ZenSar TECHNOLOGIES

Your Transformation Partner

DIVERSITY AND INCLUSION

Annual Report 2008-09

BOARD OF DIRECTORS

MR. H. V. GOENKA
Chairman

DR. GANESH NATARAJAN
Vice 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

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Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Zensar Technologies Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management discussion and analysis of this Annual Report for 2008-09.

What is the connection between diversity and inclusion on the one hand and shareholder value on the other?

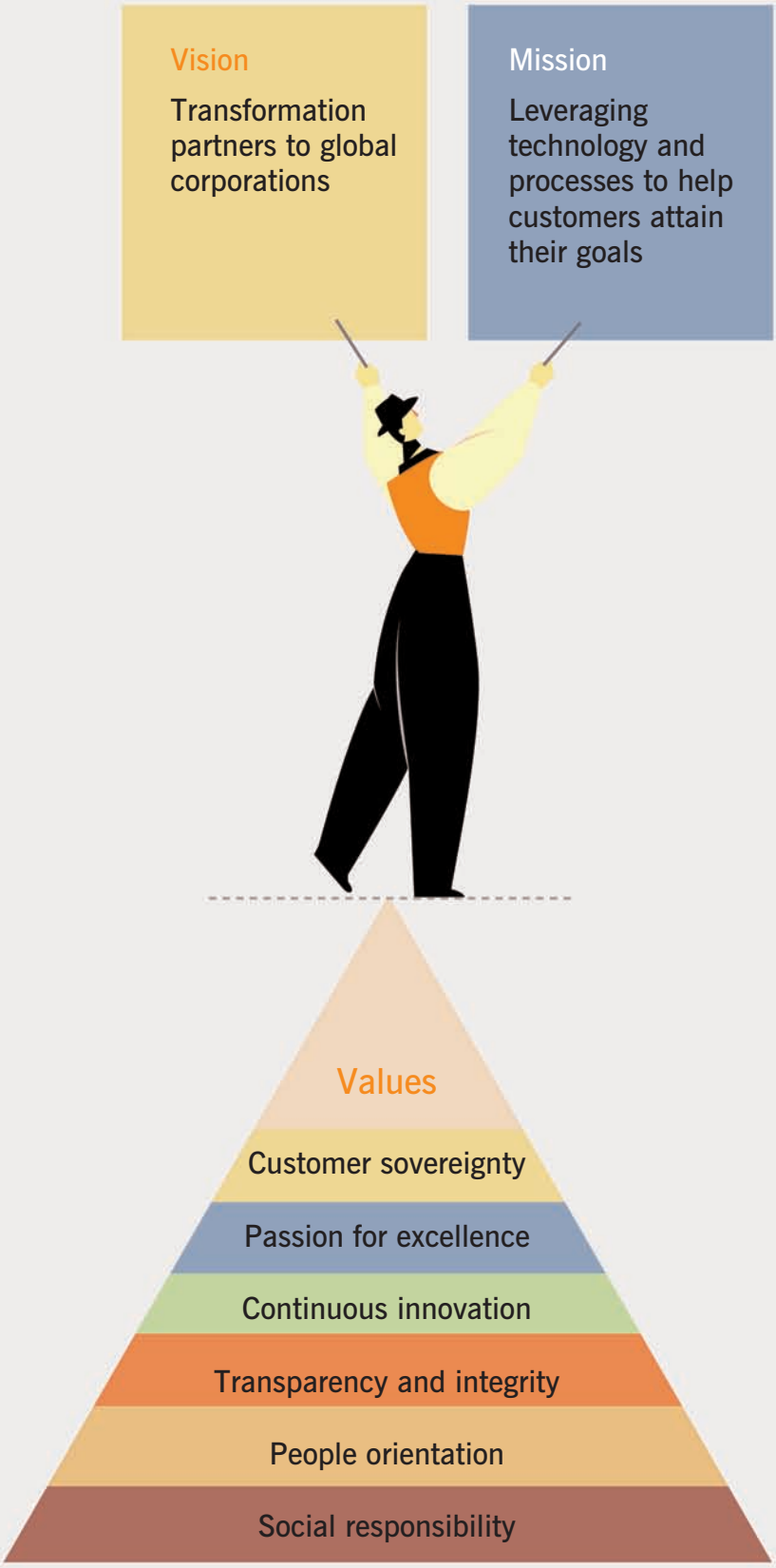
DIVERSITY RESPECTS VARIED PERSPECTIVES. INTEGRATES CROSS-CULTURAL RESOURCES. REINFORCES PEOPLE DEVELOPMENT.

At Zensar, this philosophy has made us a strong, sustainable and futuristic global organisation.

The result was a record financial performance in 2008-09.

With prospects of sustainable growth in the future.

SO WHAT IS THE REAL ZENSAR?



Corporate profile

Zensar Technologies is a globally renowned software and services organisation providing end-to-end services from IT development to business process outsourcing on the one hand and consulting to implementation services on the other.

Locational spread

- Headquartered in Pune, India
- Footprint in 18 countries across 24 locations
- Delivery centers in India (Pune and Hyderabad), China (Shenzhen), The United Kingdom (Slough) and Poland (Gdansk)
- Sales offices in the United States (Chicago, Cary, New York, Irving, San Jose and Princeton), Holland, The United Kingdom, Switzerland, Finland, Germany, United Arab Emirates, South Africa, Japan, Singapore, Hong Kong and Australia
- A global organisation of more than 4,600 associates of 14 nationalities (Albania, America, Britain, Canada, China, The Philippines, Singapore, India, Israel, Italy, Japan, Vietnam, Poland and South Africa)

Services

- Decision-enabling services: Providing process and technology consulting to accelerate business decisions. Services comprise business intelligence and data warehousing, content and collaboration management as well as knowledge management
- Business Process Outsourcing and Optimisation (BPO^2) service: Facilitating business process optimisation through continuous improvement. Services encompass accounts payable, receivables, telesales and help-desk support to high-end services
- IT-enabling services: Converging design, development, implementation and testing applications (packaged or custom-built) to

enhance business processes; enjoying a strong tie-up with Oracle as a worldwide certified partner and over 750 consultants; providing SAP support across dairy, textile, pharmaceutical, manufacturing and IT verticals; reconciling functional and business skills, along with technology or package-specific expertise to render maximum value with minimum risk involved

- IT support services: Aligning IT to business needs for clients with periodic operational maintenance, along with day-to-day support of applications and technology infrastructure

Clientele

The Company's portfolio of 297 brand-enhancing clients straddles the following industry verticals:

- Financial services: Credit Suisse, UBS, Liberty Life, Investec, Assurant Health, Crisil and AXA, among others
- Retail: Marks & Spencer, Landmark Group, Spencer's, Carrefour and Sainsbury's, among others
- Manufacturing and logistics: FLUKE, Trimble, Logitech, Fujitsu, Electronic Arts, SANMINA-SCI and P&O Nedlloyd, among others
- Products: Microsoft, Tallyman, Remedy Corporation, IntelliQ and mValent, among others
- Pharmaceuticals and textiles: Ranbaxy, AccuMed, MYLAN, Aditya Birla Group, HIMEDIA, Sangam and Super Spinning, among others
- Utilities: National Grid, York Water, United Utilities, Sprint, nPower, Centrica, Roma Gas, Chubu Electric Power, British Petroleum, Fulcrum and National Hydroelectric Power Corporation, among others

Listing

- The Company is a publicly owned organisation with shares listed on the National Stock Exchange and the Bombay Stock Exchange in India

Certifications

- The Company's operations are accredited with ISO 9001:2008 and ISO/IEC 27001:2005 certifications
- The Company was certified for SEI CMM/CMMI Level 5 in 2004

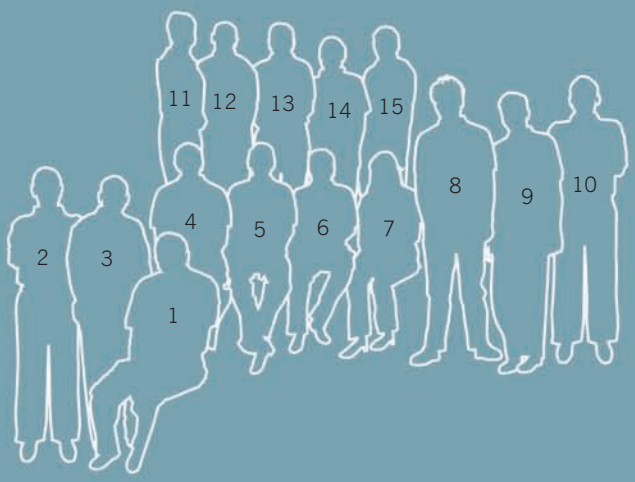
Achievements

- Awarded Best Exporter in IT/ITeS, in the medium-scale category for the third successive year (2007, 2008 and 2009)
- Awarded Emerging Business Applications Award for 2009 at the Oracle UK Partner Awards
- Recognised by the Department of Scientific & Industrial Research (DSIR) for in-house R&D efforts (2008-09)
- Accredited by the Better Business Bureau (BBB) by BBB online reliability seal; Zensar is now a part of the core group of businesses that support ethical business practices and integrity
- Recognised by the International Association of Outsourcing Professionals (IAOP) as one of the Global Outsourcing 100 in 2008
- Received the Employer Branding Award for career development strategies in 2008
- Received the Employer Branding Award for continuous innovation in HR strategy at work in 2007
- Awarded the FICCI Special Jury Commendation for outstanding commitment and contribution to nation building through CSR efforts in 2007
- Awarded the Corporate Governance Business for Social Responsibility by the Bombay Stock Exchange in association with *Times Now* in 2006
- Awarded the Trailblazer of the Year Award by the National HRD Network for best HR practices in 2006
- Recognised by the Madhya Pradesh Government with the Golden Edge Award for unique and best HR practices in 2006

Zensar service model

MANAGEMENT COUNCIL AT ZENSAR

1 Nagan Raman
2 Ramesh Kodali
3 Nitin Parab
4 Dr. Ganesh Natarajan
5 Sanjay Marathe
6 J. Parthasarathi
7 Prameela Kalive
8 Ajay Bhandari
9 Krishna Ramaswami
10 Hiren Kulkarni
11 Vivek Gupta
12 Gurdeep Grewal
13 Raj Dhillon
14 V.Balasubramanian
15 S.Balasubramaniam



CREATING A BENCHMARK FOR GLOBAL EXCELLENCE

Zensar enhances the effectiveness of core businesses, ensuring a high profitability through its services while building and developing new businesses through emerging service areas.

The Company's steady organic growth has been complemented by inorganic expansions through key acquisitions in focused areas.

The Company acquired OBT Global in Hyderabad, a company specialising in SAP applications, to leverage its ready-to-use templates for the pharmaceuticals and textile industries. Zensar OBT's unique proposition is the rapid and timely implementation of SAP with 40% of the implementation already templated and 'ready-to-use'.

The Company also acquired the New York-based ThoughtDigital – owned by SOA Software – which remains a leading East Coast (USA) systems integrator specialising in Oracle applications. Zensar ThoughtDigital enjoys a strong client base across verticals like communications and media, financial services, consumer products and services. This acquisition transformed Zensar into a global leader in its chosen domain.

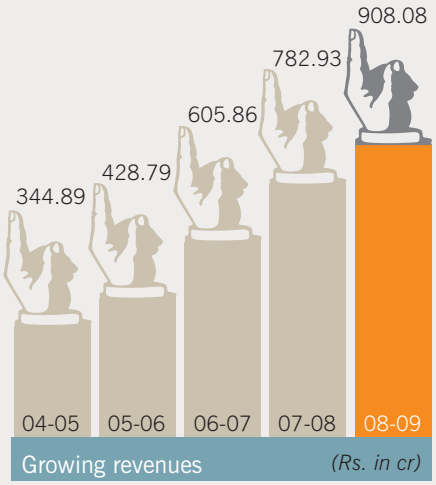
The Company formed a joint venture with the promoters of Tokyo-based EZA Ltd to strengthen its footprint in Japan. The joint venture was named Zensar Advanced Technologies Limited. The Company eventually bought out its JV partner's 40% shares in Zensar Advanced Technologies Ltd, making ZATL a 100% subsidiary.

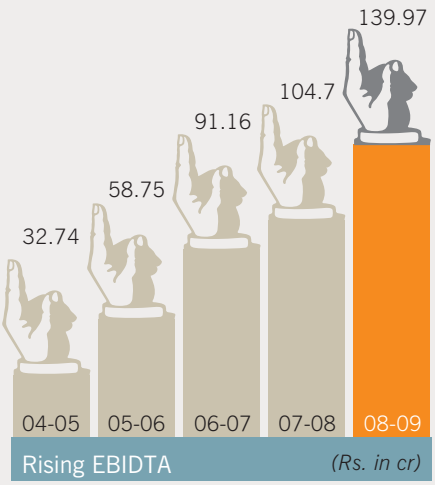
The integration of Zensar OBT Technologies Inc. and Zensar ThoughtDigital LLC into Zensar Technologies Inc. is integral to the Company's initiatives in the area of consolidation of US operations.

