shenzhen) Limited [ZT(China)]	Peoples Republic of China	51 %
9.	Zensar ThoughtDigital LLC (formerly known as Zensar TD, LLC)	USA	100% (Step down subsidiary)
10.	Zensar Advanced Technologies Limited	Japan	60%

SCHEDULE 16 (continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (continued)

(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, Euro, RMB, British Pound and Japanese Yen are the functional currencies for its foreign subsidiaries located in the US, Singapore, Germany, China, UK and Japan respectively. The translation of the functional currencies into the reporting currency is performed for assets and liabilities of the foreign subsidiaries currency using the current exchange rates in effect at the balance sheet date, for revenues, costs and expenses using average exchange rates prevailing during the reporting periods and for share capital, using the exchange rate at the date of the transaction. The resultant translation exchange gain/loss has been disclosed as Currency Translation Adjustment under Reserves and Surplus.

(d) Forward contracts in foreign currencies

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.

Premium or discount arising at the inception of a forward exchange contract assigned to foreign currency assets is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or expense for the period. In the case of other derivative contracts, only net loss, if any, arising on the mark-to-market valuation of the contracts at the year-end is recognised in the Profit and Loss account.

(e) 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.

(f) 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.

(g) 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 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.

Consolidated Financial Statements

SCHEDULE 16 (continued)
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (continued)

Rs. in Lakhs

	As at 31st March 2008	As at 31st March 2007
2. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 2120.04 lakhs (Previous year Rs.1071.22 lakhs)]	3084.14	1849.51
3. Contingent Liabilities		
(a) Income Tax:		
Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.	501.66	501.66
Matters on which the Company is in appeal.	272.59	272.59
(b) Sales Tax / Value Added Tax:		
Claims against the Company regarding sales tax against which the Company has preferred appeals.	69.59	105.46
(c) Claim in respect of rented premises.	191.27	118.61
(d) Claims against the Company not acknowledged as debts.	61.85	63.57
(e) Guarantees given by the Company in respect of loans and working capital limits taken by the subsidiaries.The loans and working capital limits taken by the subsidiaries are secured by a pari passu charge against the immovable fixed assets of the Company situated at Kharadi, Pune	6839.69	7598.50

(f) Customs Duty:

(i) 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.

(ii) 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.

4. Acquisition

a) On 9th April, 2007 the Company formed a 60:40 joint venture with a capital of JPY 1 million (Rs. 3.66 lakhs). The joint venture acquired the business of EZA, a Japan based company engaged in software development services, maintenance and support in the area of embedded systems and motion picture systems. The consideration for this acquisition amounted to JPY 71.23 million.

SCHEDULE 16 (continued)
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (continued)

b) On 23rd February, 2007, Zensar Technologies Inc, a wholly owned subsidiary of the Company acquired 100% equity in ThoughtDigital LLC, a company providing Oracle Application services, headquartered in New Jersey, United States of America, for a consideration of $24.9 million which was funded through internal accruals and borrowings. An additional deferred consideration of $2.5 million is payable in the event Zensar TD LLC achieves certain EBITA and Gross Profit thresholds in the calendar year 2007 and 2008. The maximum consideration payable by Zensar Technologies Inc. towards deferred consideration will amount to $1.3 million and $1.2 million respectively.

5. 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.

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

Particulars	2007-08		2006-07	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	329242	141.28	787812	106.50
Granted during the year	64394	175.00	69944	212.70
Exercised during the year	30258	102.56	499039	97.03
Cancelled during the year	29594	152.39	29475	131.17
Balance unexercised options	333784	150.23	329242	141.28
Exercisable at end of year	162342	122.83	135575	96.65

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

Particulars	2007-08		2006-07	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	357000	200.00	-	-
Granted during the year	223000	194.17	357000	200
Exercised during the year	-	-	-	-
Cancelled during the year	106800	229.49	-	-
Balance unexercised options	473200	190.60	357000	200
Exercisable at end of year	57600	200.00	-	-

SCHEDULE 16 (continued)
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (continued)

6. Segment Reporting

Primary Segment

Effective 1st April 2007, the Company reorganised itself into three strategic business units (SBUs). The Strategic Business Units are:

(i) Global Outsourcing Services (GOS) providing application development, support and maintenance services and voice / non voice services

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

(iii) Innovative Technology Solutions (ITS) providing application modernisation, product engineering and embedded systems and system software services.

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 consistently used in the preparation of financial segments 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.

Business Segments

Rs. in lakhs

2007-08	GOS	EAS	ITS	Unallocated	Total
Sales to External Customers	39113.30	26440.71	12739.35	-	78293.36
Segment Result	6854.94	1355.45	1088.10	-	9298.49
Interest and Finance Cost	-	-	-	591.09	591.09
Depreciation	-	-	-	1735.39	1735.39
Unallocable Income (net)	-	-	-	1170.59	1170.59
Profit before tax	6854.94	1355.45	1088.10	(1155.89)	8142.60
Taxes	-	-	-	1692.45	1692.45
Profit after Tax	6854.94	1355.45	1088.10	(2848.34)	6450.15
Prior period items	-	-	-	-	-
Exceptional items	-	-	-	-	-
Minority Interest	-	-	-	47.14	47.14
	6854.94	1355.45	1088.10	(2895.48)	6403.01

SCHEDULE 16 (continued)
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (continued)

2006-07	GOS	EAS	ITS	Unallocated	Total
Sales to External Customers	35780.07	17003.92	7802.07	-	60586.06
Segment Result	7510.40	2309.81	(1180.69)	-	8639.52
Interest and Finance Cost	-	-	-	209.99	209.99
Depreciation	-	-	-	1525.75	1525.75
Unallocable Income (net)	-	-	-	541.70	541.70
Profit before tax	7510.40	2309.81	(1180.69)	(1194.04)	7445.48
Taxes	-	-	-	1615.65	1615.65
Profit after Tax	7510.40	2309.81	(1180.69)	(2809.69)	5829.83
Prior period items	-	-	-	65.69	65.69
Exceptional items	-	-	-	-	-
Minority Interest	-	-	-	45.40	45.40
	7510.40	2309.81	(1180.69)	(2920.78)	5718.74

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

	2007-08	2006-07
United States of America	39751.38	30350.64
United Kingdom	17571.58	16586.71
Rest of the World	20970.39	13648.71
	78293.35	60586.06

7. Related Party disclosures

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

CHI Investments Limited

Hilltop Holdings India Limited

Jubilee Investments & Industries Limited

Kocilim Breweries Pvt. Limited

Blue Niles Holdings Limited

Pedriano Investments Limited

Fujitsu Services Ltd. (upto 4th July 2007)

Fujitsu Services Holdings B.V. (upto 4th July 2007)

Electra Partners Mauritius Limited

Consolidated Financial Statements

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

Related Party disclosure (continued)