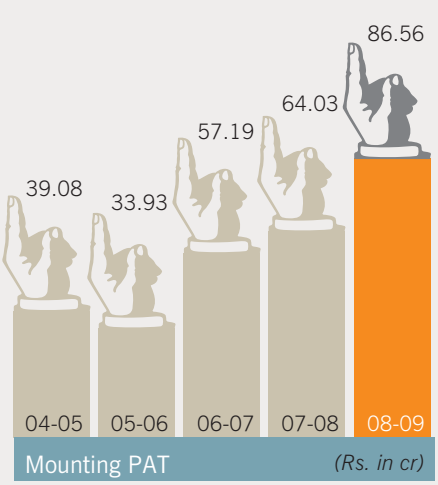
These initiatives were directed at strengthening our derisked business model and rationalising our dependence on the US market. Zensar demonstrated deep client mining and retention capabilities, evident from the sharp improvement in realisation per client across all client categories.

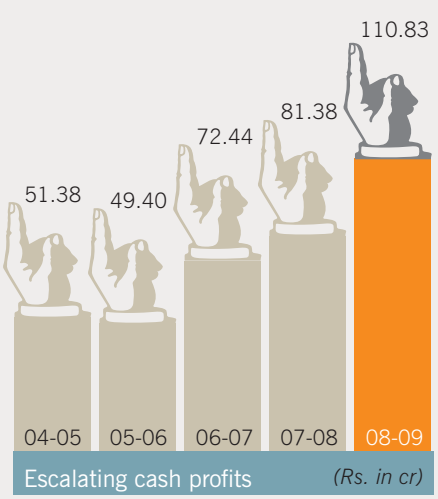
The Company's business achievements continue to be driven by a diversified, market-aligned services portfolio, wide geographic presence, enhanced productivity through proven efficiency benchmarks as well as an innovation-driven culture with strong people orientation.

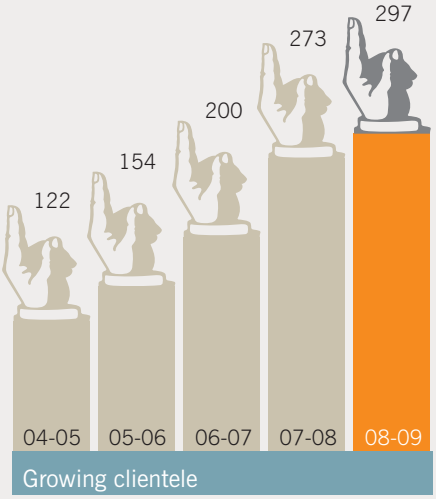
OUR ROBUST FINANCIALS VINDICATE OUR STRATEGY TO RECONCILE BUSINESS PRUDENCE WITH DIVERSITY AND INCLUSIVENESS

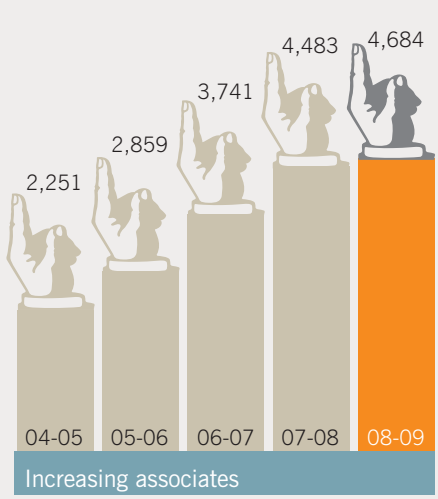


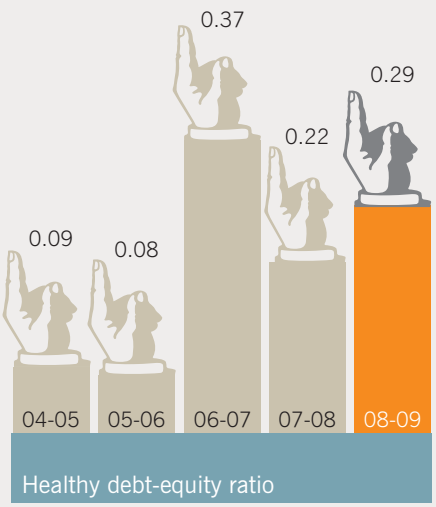


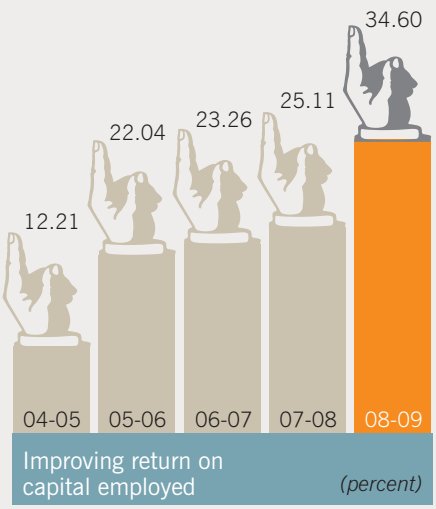


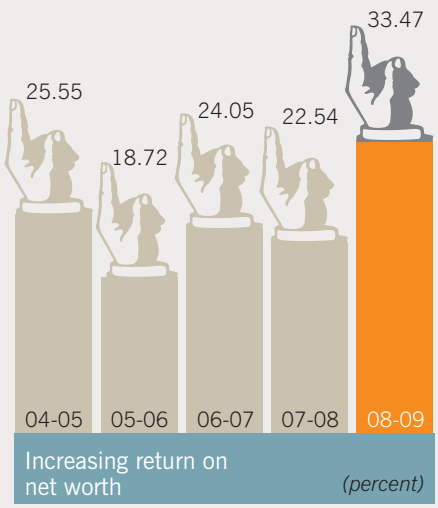












FROM THE CHAIRMAN'S DESK

Dear Shareholders,

Success and failure are an inseparable part of a business cycle – when success comes to many, we call it a boom time, and when the reverse becomes the rule – we face a meltdown, downturn and recession. The Indian IT industry, like several other key sectors of the economy is today confronting a similar situation. After years of unprecedented success where revenues grew from under USD 5 billion to over USD 70 billion at the end of March 2009 with exports touching USD 50 billion, there are signs of a perceptible slowdown with most companies forecasting flat revenues and profits for the year in progress.

As we enter a new financial year, it is time for all of us to take stock of what has been and approach the coming year with a new resolve and determination. The second half of the past year has thrown up new challenges and the coming year, by all accounts, is going to be difficult. However, we see it as an opportunity to assess our strengths and put in place a winning strategy despite the testing times.

The current economic scenario will require us to go back to the drawing board and reinvent cost structures and improve efficiencies. Equally, I am confident that Zensar's robust practices and strong relationships with existing customers, steady movement on the customer acquisition front and a focus on internal capability building, coupled with a resolve and commitment to face the challenging situation, will see the Company make good progress.

I am confident we can do this because we have managed to stay the course in difficult times earlier too and emerged stronger each time. The team at Zensar has the requisite strengths – in terms of people, resources and skills and a strong management team providing the leadership.

We have surpassed an important milestone in our profits and we look forward to the continuing growth and success of Zensar in the national and global world of Information Technology and Business Process Services.

Sincerely,

Harsh Goenka
Chairman

ceo's note

Dear Shareholders,

The Zensar management team is pleased to report that despite a tough business environment, we have delivered our committed profit after tax of Rs 86.56 crore on a turnover of Rs 908.08 crore. Our commitment to shareholder value enhancement remains strong and continues to drive all our efforts.

At Zensar, we see the ongoing economic crisis as a challenge and an opportunity to empower our global customers to enhance their competitiveness. Our long experience of working with FTSE 100 and Fortune 100 companies in the manufacturing, retail and financial service verticals has strengthened our solutions delivery capabilities across the dimensions of consulting, technology development, business services and remote infrastructure management. Our new Impact Sourcing service is helping companies get quick results in a defined timeframe. This has been well received in all markets

From a multinational to a global corporation

As we evolve from an India-centric solutions delivery platform to a globally dispersed presence with offices and delivery centres worldwide, we are building an organisation around the entrenched virtues of diversity and inclusion. Zensarians with diverse cultural and national backgrounds work together to build solutions for clients in 18 countries, enabled by a management system that celebrates their differences and unites them in a common purpose.

Diversity and inclusion are important themes for another reason. Today, a majority of working women in India and abroad have no direct say in their management; few rise to positions of higher responsibility and authority. To address this imbalance, we started our 'Women for Excellence' programme five years ago and consequently, about 30 percent of our current organisation strength comprises women while 15 percent of senior management are women. Additionally, our culture gives young and incoming members the confidence to voice and influence positive change. We have institutionalised this priority through our longstanding 'Vision for Excellence' programme that has been documented in case studies developed at MDI, IIM Bangalore and will soon be chronicled at the prestigious Harvard Business School.

The result is a rich and empowering organisational culture that makes people feel great to be a part of Zensar. It creates a climate of collaboration and cooperation that every customer notices and enjoys. As we move forward to scale higher summits of excellence, the near 5,000 global Zensarians are committed to live by our values, to making all our stakeholders more successful and delivering on our vision to continue being the transformation partner for global corporations.

Sincerely,

Dr. Ganesh Natarajan
Vice Chairman and MD

AT ZENSAR TECHNOLOGIES, DIVERSITY AND INCLUSION ARE NOT JUST DECORATIVE WORDS THAT ARE WRITTEN AND FORGOTTEN. THEY REPRESENT A SENSITIVE PEOPLE-CENTRIC PHILOSOPHY TO ALIGN INDIVIDUAL OBJECTIVES WITH ORGANISATIONAL GOALS

1 Mentoring Scheme

Zensar's mentoring scheme is a unique opportunity for associates to enhance their learning potential in line with the organisational objectives. Under the initiative, each individual, who signs up for the scheme, is assigned a mentor. Mentors (senior associates) and trainees meet weekly to discuss issues like career development, work-life balance, productivity-enhancing initiatives as well as personal issues and concerns.

2 Women for Excellence (WE)

Women's empowerment remains an abiding management philosophy at Zensar. This involves the creation of a gender-sensitive environment in which women find the right platform to discuss, debate and evolve ways to realise their dreams. WE is the result of such an initiative where members interact quarterly and share experiences with successful women. This fosters leadership in our women associates to seek new frontiers of excellence.

3 The Vision Community

Zensar believes in creating an organisation of visionaries with grit, nerve, capability and commitment. Created in 2001, the Vision Community encompasses all management levels who unanimously believe in creating a futuristic business enterprise through enhanced people engagement.

4 Pizza and Coke

This is an informal interactive forum where associates meet senior management to voice their concerns, opinions and seek suggestions over pizza and a coke. The suggestions and opinions are duly recorded, backed by appropriate action.

5 Time-Off-Scheme (TOS)

This unique associate-friendly scheme allows associates to take time off from work for 3-12 months. This makes it possible for associates to pursue their other passions that accelerate their holistic personal development. Associates under this scheme contribute only 25% of their time to the organisation.

6 Zensar Fitness Centre

The organisation's in-campus fitness centre is equipped with trainers and advanced fitness kits. It provides associates with opportunities for exercise and relaxation (carrom and table tennis), while enhancing interpersonal bonding.

7 Day Care Centre

Zensar's specially-designed Day Care Centre meets the requirements of our associates' children. The centre has adequate rest areas, study enclosures and ample space for children to play in. An outdoor play area, with sand pits and other engaging play junctions, enhance the environment's child-friendliness. The centre meets the highest health, security and safety standards.

8 Values Game, Workshop and Certification

Zensar has created an interactive game related to the Company's intrinsic values. Every associate undergoes the workshop and certification exercise that enables him/ her to imbibe organisational values through an in-house game.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Zensar Foundation's community development initiatives encompass the diverse areas of health, education for livelihood creation and women-children welfare. The Company is also enhancing its environment focus and catalysing associate awareness through enhanced participation in initiatives such as global warming awareness camps for Zensarians, students and teachers; the Company is also engaged in waste management, cycle rallies, shared transport to work, plant adoption drives and a reduction in the organisation's carbon footprint.

Health

- Zensar Foundation runs a weekly clinic: Regular visits by doctors are conducted at the Chandan Nagar Community adopted by the Foundation near Kharadi.
- AIDS Awareness Project: The Foundation reduces the HIV/AIDS vulnerability of children through an enhanced access to prevention services. The project, in association with Project Concern India (PCI), enhances HIV/AIDS awareness among adolescents.

Education

The Foundation offers special programmes to disadvantaged and rural students. In 2008-09, it set up the Zensar-NASSCOM Knowledge Centre, a school supported by Zensar; that works along with Nasscom Foundation and Suraj Foundation as implementation partners. The Kharadi centre aims to improve hygiene, nutrition, healthcare, technology centricity and employment opportunities.

Socio-economic development

Zensar Foundation is also a part of the corporate consortium for Livelihood Advancement Business School (LABS), a skill-based training programme initiated by Dr. Reddy's Foundation for those who passed/failed in the 10th or 12th standard. Around 792 youth cleared the programme and all those who were a part of the programme have been gainfully employed. The current batch of LABS comprises 102 students and the Foundation is now exploring placement options within and outside the organisation.

environment

The Company's green initiatives comprised the following:

- Cycle-to-work campaign
- Environment consciousness campaign that extended to the homes and families of Zensar associates to institutionalise and multiply environment conservation efforts
- Sensitised awareness on health and energy efficiency through Train-the-Trainers programmes at the associate, community and school levels
- Efficient management of e-waste
- Optimum electricity consumption through the use of stairs, switching lights off when not needed and planned AC consumption
- Enhanced green awareness by hosting the Pune cycle rally and 'walkathon' in partnership with the Pune Municipal Corporation on World Environment Day
- Zensar recently launched an Innovation Park on Second Life – an internet-based virtual platform to enhance intellectual frontiers – focusing on the green agenda. The Innovation Island now also has a Bio Park, enabling customers, associates and friends of Zensar to plant a tree on Second Life with the Foundation reciprocating by planting a real tree on their behalf

other initiatives

- Akanksha: Zensar Foundation has been working closely with Akanksha, an NGO, to spread non-formal education since 2003. The centre has 82 students, who are groomed to converse in English, so that they can be gainfully employed. Besides regular sessions, the school organises interactive fun sessions (storytelling, songs and movies), accelerating their holistic development
- IT education: The Foundation initiated a series of basic IT education sessions to spread computer literacy in the Pune Municipal Corporation School (PMC), Chandan Nagar. The school now has a functional lab with 15 computers. Jointly set up by the PMC and Zensar Foundation, the lab has trained more than 420 students
- Abhay Abhiyan (fear-free learning campaign): Corporal punishment is an educational impediment and this message was propagated among teachers, experts and progressive individuals through the Abhay Abhiyan forum. As a member, the Foundation is actively engaged in campaigning against corporal punishment

DIRECTOR'S REPORT

CORPORATE GOVERNANCE REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present their 46th Annual Report together with the Audited Accounts for the year ended 31st March 2009.

FINANCIAL HIGHLIGHTS

The Financial Results for the year are as under:

Zensar Technologies Limited

(Rs. Crore)

	Year ended 31st March 2009	Year ended 31st March 2008
Income from operations	421.87	335.87
Miscellaneous Income	8.75	10.27
Total	430.62	346.14
Profit Before Taxation	66.68	48.67
Profit After Taxation	60.47	45.38
Proposed Dividend	10.78	9.11
Transfer to General Reserves	75.00	4.54

Zensar Technologies and Subsidiaries (Consolidated)

(Rs. Crore)

	Year ended 31st March 2009	Year ended 31st March 2008
Income from operations	908.08	782.93
Miscellaneous Income	14.08	12.19
Total	922. 16	795.12
Profit Before Taxation & Minority Interest	111.82	81.43
Profit After Taxation and before Minority Interest	86.26	64.50
Minority Interest	(0.30)	0.47
Profit After Taxation	86.56	64.03

FINANCIAL RESULTS

During the financial year 2008-09, your Company recorded total income of Rs. 430.62 Crore comprising Income from Software Development and Allied Services of Rs. 421.87 Crore, and other income of Rs. 8.75 Crore. The Company recorded a net profit of Rs. 60.47 Crore reflecting a growth of 33.25%.

On a consolidated basis, your Company has maintained steady growth with total income of Rs. 922.16 Crore comprising Income from Software Development and Allied Services of Rs. 908.08 Crore and other income of Rs. 14.08 Crore. The Consolidated Profit before Taxation and Minority Interest was Rs. 111.82 Crore reflecting a growth of 37.32%. The Consolidated Profit after Taxation was Rs. 86.56 Crore reflecting an increase of 35.19%.

BUSINESS UPDATE

It has been a difficult year for economies across the globe with uncertainties of the global financial crisis. The tough market conditions have made for a challenging environment for the Software Exports industry as a whole. Your Company was able to deliver excellent growth in profits and good growth in revenue.

Through the year, your Company has built upon its relationships with existing customers and has made steady growth on the customer acquisition front. Your Company inaugurated an exclusive Global Delivery Centre for one of the key customers and achieved the milestone of having over a 1000 associates under its fold.

Your Company's strategic services of Infrastructure Management and Software Testing businesses have been showing significant growth potential and investments have been made in creating a robust IM practice with new service lines of ZenRIMS (Zensar Remote Infrastructure Management Services) and ZenGDC (Zensar Green Data Centre) being launched.

Consolidation of your Company's business in the US through the merger of Zensar OBT Technologies Inc. and Zensar ThoughtDigital LLC into Zensar Technologies Inc. is an integral part of the Company's overall consolidation efforts of operations in the USA. Your Company has also purchased 40% shares in Zensar Advanced Technologies Limited (ZATL), from the JV Partner making ZATL 100% subsidiary of the Company.

Your Company has continued its focus on innovation and launched a strategic service Impact Sourcing, which is Zensar's recession proof and highly focused offering to help clients formulate and implement strategies to achieve optimization across the organization. The Impact Sourcing 10/10 formula means savings of ten percent in any chosen process within ten months of Zensar's engagement which has already been pilot tested and is being simultaneously offered to customers in the USA, Europe, Japan and India.

Your Company has won the **CNBC Award for Best Exporter in IT/ITES,** in the medium scale category for the third year in succession and has also been recognised by the **India Department of Scientific and Industrial Research** for in-house R&D efforts on innovation. Your Company believes that focus on innovation and R&D can leverage its efforts in developing technology competencies to better software and service delivery to customers. The Department of Scientific & Industrial Research (DSIR) is the nodal department that grants recognition to in-house R&D units in Industry, Scientific and Industrial Research Organizations (SIROs) with the objective to enhance focus on in-house R&D, and to promote and strengthen R&D infrastructure in the Industry, ensuring this dovetails into robust technological and industrial development.

Your Company has received the **Emerging Business Applications Award** for 2009 at the Oracle UK Partner Awards ceremony held recently in London. Oracle recognized Zensar's continued success in delivering innovative solutions and for providing value to its customers using Oracle Applications and Technology. In the US, your Company has built success stories through Greenfield projects using Oracle Business Accelerators which have been leveraged for faster implementation of enterprise applications and optimization of costs.

Additionally, your Company has also ensured that all operational levers work towards enhancing productivity, given the unpredictability of external environment. Therefore, your Company has continued its control on utilisation and attrition levels are at an all time low.

DIVIDEND

In view of your Company's profitable performance, your Directors are pleased to recommend, for your approval, dividend at the rate of Rs. 4.50 per share on the Equity Shares of Rs. 10/- each for the financial year ended 31st March 2009. The Dividend, if approved by the shareholders in the ensuing Annual General Meeting would result in an outflow of Rs. 12.62 Crore 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, your Company does not have any Fixed Deposit Scheme.

DIRECTORS

Mr. John Levack and Mr. P. K. Mohapatra 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 principle 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. Particulars regarding foreign exchange earnings and expenditure during the year are given in Note 12 and Note 13 of Notes to Accounts respectively. Particulars regarding R & D expenditure during the year are given in Note 21 of Notes to Accounts.

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

The Directors confirm that –

i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

ii) appropriate accounting policies have been selected and applied consistently and the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 and the profit of the Company for the year ended 31st March 2009;

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the annual accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

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

SUBSIDIARY COMPANIES

Your Company has received approval of the Central Government under Section 212(8) of the Companies Act, 1956 exempting the Company from attaching to its Balance Sheet, the individual Annual Reports of its subsidiary companies. The statement giving details in aggregate for each subsidiary viz. (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend, has been disclosed in the Annual Report.

The Company will make available the annual accounts of the subsidiary companies and the related detailed information upon request by any member of the Company. These documents/details will also be available for inspection by any member of the Company at its registered office during business hours on working days.

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

CORPORATE GOVERNANCE

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 21st April 2009 from M/s. S. V. Deulkar & Co., Practicing Company Secretaries certifying 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 and forming part of the Annual Report.

EMPLOYEES STOCK OPTION PLAN

Your Company has implemented 2 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 Associates 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: 21st April 2009

Annexure A

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

A. RESEARCH & DEVELOPMENT (R&D)

Your Company is happy to report that its in-house Research and Development Program received recognition from Department of Science and Industrial Research (DSIR), Department of Science and Technology (DST), Government of India, in September 2008. Your Company is continuing its focus by further doing Research and Development activities in the following areas:

Global Delivery Model/Solution BluePrint Development

Your Company 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. The modeling technology used in SBP facilitates model transformation to leverage productivity gain through automation. SBP is now enabled with collaborative feature to assist in better understanding amongst stakeholders to address worldwide business needs of IS systems. One of the ways of deployment is through Global Delivery Model (GDM) to leverage global network of resources, domain/technology and facilities through best-in-class processes. The new addition of unique class-extraction feature based on OOAD principles impacts design cycle times. The experience gained so far sets the future path of maturing and enhancing SBP Framework architecture, based on flexible Open Source Community components/ tools, to have automated test case identification, Java/J2EE design pattern implementation and Round Trip Engineering with popular Java IDE. Your Company also plan to share SBP Community Edition version through our solution-blueprint.com site launch.

Use of Open Source Technologies

Open Source Technologies remains preferred choice for organizations worldwide looking for cost effective solutions for changing business needs. With growing confidence in building glue/ wrapper on Open Source components and developing plug-in components to build/ enhance functionality, your Company has executed internal projects and developed capability to address solution space using such technologies for the customers. These technologies typically include Linux for operating system, Apache for application server, MySql for database and PHP for scripting language. Your Company has become member of the very popular Open Source Eclipse platform.

T-Zen Test Manager tool

Software Test Manager tool facilitates the testing during development process. Your Company has developed a bug tracking tool - TZen. This is an in-house developed tool for our software development community. It allows us to freely use and also add functionality as required. The features include integration with open source tool – Mantis with built-in hosting capability to reduce individual installations and maintenance.

SOA (Service Oriented Architecture)

The SOA framework understanding has started paying dividends in the form of web services implementation in our internal IT applications. This will enable us to follow the blueprint for integrating our own internal IT application gradually including legacy systems to realize SOA framework.

B. TECHNOLOGY ADOPTION AND ASSIMILATION

Development of IT Systems for internal use

Your Company continues to build IT systems for its own use in line with changing business needs. The integrated IT systems include applications such as Project Initiation/ Allocations, workflow engine based Performance Management systems, collaborative work through portal services and knowledge management.