(ii) **Key Management Personnel**

Dr. Ganesh Natarajan

Mr. Parmod Bhalla

Mr. Vivek Gupta

Mr. Nitin Parab

Mr. S. Balasubramaniam

Mr. V. Balasubramanian

Ms. Vaijayanti Deshpande

Ms. Prameela Kalive

Mr. Hiren Kulkarni

Mr. Ramesh Kodali

Transactions with Related Parties Rs. in Lakhs

Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
	2007-08	2006-07	2008		2007	
			Receivable	Payable	Receivable	Payable
A. Rendering of Software Services						
1. Parties having control (directly or indirectly)						
(i) Fujitsu Services Limited, UK (upto 4th July 2007)	1001.99	4545.78	-	-	996.27	-
Total of Rendering of Software Services	**1001.99**	**4545.78**	**-**	**-**	**996.27**	**-**
B. Reimbursement of expenses incurred						
1. Parties having control (directly or indirectly)						
(i) Fujitsu Services Limited, UK (upto 4th July 2007)	-	27.13	-	-	-	1.39
Total Reimbursement of expenses incurred	**-**	**27.13**	**-**	**-**	**-**	**1.39**
C. Remuneration of Key Management Personnel						
(i) Dr. Ganesh Natarajan	263.56	196.61	-	-	-	-
(ii) Mr. Parmod Bhalla	70.43	63.61	-	-	-	-
(iii) Mr. Vivek Gupta	124.03	120.53	-	-	-	-
(iv) Mr. Nitin Parab	130.06	102.54	-	-	-	-
(v) Mr. Ramesh Kodali	81.71	73.49				
(v) Others	152.74	170.74	-	-	-	-
Total Remuneration of Key Management Personnel	**822.53**	**727.52**	-	-	-	-

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

10. Lease Obligations

Operating Leases

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next four years. Rental expense incurred by the Company under operating lease agreements totalled approximately Rs. 266.17 lakhs (Previous year: Rs. 184.88 lakhs).

Total Minimum Lease Payments Outstanding as on 31st March 2008

Rs. in Lakhs

	2007-08	2006-07
Less than one year	221.07	171.82
More than one year but less than five years	335.35	383.04
More than 5 years	-	-
	556.42	**554.86**

9. Earnings Per Share (EPS)

Particulars	2007-08	2006-07
a. Profits attributable to equity shareholders		
Net profit after taxation **Rs. in lakhs**	6403.01	5718.74
b. Basic Earnings Per Share		
Total No. of equity shares outstanding (including 5845304 equity shares issued pursuant to Scheme of Amalgamation)	23949573	23613913
Basic EPS	26.73	24.22
c. Diluted Earnings Per Share		
Total No. of equity shares outstanding as at the year end	23949573	23613913
No. of stock options outstanding as at the year end	127502	686242
Weighted average no. of equity shares outstanding (including stock options)	24077075	23781542
Diluted EPS	26.59	24.05

10. Forward contracts and options outstanding

Particulars	2008	2007
Forward Contracts		
In US$	$7,600,000	$5,400,000
(Equivalent approximate in Rs. lakhs)	2,995.92	2,464.19
In GBP	£400,000	£100,000
(Equivalent approximate in Rs. lakhs)	314.60	85.15
Options		
Variable Strike Options in US$	$4,650,000	$8,850,000
(Equivalent approximate in Rs. lakhs)	1,969.70	3,816.12
Variable Strike Options in GBP	£1,400,000	£2,600,000
(Equivalent approximate in Rs. lakhs)	1,022.45	2,201.68

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

	Rs. in lakhs	
	2007-08	**2006-07**
11. Managerial Remuneration		
(a) Salary and Allowances	247.60	178.30
(b) Contribution to Provident Fund and Superannuation Scheme	11.57	9.88
(c) Perquisites (Valued as per the provisions of the Income-tax Act, 1961 of India, where applicable)	4.39	8.43
	263.56	**196.61**

	Rs. in lakhs	
	2007-08	**2006-07**
12. Auditors' Remuneration and Expenses		
(a) As auditors	56.22	58.07
(b) As advisors, or in any other capacity, in respect of		
(i) Taxation matters		
(ii) Management services		
(iii) Other services	—	0.41
(c) Out of pocket expenses reimbursed [for (a) and (b) above]	0.79	1.14
Total	**57.01**	**59.62**

13. Disclosure as per Accounting Standard - 29

(Rs. in Lakhs)

	2007-08			2006-07		
	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	93.27	128.80	222.07	93.27	119.67	212.94
Addition	-	11.66	11.66	-	11.66	11.66
Utilisation	21.31	64.32	85.63	-	2.53	2.53
Reversal	-	-	-	-	-	-
Closing Balance	**71.96**	**76.14**	**148.10**	**93.27**	**128.80**	**222.07**

SCHEDULE 16 (Continued)
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

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 provision made by the Company is based on the estimate made by the Management considering the facts and circumstances of each case.