Innovation Council

During the year, your Company has created Council to identify opportunities for Technology and Process Innovation applicable in its work. This Council will focus on Innovative ideas in "Product" and "Process" space. Council is 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 A PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2009

Sr. No.	Name of employee	Age	Gross salary (Rs.)	Designation	Qualification	Experience	Date of Joining	Details of previous employment	
								Designation	Organisation
1	Mr. Sanjay Sadashiv Marathe	53	3595572	Senior Vice President, Head Delivery - GTS (Americas) and CTO	M.Tech	31	01-Apr-85	Head-Micro-processor Division	ICA, Mumbai
2	Mr. Praveen Rajkumar Wadhwa	44	2578854	Assistant Vice President & Delivery Unit Head	B.Sc (Applied) Comp Science	23	17-Feb-92	Project Leader	Data Systems Services Pvt Ltd.
3	Ms. Vaijayanti Nitin Deshpande	51	2718361	Associate Vice President- Finance	B.Sc; CA	25	02-Jan-96	Manager- Finance	Thermax Limited
4	Mr. Prasad Madhav Deshpande	40	2572576	Associate Vice President	B.E. Computer Sc & Engg; MMS	19	02-Sep-96	Technical Lead/ Senior Analyst	Forbes Marshall
5	Mr. Krishna Padmanabhan Kumar	46	2574392	Head Delivery Unit	MBA	22	15-May-97	Electronics Dept-Level 3 Computerisation	Tata Steel
6	Mr. Sanjay Brijkishore Chaturvedi	41	2740314	Assistant Vice President	MBA	19	08-Sep-97	Business Manager	NIIT
7	Mr. Premkumar Ramchandra Apte	55	2982435	Associate Vice President	M.Tech Comp Science	32	18-May-99	Sr.Vice President	Software Moghuls Ind Pvt.Ltd.
8	Mr. Harish Lala	35	2550607	Country Manager	MBA	11	01-Mar-00	Senior Marketing Executive	Wipro
9	Mr. Visvanathan Shankar	56	2768358	Associate Vice President	M.Sc	33	04-May-99	Wing Commander	Indian Air Force
10	Ms. Prameela Nagamalati Kalive	42	3005146	VP & Global Head Talent Management	ME; MBA	22	17-Nov-00	Technical Director	Athena Consulting Private Ltd.
11	Dr. Ganesh Natarajan	52	8068509	Vice Chairman & Managing Director	BE (Mech.); P.G. (Ind) Engg.; Ph.D	29	01-Mar-01	Managing Director	Aptech Limited
12	Mr. Hiren Ramkrishna Kulkarni	48	3151878	Vice President	BA	25	02-May-01	General Manager	ERPG
13	Mr. Chandrashekar Prabhakar Limaye	45	2403002	Head Delivery Unit	BE; MCM	24	23-Jul-01	Assistant Vice President	FAPL, Singapore
14	Mr. Krishna Ramaswami	44	2848490	Vice President	B.Sc; PGDSM	21	05-Nov-01	Senior Vice President	Sanchez Capital Services
15	Mr. Shankar Krishnamoorthy	45	2501466	Head Delivery Unit	B.Com	22	01-Mar-02	Project Manager	SSI Technologies, Chennai
16	Mr. Yogesh Patgaonkar*	39	3174641	Vice President	B.Sc; MMS	15	18-Apr-03	Regional Head - Hr	MPHASIS BFL LTD
17	Mr. Balasubramanian Visvanathan	48	4854180	Executive Vice President	BE; PGDIE	25	01-May-04	Executive Director	Aptech Limited
18	Mr. Ajay Bhandari	40	3676667	Associate Vice President	CA; ICWA	21	20-Aug-99	Manager - Systems	Fascel Limited

Sr. No.	Name of employee	Age	Gross salary (Rs.)	Designation	Qualification	Experience	Date of Joining	Details of previous employment	
								Designation	Organisation
19	Mr. Parimal Pandit	40	2499193	Asst Vice President & Head - Delivery Unit	BE	18	29-Jun-98	Sr.Officer Systems	Motor Industries Co. Ltd.
20	Mr. Sivasubramanian Rangaswamy*	41	2046337	Associate Vice President	BE	19	09-Jun-04	Consultant	Tata Consultancy Services
21	Ms. Sunetra Shriprakash Wagh	43	2545197	Assistant Vice President and Delivery Head	BSC; PGDCA	22	15-Jul-04	Project Manager	Mastek Ltd.
22	Mr. Ramanathan Ramasubramanian	47	2489272	Global Marketing Controller	BSC; DMM	24	01-Dec-04	Chief Executive Officer	Sai Softek Services Pvt. Ltd.
23	Mr. Chandran Raghuraman	49	2913271	Associate Vice President	BE; PG Diploma	25	03-Jan-05	Principal Consultant	Satyam Computers
24	Mr. Parmod Kumar Bhalla*	54	3944271	Chief Operating Officer	PG in Operation Research	30	02-Jan-05	Managing Director	Blue Star Infotech ltd.
25	Mr. Balasubramaniam S	51	3530925	Sr. Vice President and CFO	B.Com (Hons.); CA; ICWA	29	01-Oct-05	VP-Finance	RPG Life Sciences
26	Mr. Anturkar Shashank S	46	2548216	Practice Head - Manufacturing Technology Solutions	BE; Diploma	20	01-Apr-06	Retainer	Zensar Technologies Ltd
27	Mr. Jitendra Bane	49	2523376	Head Delivery Unit	B.Sc	28	16-Jun-06	Asstt. General Manager	3i Infotech Ltd.
28	Mr. Ankit Ghosh	43	3258300	Practice Head - IM	Diploma in Electrical Engg.	20	10-Oct-06	Sr. IT Consultant	ITC Infotech India Ltd
29	Mr. Hasan Suhail Siddiqui	51	3546141	Vice President	B.Tech	28	06-Apr-07	Vice President	Satyam Computers
30	Mr. Subramanian Narayanan	56	2645716	Head Delivery Unit (ROW)	BBA; ACA; ICWA	22	04-Jul-07	Vice President	Mascon Global Limited
31	Mr. Nikhil Agarwal	33	3029601	Director ZCBI	Phd	11	16-Jul-07	Professor	SPJIMR
32	Mr. Srinivas Rao Polsani*	41	2346024	Head Consulting Deliveries	BE	16	23-Apr-08	Head Fusion Middleware Practice	Satyam Computer Services

* 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
H. V. Goenka
Chairman

21st April 2009
Mumbai

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	43569	46000
4	Pricing formula	The Compensation Committee decides exercise price for the Stock Options based on the market price ie. the closing price on the Stock Exchange where trading volume is more on the previous day of the Compensation Committee Meeting held for granting of Stock Options. Compensation Committee may determine the Exercise Price at a premium or discount of a maximum of 20% on the market price.	The Compensation Committee shall determine the exercise price in respect of each grant of option. However, the exercise price shall be with premium or discount of a maximum of 20% on the market price as defined under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
5	Options vested as of 31st March 2009	210264	138080
6	Options exercised during the year	Nil	Nil
7	Total number of shares arising as a result of exercise of options till 31st March 2008	677606	Nil
8	Options lapsed/ cancelled during the year[1]	50696	45720
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. Nil	Rs. Nil
11	Total number of options in force at the end of the year	326657	473480

Sr. No.	Description		
12	Employee-wise details of Stock Options granted to Senior Managerial Personnel as on 31st March 2009.	Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan - 500000*; Mr. Parmod Bhalla – 100000*; Mr. Vivek Gupta – 21039*; Mr. Nitin Parab – 18476; Mr. V. Balasubramanian – 19125*; Mr. S. Balasubramaniam – 10407*; Ms. Prameela Kalive – 1575; Mr. J Pardhasaradhi – 2100; Mr. Krishna Ramaswamy – 1575 *Of these, certain stock options have been exercised	Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan – 200000; Mr. Vivek Gupta – 30,000; Mr. Nitin Parab – 30000; Mr. V. Balasubramanian – 30000; Mr. S Balasubramaniam – 5000; Ms. Prameela Kalive – 3000, Mr. Krishna Ramaswamy – 3000
13	Employees who were granted options amounting to 5% or more of the options granted during the year.	Mr. V. Balasubramanian – 2625 stock options	Mr. Sanjay Marathe – 5000; Mr. S Balasubramaniam – 5000; Ms. Prameela Kalive – 3000; Mr. Krishna Ramaswamy – 3000; Mr. Yogesh Patgaonkar – 10000; Mr. Siva Rangaswamy – 8000; Mr. Ravi Shetty – 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 2009, 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. 25.21	Rs. 25.21
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. 0.45 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is Rs. 0.45 Crore and Re. 0.19 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. 0.77 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is Rs. 0.77 Crore and Re. 0.32 respectively.

Sr. No.	Description		
17	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date	Weighted average exercise price of the options is Rs. Nil Weighted average fair value of the options is Rs. 73.18	Weighted average exercise price of the options is Rs. Nil Weighted average fair value of the options is Rs. 83.11
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 : 6.69 % 2. Expected life : 84 months 3. Weighted average of expected volatility : 45 % 4. Expected dividends : 1.57 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 131.25	The Company has used the Black Scholes Model for estimating the Fair Value of the options. The Company has applied the following assumptions while computing the fair value: 1. Risk-free interest rate : 6.69 % 2. Expected life : 84 months 3. Weighted average of expected volatility : 45 % 4. Expected dividends : 1.57 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 131.25

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

CORPORATE GOVERNANCE

The Company's Corporate Governance Philosophy

Corporate Governance

Corporate governance is the set of processes, customs, policies, laws and practices affecting the way a company is directed, administered, controlled and governed. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation strives. The Company firmly believes that only good Corporate Governance will generate value on a sustained basis to all its stakeholders.

Corporate Governance primarily concerns transparency, full disclosure of material facts, independence of Board, fair play with all stakeholders and directing the Company to work towards enhancement of wealth of all stakeholders viz., shareholders, creditors, customers, employees and society at large.

Corporate Governance at ZENSAR:

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 is based, to make Zensar a vibrant and socially conscious organization. Corporate governance at Zensar transcends to a level beyond mere compliance to legal requirements. The importance of Corporate Governance has always been recognized by Zensar.

A report, in line with the requirements of the Stock Exchanges for the year ended March 31, 2009 is given below:

1. Board of Directors

A. Size and Composition of Board

The Company's Board of Directors' is characterised in Independence, professionalism, transparency in decision making and accountability. It comprises combination of Executive and Non-Executive Directors which surpasses the regulatory yardstick requiring 50% of independent Directors on the Board.

The Board consists of Eight Members, one of which is Executive Director and seven are Non-Executive Directors. The Company has a Non- Executive Chairman from Promoter Group.

B. Board Meetings

The Board of Directors of the Company met four times during the Financial Year 2008-09 on 24th April 2008, 24th July 2008, 17th October 2008 and 16th January 2009.

Details including composition of the Board as on 31st March 2009, are given below:

Sr. No.	Name of Director	Category	Date of Appoint-ment	Attendance in Board Meetings during 2008-09	Attendance in last AGM	Other Boards / Committees		
						Director-ships*	Committee*	
							Member	Chairman
1	Mr. H. V. Goenka	Chairman Non Executive Director	04.09.01	4	No	8	Nil	Nil
2	Dr. Ganesh Natarajan	Vice Chairman and Managing Director Executive Director	04.09.01	4	Yes	2	Nil	Nil
3	Mr. A. N. Agrawal	Independent Non Executive Director	29.01.02	2	No	1	Nil	Nil
4	Mr. P. K. Choksey	Independent Non Executive Director	24.04.80	4	Yes	1	1	Nil
5	Mr. Venkatesh Kasturirangan	Independent Non Executive Director	28.01.08	3	Yes	1	Nil	Nil
6	Mr. John Levack	Independent Non Executive Director	16.01.03	4	Yes	2	Nil	1
7	Mr. P. K. Mohapatra	Independent Non Executive Director	31.01.01	4	Yes	11	1	Nil
8	Mr. A. T. Vaswani	Independent Non Executive Director	09.02.96	3	No	4	1	3

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

2. Audit Committee

A. Composition

The composition of the Committee complies with the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956.

Audit Committee comprised of 3 professional non-executive Independent Directors, viz, Mr. A. T. Vaswani, Mr. P. K. Choksey and Mr. P. K. Mohapatra.

B. Meetings

During the Financial Year 2008-09, eight meetings of the Committee were held on 24th April 2008, 24th July 2008, 23rd September 2008, 17th October 2008, 3rd December 2008, 16th January 2009, 10th February 2009 and 30th March 2009.

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

Name	No. Of Meetings held during 2008-09	No. Of Meetings Attended
Mr. A. T. Vaswani (Chairman)	8	7
Mr. P. K. Choksey	8	8
Mr. P. K. Mohapatra	8	7

The Chairman of the Audit Committee was not able to attend the last Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Audit Committee. The Committee meetings are also attended by the Chief Financial Officer, Statutory Auditors and Internal Auditors.

Other executives of the Company also attended the meetings as and when required.

C. Terms of Reference

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

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

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

3. Compensation Committee

A. Composition

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

B. Meetings

During the Financial Year 2008-09, three meetings of the Committee were held on 24th April 2008, 24th July 2008 and 17th October 2008.

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

Name	No. Of Meetings held during 2008-09	No. Of Meetings Attended
Mr. P. K. Mohapatra (Chairman)	3	3
Mr. John Levack	3	3
Mr. Arvind Agrawal	3	1

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

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

Details of Remuneration of Executive Director

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

The remuneration paid to Dr. Ganesh Natarajan during Financial Year 2008-09 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 2008-09 was Rs. 0.85 Crore. A service contract for the period of 5 years ending on 28th February 2011 has been entered into with Dr. Ganesh Natarajan. The said service contract provides for termination of the contract by either Dr. Ganesh Natarajan 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 2006, Dr. Ganesh Natarajan was granted 2,00,000 nos. of performance based stock options under the 2006 Employee Stock Option Scheme. These Stock Options would be subject to performance based vesting over a period of 5 years commencing from one year after the date of grant. Of the above, 79,200 nos. of stock options have vested as on the date of this report.

As of the date of this report, Dr. Ganesh Natarajan holds 3,75,529 nos. of Equity Shares of the Company.

Details of Remuneration of Non Executive Directors

Non-Executive Directors are paid only the sitting fees for attending the meetings of the Board/ Committee within the limits as prescribed under the Companies Act, 1956. The Non-Executive Directors are paid sitting fees of Rs 20000/- for each meeting of the Board, Rs. 10000/- for each meeting of Audit Committee and Rs. 5000/- for each meeting of Compensation Committee, attended by them.

Shareholding of Non-executive Directors

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

The Committee meets at regular intervals in order to facilitate prompt and effective redressal of shareholders' complaints. The Company in coordination with Registrars and Share Transfer Agent takes all necessary steps for prompt redressal of all shareholder complaints and the Committee periodically reviews the reports of the same. With the intention of servicing the shareholders more expeditiously, the Committee has delegated the authority to approve transfers and transmissions up to 500 shares per transaction identified by a separate transfer number to Mr. S. Balasubramaniam, Chief Financial Officer and Mr. Nilesh Limaye, Company Secretary.

The name and designation of the Compliance Officer is Mr. Nilesh Limaye, Company Secretary.

B. Meetings

During the Financial Year 2008-09, thirteen Investors' Grievance and Share Transfer Committee meetings were held on 8th April 2008, 24th April 2008, 16th May 2008, 5th June 2008, 14th July 2008, 16th August 2008, 8th September 2008, 1st October 2008, 4th November 2008, 23rd December 2008, 30th January 2009, 21st February 2009 and 30th March 2009.

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

Name	No. Of Meetings held during 2008-09	No. Of Meetings Attended
Mr. A. T. Vaswani	13	13
Mr. P. K. Choksey	13	13
Dr. Ganesh Natarajan	13	13

C. Terms of Reference

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

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

5. Code of Conduct

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

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

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

Particulars	Financial Year 2005-06	Financial Year 2006-07	Financial Year 2007-08
Date and Time	27th July 2006 at 11.00 AM	17th July, 2007 at 12:00 Noon	23rd July, 2008 at 12:00 Noon
Venue	Institution Of Engineers (India), 1332, Shivajinagar, J.M. Road, Pune 411 005	Moolgaonkar Auditorium, A Wing, Ground Floor, MCCIA Trade Tower, International Convention Centre Complex, 403-A, Senapati Bapat Road, Pune 411016	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 shareholders of the Company at the previous three Annual General Meetings:

(i) In the Annual General Meeting held on 27th July 2006

(a) Approval of the 2006 Employee Stock Option Scheme.

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

(ii) In the Annual General Meeting held on 17th July 2007

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

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

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

Postal Ballot:

The Company conducted postal ballot to obtain approval of its shareholders under section 293(1)(a) of the Companies Act, 1956 by way of an ordinary resolution for creating equitable Mortgage on assets of the Company in favour of ABN Amro Bank N.V. to secure borrowings availed by the Company from the Bank. The Company had appointed S. V. Deulkar & Co. Company Secretaries, as Scrutinizer for conducting the postal ballot process in fair and transparent manner. The result of the postal ballot was declared on 27th November 2008 wherein the Ordinary resolution was declared passed with overwhelming majority by the shareholders.

7. Disclosures

A. Related Party Transactions

The transactions between the Company and the Management, Directors or their relatives are disclosed in the Note No 7 of the Annual Accounts in compliance with Accounting Standard 18 relating to "Related Party Disclosures". There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

B. Statutory Compliance, Penalties and Strictures

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

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

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

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

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

8. Means of Communication

- The quarterly, half-yearly and Annual Financial Results are published in widely circulated newspapers such as Financial Express, Loksatta, etc. in terms of Clause 41 of the Listing Agreement.
- As per the requirements of Clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, etc. is uploaded on the website www.sebiedifar.nic.in within the timeframe prescribed in this regard.
- The Company organizes press meets / Analysts meets to apprise and make public the information relating to the Company's working and future outlook.
- The Financial Results and presentations made to institutional investors or analysts are displayed on the Company's website www.zensar.com.
- The Company's website is updated periodically to include information on new developments and business opportunities of the Company.
- The Company has the practice of mailing quarterly Newsletter to the Company's shareholders. The shareholders are kept informed about important developments in the Company.
- The investors can contact the Company on the email id investors@zensar.com

9. General Shareholder information

1. Annual General Meeting: The Annual General Meeting of the Company will be held on Friday the 24th day of July 2009 at 12 Noon at Moolgaonkar Auditorium, A Wing, Ground Floor, MCCIA Trade Tower, International Convention Centre Complex, 403-A, Senapati Bapat Road, Pune 411016.
2. Financial Year: 1st April to 31st March
3. Book Closure Dates: The Company's Register of Members and Share Transfer Books will remain closed for the purpose of dividend from 17th July 2009 to 24th July 2009 (both days inclusive).
4. Dividend payment: The dividend recommended by Directors, on approval by the members at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the Company's Register of Members as on the date of the Annual General Meeting scheduled on 24th July 2009.

5.Financial calendar (tentative and subject to change)

Event	Due Date
Financial reporting for the quarter ending 30th June 2009	End July 2009
Financial reporting for the quarter ending 30th September 2009	End October 2009
Financial reporting for the quarter ending 31st December 2009	End January 2010
Financial reporting for the quarter ending 31st March 2010	End April 2010 (unaudited) Or End June 2010(Audited)
Annual General Meeting for the year ending 31st March 2010	End September 2010

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

   a. The Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001.

   b. National Stock Exchange of India Limited (NSE), Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra–Kurla Complex, Bandra (E), Mumbai 400 051.

Stock Code:

BSE	504067
NSE	ZENSARTECH
ISIN in NSDL and CDSL	INE520A01019

Listing fees have been paid for the year 2009-10.

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

Period	Bombay Stock Exchange Limited					National Stock Exchange of India Limited				
	High Rs.	Low Rs.	Close Rs.	Total Traded Quantity	Sensex	High Rs.	Low Rs.	Close Rs.	Total Traded Quantity	Nifty
Apr-2008	163.50	111.00	157.15	417490	17287.31	163.75	112.00	158.05	669946	5165.90
May-2008	162.00	138.75	141.55	178277	16415.57	161.90	138.50	141.25	275465	4835.30
Jun-2008	145.75	117.50	118.15	100066	13461.60	145.90	117.00	118.00	186803	4040.55
Jul-2008	148.90	108.05	140.00	219899	14355.75	149.00	108.10	140.50	386976	4332.95
Aug-2008	155.90	134.35	137.15	281337	14564.53	159.95	133.35	137.85	354845	4360.00
Sep-2008	152.00	94.00	108.40	119028	12860.43	151.95	92.40	109.50	168483	3921.20
Oct-2008	114.45	71.00	96.10	268299	9788.06	113.90	71.00	100.25	460817	2885.60
Nov-2008	115.00	72.10	81.90	160137	9092.72	119.00	71.70	85.75	245392	2755.10
Dec-2008	86.55	76.00	78.35	64348	9647.31	90.70	76.05	78.90	114380	2959.15
Jan-2009	82.45	64.65	69.85	71777	9424.24	82.95	66.05	69.15	148635	2874.80
Feb-2009	74.95	66.00	68.00	44501	8891.61	76.00	66.00	70.75	53821	2763.65
Mar-2009	86.95	67.25	77.95	188263	9708.50	87.55	67.50	77.40	449017	3020.95

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

8. Registrar and Share Transfer Agent-

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

912, Raheja Centre Free Press Journal Marg Nariman Point Mumbai 400 021	or	Satam Estate, 3rd Floor, Above Bank of Baroda Chakala, Andheri (East) Mumbai 400 099

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

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

9. Share Transfer System:

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

In compliance with the Listing Guidelines, every six months, the share transfer system is audited by a Practicing Company Secretary and a certificate to that effect is issued by him.

Complaints identified and reported during the Financial Year 2008-09 are as follows :-

Nature of Complaint	2008-09	
	Received	Attended to
Non – receipt of share certificates	36	36
Letters from Stock Exchanges, SEBI etc.	12	12
Non-receipt of Dividend/ Debenture interest/ Redemption warrants	65	65
TOTAL	**113**	**113**

10. Distribution Schedule:

As of 31st March 2009 the distribution of the Company's shareholding was as follows:

No. of equity Shares held	As on 31st March 2009			
	No. of Share holders	% of Share holders	No. of Shares held	% of Share-holding
1-500	23468	95.28	2105382	8.78
501-1000	605	2.46	472868	1.97
1001-2000	281	1.14	423833	1.77
2001-3000	88	0.36	225130	0.94
3001-4000	36	0.15	129178	0.54
4001-5000	34	0.14	156940	0.66
5001-10000	51	0.21	385194	1.61
10001 & above	66	0.26	20067145	83.73
Total	**24629**	**100**	**23965670**	**100**

11. Dematerialisation of shares and liquidity:

The shares of the Company are in compulsory dematerialised segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The status of dematerialisation of shares as on 31st March 2009 is as under:

Particulars	No. of Shares	% of total capital issued
Held in dematerialised form in CDSL	1016266	4.24
Held in dematerialised form in NSDL	22455550	93.70
Physical	493854	2.06
Total	23965670	100.00

12. Shareholding pattern:

Details of Shareholding as on 31st March 2009 was as under :

Category	As on 31st March 2009			
	No. of Share holders	% of Share holders	No. of Shares held	% of Share-holding
Individulas	23758	96.46	4438409	18.52
Corporates	566	2.30	8484687	35.40
FIIs & other Foreign Bodies	16	0.06	254034	1.06
NRIs/OCB	281	1.14	10482583	43.74
Mutual Funds	8	0.04	305957	1.28
Total	24629	100.00	23965670	100.00

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

As of 31st March 2009, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company except Stock Options granted under the 2002 Employees Stock Option Scheme and the 2006 Employees Stock Option Scheme, details of which have been disclosed in the Directors' Report.

14. Nomination:

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

15. Address for Communication

Mr. Nilesh Limaye

Company Secretary

Zensar Technologies Ltd.

Zensar Knowledge Park,

Kharadi, Plot # 4, MIDC,

Off Nagar Road, Pune 411 014, India

Code of Conduct

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

I hereby confirm that the Company has obtained from all members of the Board and Senior Management personnel, affirmation that they have complied with the Code of Conduct for the Financial Year 2008-09.

Dr. Ganesh Natarajan
Vice Chairman and Managing Director

Mumbai
Dated 21st April 2009

Practicing Company Secretary's Certificate

To the Members of Zensar Technologies Limited

We have examined the compliance of conditions of corporate governance by Zensar Technologies Limited, for the year ended 31st March 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

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

Pune
Dated 21st April 2009

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

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Profile:

Zensar Technologies is a globally focused software and services Company spread across 18 countries, with its headquarters in Pune, India and a centre in Hyderabad; it has its other delivery centres in Gdansk in Poland, Slough in UK and Shenzhen in China.

With 4684 associates and sales and operations presence across US, UK, Germany, Finland, Middle East, South Africa, Hong Kong, Singapore, Australia, Japan, Poland and China, the Company delivers comprehensive services for mission-critical applications, enterprise applications, e-business applications and BPO Services and is poised for growth in years to come.

The Company provides end-to-end services from IT solutions to Business Process Outsourcing services, from consulting to implementation across diverse technology platforms and industry domains through a Global Delivery Model, delivering 24x7 services.

The Company has been recognized by the Department of Scientific and Industrial Research (DSIR) in recognition of the in-house R&D efforts. DSIR is a nodal department that grants recognition to in-house R&D units in Industry, Scientific and Industrial Research Organizations (SIROs).

With a landscape of global operations comes a vast diversity of customers, partners and a global talent pool. 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 the Company is expanding.

At Zensar individuality, creativity, innovation and flexibility are celebrated and this creates enormous diversity which brings in a 'world culture' to the organization and equips it to be a true transformation partner to global corporations.

Indian IT 2000-09 Industry Outlook

It has been a difficult year for economies across the globe with uncertainties of the global financial crisis. The tough market conditions with the additional threats to security, safety and more recently governance have made for a challenging environment for the Industry.

The Indian IT and BPO is estimated to achieve revenues of USD 71.7 billion in FY 2009 with the IT software and services industry accounting for USD 60 billion of revenues despite the volatility and uncertainty of the unprecedented economic crisis, reaffirming the fact that the Indian IT and BPO industry is based on strong fundamentals which can strive through such crisis situations.