To the extent the Company is confident that they have 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:

Provision 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.

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

The Accounting Standard – 15 (Revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India has been adopted by the Company effective from April 1, 2007. In accordance with the above Standard, the additional obligations of the Company, on account of employee benefits, based on independent actuarial valuation, amounting to Rs. 112.33 lakhs have been accounted by debiting the opening balance of the General Reserve as on 1st April 2007 as per the transitional provisions of AS 15 (Revised 2005).

(A) Defined Contribution Plans

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

	Rs. in lakhs For the year ended 31st March 2008
(i) Contribution to Employees' Provident Fund	346.64
(ii) Contribution to Employees' Family Pension Fund	175.22
(iii) Contribution to Employees' Superannuation Fund	15.55
Total	**537.41**

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, 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.

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

(B) Defined Benefit Plans- Gratuity

(i) Changes in the Present Value of Obligation

Rs. in lakhs

(a) Present Value of Obligation as at April 1, 2007	567.85
(b) Interest Cost	46.85
(c) Past Service Cost	-
(d) Current Service Cost	110.67
(e) Curtailment Cost/(Credit)	-
(f) Settlement Cost/(Credit)	-
(g) Benefits Paid	(62.50)
(h) Actuarial (Gain)/Loss	107.78
(i) Present Value of Obligation as at March 31,2008	770.65

(ii) Changes in the Fair value of Plan Assets

Rs. in lakhs

	For the Year Ended 31st March 2008
(a) Present Value of Plan Assets as at April 1, 2007	597.85
(b) Expected Return on Plan Assets	49.33
(c) Actuarial Gain/(Loss)	3.40
(d) Contributions	62.50
(e) Benefits Paid	(62.50)
(f) Fair Value of Plan Assets as at 31st March 2008	650.58

(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

	For the Year Ended 31st March 2008
(a) Present Value of Funded Obligation as at 31st March 2008	770.65
(b) Fair Value of Plan Assets as at 31st March 2008	650.58
(c) Present Value of Unfunded Obligation as at 31st March 2008	-
(d) Net Liability recognised in the Balance Sheet	120.07

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

(iv) Expenses recognised in the Profit and Loss Account

Rs. in lakhs

	For the Year Ended 31st March 2008
(a) Current Service Cost	110.67
(b) Past Service Cost	-
(c) Interest Cost	46.85
(d) Expected Return on Plan Assets	(49.33)
(e) Curtailment Cost/(Credit)	-
(f) Settlement Cost/(Credit)	-
(g) Net actuarial (Gain)/Loss	104.38
(h) Employees' Contribution	-
(i) Total Expenses recognised in the Profit and Loss Account	212.57

(v) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March 2008

(a) Government of India Securities	0%
(b) Corporate Bonds	0%
(c) Special Deposit Scheme	0%
(d) Equity Shares of Listed Companies	0%
(e) Property	0%
(f) Insurer Managed Funds	100%
(g) Others	0%

(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

Sr.	Particulars	Rs. in lakhs
(a)	Actual return on plan assets	52.76

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008

NOTES TO ACCOUNTS (Continued)

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

Sr.	Particulars	Rate
(a)	Discount Rate	8.25%
(b)	Expected Rate of Return on Plan Assets	8.25%
(c)	Salary Escalation Rate - Management Staff	6.00%

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

(ix) This being first year of implementation of AS-15 (Revised) previous year figures have not been given.

(x) The Guidance on implementing AS-15, Employee Benefits issued by the Accounting Standards Board provides that provident fund trusts which require employers to meet the interest shortfall are in effect defined benefit plans. The Company's actuary has informed that it is not practicable to actuarially determine the interest shortfall obligation.

15. Reclassification

Figures for the corresponding year wherever necessary have been regrouped and rearranged to conform to those of the current year.