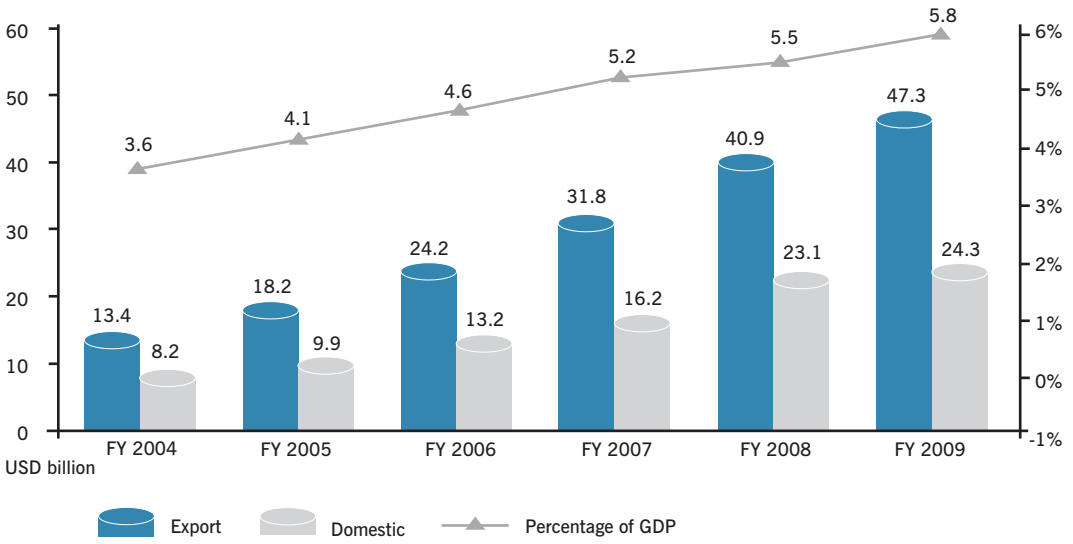
As a proportion of national GDP, the Indian technology sector revenues have grown from 1.2% in FY 1998 to an estimated 5.9% in FY 2009. Net value added by this sector, to the economy is estimated at 3.5-4.1% for FY 2009. The sector's share of the total India exports (merchandise plus services) has increased from less than 4% in 1998 to almost 16% in FY 2008.

The focus for the IT and BPO industry remained exports for the year however this trend seems to be increasingly changing with the global economic downturn and companies increasingly focusing on the domestic market. The export revenues are estimated to gross USD 47.3 billion in FY 2009 accounting for 66% of the total IT-BPO industry revenues. Currency movement during the year, led by the strengthening (high volatility) of the US dollar versus some of the major invoicing currencies deferred volume growth across the globe. While US remains the largest export market for the Indian IT-ITES services with 60% share of the total exports, incremental growth is being driven by the European market with UK and Continental Europe growing by a CAGR of 41.4% and 51.4% in the period FY 2004-FY 2008.

The industry's vertical spread also remained well balanced

Steady growth against backdrop of economic downturn and larger base

Indian IT-BPO Sector

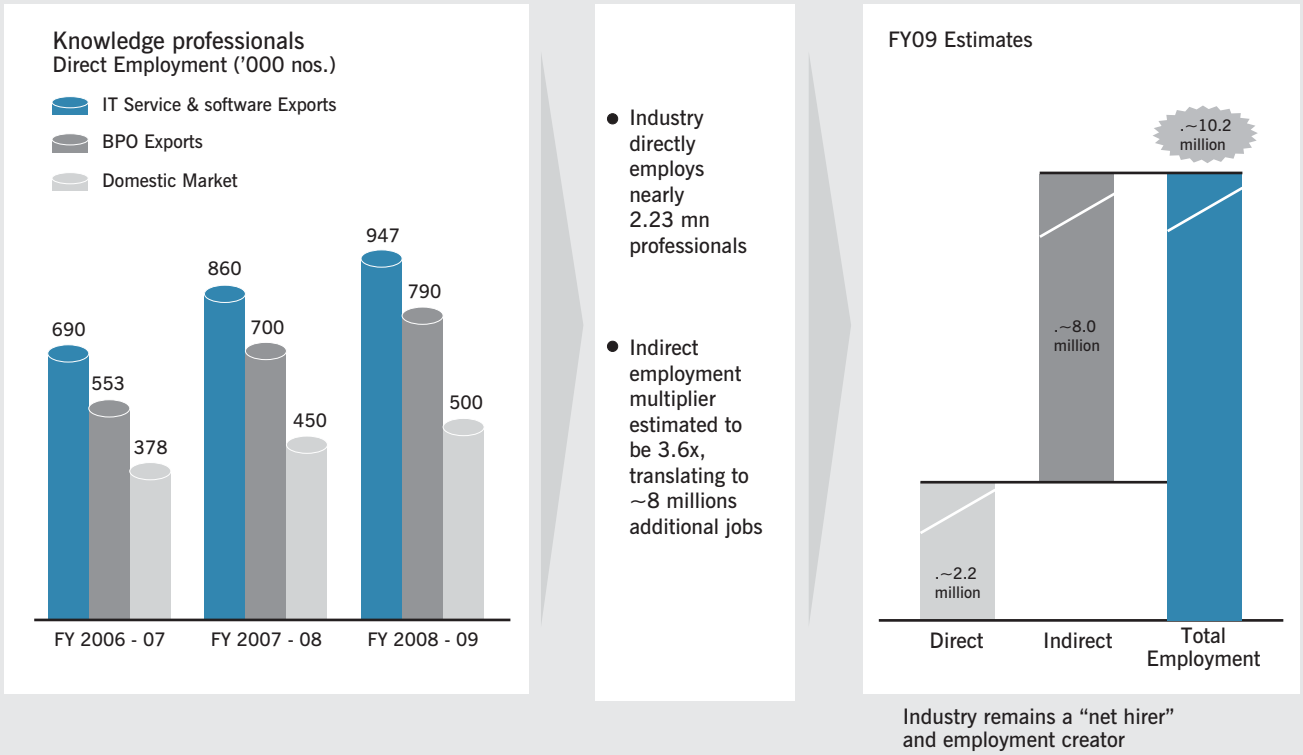


Note : Includes hardware numbers in domestic and exports revenues
Source : NASSCOM

amongst established services and newer service areas through the year despite the turbulent times. While Banking, Financial Services and Insurance (BFSI) remains the biggest growth sector as the last year with over 41% of the total outsourcing revenues, verticals like Hi-tech/ Telecom, Manufacturing and Retail are also becoming major contenders. From a services perspective, the IT services segment aggregated to a total revenue of USD 26.9 billion, accounting for about 57% of the total exports. Within the services portfolio, remote infrastructure management continued its robust performance with an expected growth rate 25% in FY 2009. The BPO segment also remained another good performer as the fastest growing segment and is estimated to reach USD 12.8 billion in FY 2009 with a growth rate of 17.5%. Additionally, the engineering and software products segment is also expected to grow by 14.4% in the current fiscal to touch USD 7.3 billion. 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 even under the clouds of uncertainty.

With the economic uncertainties, the industry is today looking at exploring the domestic market which offers great potential. The domestic market presents a significant opportunity as IT spending in India is growing at a fast pace. Domestic IT and BPO revenues are expected to grow at almost 20% to reach INR 1,113 billion in FY 2009. While growth in the hardware spend remained moderated, BPO was the star performer with a growth of 40% during the year 2008 and revenues to the tune of INR 88.7 million. This growth is largely driven by increased acceptance of IT within the country as a major growth enabler and a competitive tool for Indian corporations to compete in an increasingly globalized environment. Direct employment in Indian IT and BPO is expected to reach nearly 2.33 million and the indirect employment is expected to reach approximately 8 million.

Indian IT-BPO industry is steadily expanding its delivery footprint to over 45 cities across the country contributing to the nation's efforts towards more distributed growth and development. The industry is also engaging in a number of academic initiatives to ensure availability of skilled and globally employable resources.



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 at 4x, NASSCOM-CRISIL Study 2006. Our current estimates suggest that this would be around 3.6x

Planning for the Future

Opportunities and Threats:

- These are challenging times for the Indian IT Industry given the current global financial crisis. All companies are under threat given the uncertainties in the market today. These are also interesting times for India with the domestic market opening up and more and more companies becoming global.
- India is no longer decoupled from the global economy and all sectors, whether it is IT or BPO which are directly linked to the fortunes of global business or retail, manufacturing and real estate which depend on the prosperity of the citizens to succeed will need to prepare themselves for a period of uncertainty and start building strategies and new capabilities for success in the future.
- Every crisis creates new opportunities and there are new possibilities emerging in every segment. Services firms have the opportunity to build wider and deeper relationships with their clients, challenging the assumptions on what work can be done in near shore and offshore locations and identifying new areas to partner to meet the customer's need to preserve profits in difficult times.
- Companies in the knowledge services business will need to be watchful and avoid excessive cost or capacity build up at a time when demand will be weak at least for the next few quarters.
- Product and IP creating firms can identify niche areas that emerge through the periods of instability and education and training firms can address the task of re-skilling both the existing workforce and job seekers to make them more suitable for the new challenges.
- With Zensar's solid management practices driven by a stable 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 Transformation Services (GTS) and Enterprise Application Services (EAS).

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. 8 of the Consolidated Financial statements of the Company.

Internal Control

Strong internal controls and their rigorous testing is one of the strengths of Zensar. All the stakeholders of Zensar benefit from this strength of the organization. Strong internal controls minimize the risk of frauds by introducing effective checks and balances into the financial system. Zensar's Audit Committee along with Management oversees financial controls and their implementation. The Audit Committee meets regularly, reviews and verifies the controls in accordance with the Terms of Reference given by the Board of Directors.

Talent Management

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

Some key metrics from last year:

- Our global team has grown from 4450 to 4684
- Our retention rate stood at 90% compared to 78% last year
- Our critical talent retention has stood at 98%
- Internal talent pool development - 70% of our new managerial requirements have been met internally through our leadership development programmes

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

Talent Development

Training and Organization Development

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

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

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

Talent on Demand

Zensar has built a very strong partnership with the Academia to collaborate in nurturing fresh talent. This initiative has been extremely successful in reducing the deployment time of our fresh hires, and today 60% of our fresh talent acquisition comes through this programme.

Talent Engagement

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

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

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

Rewards & Recognition

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

Open Culture: Thriving on Transparency and Openness

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

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

Diversity and Inclusion (D&I)

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

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

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

Corporate Social Responsibility

An essential component of our corporate social responsibility is to care for the community. We endeavour to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Many of the community projects and programs are driven by active participation from our employees. Our commitment to address important societal needs extends throughout our philanthropic outreach programs driven by the **Zensar Foundation**. The foundation also works with various NGOs and organization with similar objectives.

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 2009 is as under:

A. By SBU

Rs. Crores

SBU	2008-09	2007-08
Global Transformation Services (GTS)	620.32	518.52
Enterprise Application Services (EAS)	284.39	264.41
Others	3.37	-
Total	**908.08**	**782.93**

B. By Geography

Rs. Crores

Geography	2008-09	2007-08
United States of America	526.26	397.51
United Kingdom	148.30	175.71
Rest of the World	233.52	209.70
Total	**908.08**	**782.93**

C. By Location

Location	2008-09	2007-08
Onsite	64%	67%
Offshore	36%	33%

2. Other Income

Other Income comprises dividends from mutual fund investments, interest on bank deposits, profit on sale of investments and others. Other income during the current year was Rs. 14.08 Crores as against Rs.12.19 Crores in the previous year.

3. Share Capital

During the year, allotment of 735 equity shares of Rs 10 each, fully paid up, pursuant to exercise of stock options under the "2002 ESOP" scheme resulted in increase in the subscribed equity shares of the Company from 2,39,64,935 to 2,39,65,670 numbers. As of 31st March 2009, the number of stock options outstanding was 8,00,237.

4. Reserves And Surplus

The Company's reserves and surplus as on 31st March 2009 was Rs. 247.26 Crores as against Rs. 260.05 Crores in 2007-08. This was mainly due to Goodwill of Rs. 94.78 Crores being offset against the reserves.

5. Secured Loan

As of 31st March 2009, secured loan outstanding was Rs. 75.74 Crores as against Rs. 63.86 Crores outstanding as of 31st March 2008. This increase was on account of the depreciation of the Indian Rupee against the US Dollar. There was no change in the borrowings.

6. Fixed Assets

There was an increase in other Fixed Assets by Rs. 76.65 Crores. However, Gross Block of Fixed Assets declined by Rs. 29.79 Crores on account of decrease in Goodwill by Rs. 94.78 Crores.

Capital work-in-progress of Rs. 5.89 Crores is mainly on account of civil works related to the construction of a Development Centre at our Campus in Kharadi, Pune.

7. Return On Capital Employed

The return on capital employed (ROCE) for the year 2008-09 is 33%.

8. Debtors

Continuous focus on collections resulted in lower Debtors outstanding at Rs. 133.28 Crores as on 31st March 2009 against Rs.144.33 Crores as on 31st March 2008.

The position of outstanding debtors was:

Rs. Crores

	As at 31st March 2009	As at 31st March 2008
Outstanding for less than six months	130.26	141.60
Outstanding for more than Six months	16.76	7.74
Provision for doubtful debts	(13.75)	(5.02)
Total Sundry Debtors	133.28	144.33

9 Cash and Bank Balances

The Cash and Bank Balances represent the Company's balances in banks in India and overseas. The Company also retains funds in the Exchange Earners Foreign Currency (EEFC) account in India, which is mainly used to meet the remittance requirements of the Company's branches and also for travel purposes. The Company possessed cash and bank balances (India and overseas) of Rs. 81.14 Crores as on 31st March 2009.

10. Other Current Assets

Other Current Assets of Rs. 53.48 Crores consist mainly of accrued income i.e. where services have been rendered as per contract but the client has not been billed as on 31st March 2009.

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. 53.63 Crores as on 31st March 2009 (Previous year Rs. 38.17 Crores), against which a provision for doubtful advances has been created to the extent of Rs. 1.05 Crores (Previous year Rs. 0.29 Crores).

12. Current Liabilities and Provisions

Current liabilities amounting to Rs. 120.11 Crores (Previous year Rs. 119.14 Crore) 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. 25.55 Crores (Previous year Rs. 16.92 Crores). The Company has also provided for Fringe Benefit Tax of Rs. 1.07 Crores (Previous year Rs. 1.17 Crores)

14. Contingent Liabilities

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

Risk Management

Your Company ensures continuous risk identification and management process by identifying risks which are inherent to the company's business. Your Company also periodically evaluates its risk bearing capacity and selects appropriate risk management strategies. Your Company obtains appropriate insurance policies to transfer risks and also sets up processes and internal control measures to mitigate risks. Risks are periodically evaluated to ascertain applicability to changing business scenarios.

Zensar's risk management council is responsible for assessment of current business risks, identification of new risks and also effective mitigation of such identified risks. The business risk mitigation strategy is reviewed periodically.

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.

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

AUDITOR'S 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 2009, 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 of the directors, as on 31st March 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2009 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 2009;
      (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: 21st April 2009

Annexure to Auditor's 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 2009]

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 loan to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregate to Rs. 967.74 Lacs and Rs. 967.74 Lacs respectively.

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

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

   (d) In respect of the aforesaid loan, 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.

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 wealth tax, service tax, customs duty, excise duty and cess, as applicable, other than sales tax and income tax demands aggregating Rs. 620.58 Lacs disputed at various forums as indicated in Note 4 of Schedule 14 to the Accounts.

8. The Company has no accumulated losses as at 31st March 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

9. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any

financial institution or bank or debenture holders as at the balance sheet date.

10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
12. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
13. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
14. The Company has not obtained any term loans.
15. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
16. The Company has not made any preferential allotment of shares to parties and companies 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: 21st April 2009

Balance Sheet as at 31st March 2009

	Schedule	2009 Rs. in lakhs	2008 Rs. in lakhs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2396.57	2396.49
Share Application Money Pending allotment		-	0.66
Reserves and Surplus	2	23048.09	18106.29
		25444.66	**20503.44**
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		18465.52	12372.40
Less : Depreciation		8309.22	6559.13
Net Block		10156.30	5813.27
Capital Work in Progress		148.66	2948.79
		10304.96	**8762.06**
Investments	4	**3414.39**	**2341.57**
Current Assets, Loans and Advances			
Sundry Debtors	5	7346.31	8349.39
Cash and Bank Balances	6	2290.25	1679.53
Other Current Assets	7	3625.77	1712.86
Loans and Advances	8	5372.61	4340.99
		18634.94	16082.77
Less: Current Liabilities and Provisions			
Current Liabilities	9	4652.06	4349.63
Provisions	10	2257.57	2333.33
		6909.63	6682.96
Net Current Assets		**11725.31**	**9399.81**
		25444.66	**20503.44**
Notes to Accounts	14		

Notes as per Schedule 16 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
Date : 21st April 2009

H. V. Goenka
Chairman

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Profit and Loss Account For the year ended 31st March 2009

	Schedule	2009 Rs. in lakhs		2008 Rs. in lakhs	
INCOME					
Software development and allied services		42017.94		33560.01	
[See Schedule 14, Notes 1(c) and 1(j)]					
Sale of System Integration Systems		169.08		27.19	
Other Income	11	875.34		1027.23	
			43062.36		34614.43
EXPENDITURE					
Operating Expenses	12	34110.52		28071.91	
Interest and Finance Charges	13	54.20		111.77	
Depreciation		2229.37		1563.51	
			36394.09		29747.19
Profit before Taxation			6668.27		4867.24
Provision for Taxation [See Schedule 14, Note 1(n)]					
- Current Tax		844.58		761.03	
- MAT Credit Entitlement		(631.00)		(540.00)	
- Fringe Benefit Tax		97.00		107.90	
Provision for taxation in respect of earlier years (net)		310.52		—	
Profit after Taxation and prior period expenses			6047.17		4538.31
Balance brought forward from previous year		11291.87		8272.83	
Profit available For Appropriation			17339.04		12811.14
Proposed Dividend		1078.46		910.67	
Tax on Proposed Dividend		183.28		154.77	
Transfer to General Reserve		7500.00		453.83	
Profit and Loss Account Balance carried to Balance Sheet			8577.30		11291.87
Earnings Per Equity Share (Face Value Rs. 10) :					
(See Schedule 14, Note 8)					
- Basic		25.23		18.95	
- Diluted		25.21		18.85	
Notes to Accounts	14				

Notes as per Schedule 14 and other Schedules referred to herein form an integral part of the Profit and Loss Account.

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

For and on behalf of the Board

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

Place : Pune
Date : 21st April 2009

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Schedules

	2009 Rs. in lakhs	2008 Rs. in lakhs
SCHEDULE 1		
annexed to and forming part of the Balance Sheet as at 31st March 2009		
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		
23,965,670 (Previous year: 23,964,935) Equity Shares of Rs. 10 each fully paid-up	2396.57	2396.49
[See note below and Schedule 14, Note 6]		
	2396.57	**2396.49**
Note :		
Of the above, 5,895,304 (Previous year: 5,895,304) 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 2009		
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	2963.41	2922.51
Add: Received during the year on exercise of stock options issued to employees	0.59	40.90
	2964.00	**2963.41**
General Reserve		
Balance brought forward	3613.20	3269.79
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	7500.00	453.83
	11113.20	**3613.20**

Schedules (Contd.)

	2009 Rs. in lakhs	2008 Rs. in lakhs
Hedging Reserve		
[See Schedule 14, Note 1(k)]		
Balance brought forward	-	-
Add : Movement during the year	(66.17)	-
	(66.17)	**-**
Employee Stock Options		
[See Schedule 14, Notes 1(m) and 6]		
Employee Stock Options Outstanding	30.97	39.45
Less : Deferred Employee Compensation	5.61	(13.38)
	25.36	**26.07**
Foreign Currency Translation Reserve		
Balance brought forward	-	-
Foreign Currency Translation Reserve for the year	222.66	-
	222.66	**-**
Profit and Loss Account		
Balance in Profit and Loss Account	**8577.30**	**11291.87**
	23048.09	**18106.29**

SCHEDULE 3

annexed to and forming part of the Balance Sheet as at 31st March 2009

FIXED ASSETS [See Schedule 14, Notes 1(e), 1(f) and 1(g)]

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31st March 2008	Additions during the year	Deletions during the year	Cost as at 31st March 2009	Accumulated Depreciation/ Impairment loss as at 31st March 2008	Depreciation for the year	Depreciation written back on deletions during the year	Accumulated Depreciation/ Impairment loss as at 31st March 2009	As at 31st March 2009	As at 31st March 2008
Tangible:										
Land-										
- Leasehold	264.25			264.25	13.89	2.77	-	16.66	247.59	250.36
- Freehold	34.67	-	-	34.67	21.69	-	-	21.69	12.98	12.98
Buildings	2517.73	2,749.87	-	5267.60	241.12	152.98	-	394.10	4873.50	2276.61
Improvement to Leasehold	514.08	1.16	108.06	407.18	305.68	79.04	108.06	276.66	130.52	208.40
Premises										
Plant and Machinery	1964.30	1,668.76	98.85	3534.21	1304.74	573.00	96.23	1781.51	1752.70	659.56
Furniture, Fixtures and Office	2097.52	883.63	195.37	2785.78	979.03	366.92	142.81	1203.14	1582.64	1118.49
Equipment										
Motor Vehicles	225.80	65.23	50.44	240.59	82.76	44.93	28.15	99.54	141.05	143.04
Data Processing	3523.42	463.91	105.84	3881.49	2605.55	457.39	104.03	2958.91	922.58	917.87
Equipment-Own use										
Intangible:										
Software including Courseware	1230.63	819.12	-	2049.75	1004.67	552.34	-	1557.01	492.74	225.96
TOTAL	**12372.40**	**6651.68**	**558.56**	**18465.52**	**6559.13**	**2229.37**	**479.28**	**8309.22**	**10156.30**	**5813.27**
Previous Year	10872.24	1658.52	158.36	12372.40	5069.11	1563.51	73.49	6559.13		
Capital Work in Progress including advances on Capital Account Rs. 67.65 lakhs (Previous year: Rs. 2120.04 lakhs)									148.66	2948.79
									10304.96	8762.06

Schedules (Contd.)

	2009 Rs. in lakhs	2008 Rs. in lakhs
SCHEDULE 4 annexed to and forming part of the Balance Sheet as at 31st March 2009		
INVESTMENTS [See Schedule 14, 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
5,000,000 (Previous year: 50,000) Equity Shares of Rs. 10 each fully paid-up in Zensar Transformation Services Limited (formerly known as ICIM Systems and Engineering Services Limited) [See Schedule 14, Note 7]	500.00	5.00
Shares of an aggregate cost of Euro 404,000 (Previous year: Euro 404,000) in 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) in 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) in Zensar Technologies (UK) Limited	38.51	38.51
Shares of Aggregate cost of US$ 102,000 (Previous year: US$ 102,000) in Zensar Technologies (Shenzhen) Limited	45.78	45.78
50,000 (Previous year: 50,000) Equity Shares of Rs. 10 each fully paid-up in Zensar OBT Technologies Limited (formerly known as OBT Global Private Limited)	342.25	342.25
20 (Previous year: 12) Equity Shares of JPY 50,000 each fully paid-up in Zensar Advanced Technologies Limited [See Schedule 14, Note 18]	185.82	2.06
Less : Provision for diminution in the value of investments	(355.44)	(355.44)
	1434.90	**756.14**
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 Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.05
25 Equity Shares of Rs. 10 each fully paid-up in CHI Investments Limited	0.01	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	0.14	0.14
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 Brabourne Enterprises Limited	0.08	0.08
100 Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08

Schedules (Contd.)

	2009 Rs. in lakhs	2008 Rs. in lakhs
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		
Nil (Previous year: 2,059,131) units of Birla SunLife Liquid Plus-IP-Growth	-	205.91
Nil (Previous year : 2,015,279) units of ING Liquid Plus Fund -IP-Growth	-	201.58
Nil (Previous year : 2,047,070) units of JM Money Manager Fund-Super Plus Plan	-	204.86
Nil (Previous year : 1,003,808) units of Lotus India Liquid Plus -IP-Growth	-	100.38
Nil (Previous year : 10,039) units of Reliance Liquid Plus Fund-IP-Growth	-	100.50
Nil (Previous year: 1,001,907) units of Tata Floater Fund-Growth	-	100.19
Nil (Previous year : 20,215) units of Tata Treasury Manager Fund -SHIP-Growth	-	202.75
Nil (Previous year:2,012,851) units of Templeton India Ultra Short Bond Fund-IP-Growth	-	201.82
Nil (Previous year : 10,248) units of UTI Liquid Plus Fund-IP-Growth	-	102.50
Nil (Previous year: 1,137,305) units of JM Mutual Fund - Arbitrage Advantage	-	114.35
Nil (Previous year: 500,000) units of Standard Chartered Mutual Fund - Arbitrage	-	50.00
2,041,745 (Previous year:NIL) units of Birla Sun Life Savings Fund-Instl-Daily Dividend	204.31	-
1,096,731 (Previous year : NIL) units of HDFC Cash Managemant Fund - Treasury Advantage Plan	110.02	-
980,449 (Previous year : NIL) units of HDFC Short Term Plan Dividend	101.51	-
437,078 (Previous year : NIL) units of ICICI Prudential Institutional Income Plan	50.00	-
1,796,030 (Previous year : NIL) units of Kotak Flexidebt Scheme	180.46	-
2,000,086 (Previous year : NIL) units of Kotak Quarterly Interval Plan series 2	200.01	-
1,700,000 (Previous year : NIL) units of LIC MF savings Plus Fund	170.00	-
1,000,000 (Previous year : NIL) units of LIC MF Interval Fund - Series 1	100.00	-
950,904 (Previous year : NIL) units of Reliance Short term fund	101.30	-
1,299,350 (Previous year : NIL) units of SBI-SHF- ultra Short Term Fund	130.00	-
1,849,943 (Previous year : NIL) units of Templeton Floating Rate Income Fund Short Term Plan	186.06	-
19,622 (Previous year : NIL) units of UTI liquid Cash Plan	200.04	-
1,941,794 (Previous year : NIL) units of UTI Fixed income Interval Fund - Monthly Interval Plan Series 1	194.19	-
438,611 (Previous year : NIL) units of UTI - Gilt Advantage Fund Long Term Plan	51.00	-
	1978.90	**1584.84**
Grand Total [I+II]	**3414.39**	**2341.57**
Aggregate amount of Quoted Investments	0.59	0.59
[Market Value Rs. 0.60 lakhs (Previous year: Rs. 1.88 lakhs)]		
Aggregate cost of Unquoted Investments	3413.80	2,340.98
	3414.39	**2341.57**

Schedules (Contd.)