16. Comparatives

Comparative figures include the figures of the newly acquired subsidiary, Zensar ThoughtDigital LLC for the period from 23rd February, 2007 to 31st March, 2007. Consequently, the comparative figures are not comparable with the figures for the year ended as at 31st March 2008.

Signatures to Schedules 1 to 16 forming part of the Consolidated Balance Sheet as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended 31st March 2008.

For and on behalf of the Board

Jeetendra Mirchandani
Partner
Membership No. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Dated : 24th April 2008

H.V. Goenka
Chairman

Ganesh Natarajan
Deputy Chairman & Managing Director

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

Consolidated Cash Flow Statement for the year ended 31st March 2008

(Rs. in Lakhs)

	2007-08		2006-07	
A. Cash Flow from Operating Activities :				
Net Profit before Tax Prior Period Expenses and Exceptional Items		**8142.60**		**7445.48**
Adjustments for Depreciation	1735.39		1525.75	
Miscellaneous Expenditure written off	0.25		0.24	
Dividend Income	(93.65)		(122.16)	
Interest Expense	591.09		209.99	
Loss / (Profit) on Sale of Investments (net)	(3.03)		(2.86)	
Interest Income	(99.70)		(187.17)	
Loss / (Profit) on Sale of Fixed Assets (net)	4.58		(22.50)	
Employee Stock Compensation Expense	7.21		18.31	
		2142.14		1419.60
Operating Profit before Working Capital Changes and other adjustments		**10284.74**		**8865.08**
Adjustments for				
Sundry Debtors	(1212.65)		(4740.75)	
Other Current Assets	(691.41)		(857.41)	
Loans and Advances	(409.22)		(704.08)	
Current Liabilities and Provisions	40.34		3317.03	
		(2272.94)		(2985.21)
Cash generated from Operations		**8011.80**		**5879.87**
Taxes (Paid) / Received (Net of TDS)	(1775.54)		(1628.57)	
		(1775.54)		(1628.57)
Net Cash from Operating activities (A)		**6236.26**		**4251.30**
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including CWIP and Goodwill		(3507.93)		(12049.12)
Purchase of business		(281.24)		-
Sale Proceeds of Fixed Assets		93.43		27.63
Purchase of Investments in Mutual Funds		(9992.17)		(11,380.64)
Sale Proceeds of Investments in Mutual Funds		10437.34		10,702.08
Interest Income		99.70		187.17
Dividend Income		93.65		122.16
Net Cash from Investing Activities (B)		**(3057.22)**		**(12390.72)**

Consolidated Cash Flow Statement for the year ended 31st March 2008 (Continued)

	2007-08	2006-07
C. Cash Flow from Financing Activities		
Proceeds from issuance of Share Capital on exercise of stock options	4.45	48.45
Share Premium	40.90	507.26
Share Application money pending allotment	(12.09)	12.14
Secured Loans taken / (repaid)	(2370.95)	7337.19
Unsecured Loans (repaid)	-	(0.05)
Interest Payment	(591.09)	(209.99)
Proceeds from issuance of shares by subsidiary	1.37	-
Dividend on Equity Shares and tax thereon	(979.45)	(694.83)
Net Cash from Financing Activities (C)	**(3906.86)**	**7000.17**
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(727.82)**	**(1139.25)**
Opening Balance of Cash & Cash Equivalents	**4479.62**	**5618.87**
Closing Balance of Cash & Cash Equivalents	**3751.80**	**4479.62**

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.

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

Jeetendra Mirchandani
Partner
Membership No. F 48125
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Pune
Dated : 24th April 2008

H. V. Goenka — Chairman

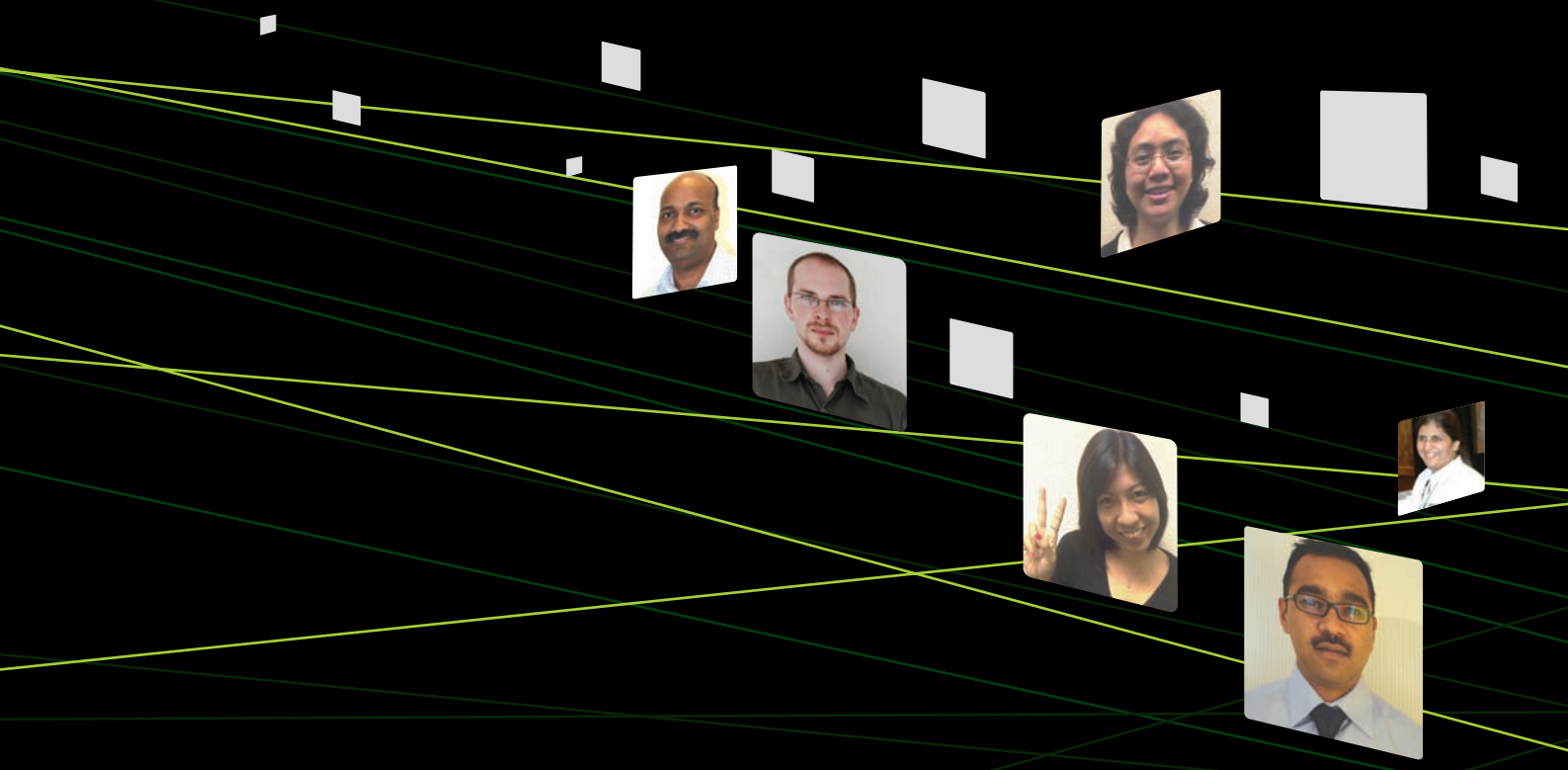
Ganesh Natarajan — Deputy Chairman & Managing Director

Asha Pramod
Company Secretary

Place : Mumbai
Dated : 24th April 2008

RPG

Vyoma Graphics



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Zensar associates from 14 nationalities