	2009 Rs. in lakhs	2008 Rs. in lakhs
CURRENT ASSETS, LOANS AND ADVANCES		
[See Schedule 14, Note 1(j)(ii)]		
SCHEDULE 5		
annexed to and forming part of the Balance Sheet as at 31st March 2009		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding 6 months :		
- Considered good	114.16	97.74
- Considered doubtful	882.72	271.52
	996.88	**369.26**
Other debts :		
- Considered good	7232.15	8251.65
[Including dues from subsidiary companies Rs. 4107.86 lakhs (Previous year: Rs. 5152.12 lakhs)]		
Less : Provision for doubtful debts	882.72	271.52
	7346.31	**8349.39**
SCHEDULE 6		
annexed to and forming part of the Balance Sheet as at 31st March 2009		
CASH AND BANK BALANCES		
Cash on hand	2.60	6.03
Balances with Scheduled Banks :		
(a) On Current Account	565.76	875.87
[Including balance in Exchange Earner's Foreign Currency Accounts equivalent to an amount aggregating to Rs. 427.46 lakhs (Previous year: Rs. 441.64 lakhs)]		
(b) On Time Deposit Account	441.79	314.63
Balance with Non-Scheduled Banks on Current Account :		
Bank of Tokyo Mitsubishi, Japan	74.29	40.39
Citibank Poland	105.86	-
CBA Imprest	0.87	2.80
Commonwealth Bank of Australia	17.04	76.82
ABN AMRO Bank N.V., South Africa	674.04	283.39
ABSA Bank (South Africa)	212.21	-
ANZ Banking Group Limited, Australia	187.51	79.60
ABN AMRO Bank UAE	8.28	-
	2290.25	**1679.53**
Maximum outstanding during the year :		
Bank of Tokyo Mitsubishi, Japan	370.66	101.85
Citibank Poland	258.18	-
CBA Imprest	35.24	13.36
Commonwealth Bank of Australia	133.65	380.00
ABSA Bank (South Africa)	487.89	-
ABN AMRO Bank N.V., South Africa	724.05	398.70
ANZ Banking Group Limited, Australia	256.95	329.95
ABN AMRO Bank UAE	283.61	-

Schedules (Contd.)

	2009 Rs. in lakhs	2008 Rs. in lakhs
SCHEDULE 7		
annexed to and forming part of the Balance Sheet as at 31st March 2009		
OTHER CURRENT ASSETS		
Accrued Income (Unbilled Services)	3625.54	1707.40
[Includes dues from subsidiary companies Rs. 2427.26 lakhs (Previous year: Rs. 656.55 lakhs)]		
Interest accrued on deposits	0.23	5.46
	3625.77	**1712.86**
SCHEDULE 8		
Annexed to and forming part of the Balance Sheet as at 31st March 2009		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances and Loans to subsidiaries		
[including a loan of Rs. 967.74 lakhs (Previous year: Rs. 658.76 lakhs)]		
Maximum amount outstanding during the year Rs. 967.74 lakhs (Previous year: Rs. 658.76 lakhs)]		
- Considered good	1976.12	1482.72
- Considered doubtful	-	-
Advances recoverable in cash or in kind or for value to be received		
- Considered good	1319.86	1024.44
- Considered doubtful	6.00	4.30
Security and other deposits :		
- Considered good	509.71	514.68
- Considered doubtful	43.46	25.00
MAT Credit Entitlement	1171.00	540.00
Taxes recoverable [taxes paid less provisions Rs. 1815.01 lakhs there against (Previous year: Rs. 866.71 lakhs)]	395.92	779.15
	5422.07	**4370.29**
Less : Provision for doubtful Loans and Advances	49.46	29.30
	5372.61	**4340.99**
SCHEDULE 9		
annexed to and forming part of the Balance Sheet as at 31st March 2009		
CURRENT LIABILITIES		
Sundry Creditors :		
Dues to micro and small enterprises (See Schedule 14, Note 19)		
- Dues to other than micro and small enterprises [including book over draft Rs. 163.76 lakhs (Previous year: Rs. 368.74 lakhs)]	4652.06	4349.63
	4652.06	**4349.63**

Schedules (Contd.)

	2009 Rs. in lakhs	2008 Rs. in lakhs
SCHEDULE 10		
annexed to and forming part of the Balance Sheet as at 31st March 2009		
PROVISIONS		
Taxation less payments thereagainst	39.72	541.90
Proposed Dividend on Equity Shares	1078.46	910.67
Tax on proposed dividend	183.28	154.77
Leave Encashment	580.03	457.82
Gratuity	258.20	120.07
Disputed statutory matters (See Schedule 14, Note 17)	74.71	71.96
Other Obligations (See Schedule 14, Note 17)	43.17	76.14
	2257.57	**2,333.33**
SCHEDULE 11		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2009		
OTHER INCOME		
Dividend from Current Investments - Non Trade	130.38	93.66
Interest :		
- on deposits with banks (gross) [Tax deducted at source Rs. 5.75 lakhs (Previous year: Rs. 4.16 lakhs)]	35.01	30.59
- on loans to subsidiaries	54.42	30.76
- others	31.23	10.04
	120.66	**71.39**
Exchange gain (net) [See Schedule 14, Notes 1(j) and (k)]	87.32	142.25
Profit on sale of fixed assets	2.17	-
Profit on sale of current investments - Non Trade	8.55	1.99
Provisions no longer required and credit balances written back	376.21	564.72
Miscellaneous Income	150.05	153.22
	875.34	**1027.23**
SCHEDULE 12		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2009		
OPERATING EXPENSES		
Salaries, Wages and Bonus	22297.24	18011.13
Contribution to Provident and other funds	1250.25	913.75
Staff Welfare	754.58	643.53
Employee Stock Compensation Expense	(0.71)	7.21
	24301.36	**19575.62**
Travelling and conveyance	2015.28	1801.32
Cost of manpower hired	1260.30	1638.58
Recruitment Expenses [including Advertisement expenses for recruitment Rs. 15.94 lakhs (Previous year: Rs. 24.07 lakhs)]	271.88	346.94

Schedules (Contd.)

	2009 Rs. in lakhs	2008 Rs. in lakhs
Training Expenses	101.12	99.66
Electricity and Power	691.54	534.71
Rent	1247.08	1101.86
Repairs and Maintenance to :		
- Plant and Machinery	119.31	100.69
- Building	370.77	331.81
- Others	35.05	47.98
	525.13	**480.48**
Insurance	454.25	377.50
Rates and Taxes	56.64	80.71
Consumable Media	150.92	256.14
Legal and Professional Charges	717.80	339.38
Postage, Telephone and E-Mail	883.90	804.35
Stationery and Printing	80.02	85.28
Carriage, Freight and Octroi	8.18	4.26
Vehicle Running expenses	107.23	92.63
Advertisement and Publicity	225.14	151.77
Purchases of hardware & software for Integration Systems	145.73	25.93
Loss on Disposal of Fixed Assets	-	3.85
Bad Debts written off	43.67	25.47
Directors' Fees	7.45	7.65
Claims/Deposits written of	6.14	11.77
Provision for Doubtful Debts	598.72	41.43
Provision for Doubtful Loans and Advances	20.16	-
Miscellaneous Expenses	190.88	184.62
	34110.52	**28071.91**

SCHEDULE 13

annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2009

INTEREST AND FINANCE CHARGES

Interest :		
on Fixed Loans	-	48.07
Finance Charges :		
Bank Charges	54.20	63.70
	54.20	**111.77**

Schedules (Contd.)

SCHEDULE 14

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

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 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 recognised using the percentage-of-completion method of accounting. The Company recognises 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 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 amortisation.

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.

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

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

Class of Asset	Useful Depreciation	Life 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.

(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 who 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 are administered through a trust administered by the trustees. Liability for this plan is charged based on contributions. Further, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

iv. Compensated Absences:

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

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

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

(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

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

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

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

(k) Financial instruments

Derivative financial instruments

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

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

Non-Derivative Financial Instruments

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

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

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

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

(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.

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

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

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 recognised 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 recognised 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.

(q) Research and Development expenses

Revenue expenditure on research and development is charged to the Profit and Loss Account in the year in which it is incurred. Capital expenditure is included under fixed assets and depreciated at the applicable rates.

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

Rs. in Lakhs

	2009	2008
2. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 67.65 Lakhs (Previous year: Rs. 2120.04 Lakhs)]	650.84	3084.14
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.	337.65	501.66
Matters on which the Company is in appeal	716.44	272.59
(b) Sales Tax / Value Added Tax: Claims against the Company regarding sales tax against which the Company has preferred appeals.	77.49	69.59
(c) Claim in respect of rented premises.	141.94	191.27
(d) Claims against the Company not acknowledged as debts.	61.85	61.85
(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.	8411.63	6839.69
(f) Customs Duty:		
(g) From 1969 to 1979, customs duty has been provided on the basis of provisional assessments, which are not admitted by the Customs Authorities. Pending settlement of the foregoing, a deposit of Rs. 6.79 Lakhs (Previous year: Rs. 6.79 Lakhs) has been made and bonds aggregating to Rs. 54.43 Lakhs (Previous year: Rs. 54.43 Lakhs) guaranteed by the General Insurance Corporation of India have been executed. From 16th August 1988 to 31st March 1993, pursuant to changes in the Customs Valuation Rules, the Customs Authorities have cleared the Company's consignments on provisional basis on execution of bonds aggregating Rs. 1618.45 Lakhs (Previous year: Rs. 1618.45 Lakhs), representing the entire value of the import consignments. Adjustments, if any, on this account, would be made as and when the assessments are finalised. The Company has been legally advised that the liability on this account is not expected to exceed Rs. 31.00 Lakhs (Previous year: Rs. 31.00 Lakhs), which has been provided for.		

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

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	5.58	Assistant Appellate Commissioner
	Sales Tax Demands	6.50	High Court
	Sales Tax Demands	86.84	Tribunal
Income Tax Act	Income Tax Demands		
	- AY 2002-03	75.54	Commissioner of Income-tax (Appeals)
	- AY 2005-06*	84.75	
	- Penalty**	361.37	
Total		**620.58**	

* Stay against the outstanding demands has been granted to the Company.

** Notice of demand for the penalty was received subsequent to the year-end. The Company is in the process of filing an appeal against the demand.

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

Consequently, exchange loss aggregating Rs. 66.17 Lakhs, in respect of forward exchange contracts which qualify for hedge accounting, has been recognised directly in the Hedging Reserve Account, to be recognised in the Profit and Loss Account when the underlying transactions occur.

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	2008-09		2007-08	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	333784	150.23	329242	141.28
Granted during the year	43569	120.00	64394	175.00
Exercised during the year	-	-	30258	102.56
Cancelled during the year	50696	155.53	29594	152.23
Balance unexercised options	326657	145.36	333784	150.23
Exercisable at end of year	210264	133.96	162342	122.83

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

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

Particulars	2008-09		2007-08	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	473200	190.60	357000	200.00
Granted during the year	46000	120.00	223000	194.17
Exercised during the year	-	-	-	-
Cancelled during the year	45720	154.51	106800	229.49
Balance unexercised options	473480	187.22	473200	190.60
Exercisable at end of year	140880	195.39	57600	200.00

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)

Zensar Transformation Services Limited (formerly known as ICIM Systems and Engineering Services Limited)

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

Zensar OBT Technologies Inc., USA (merged with Zensar Technologies Inc. w.e.f. 31st March 2009)

Zensar ThoughtDigital LLC (merged with Zensar Technologies Inc. w.e.f. 31st March 2009)

Zensar Advanced Technologies Limited (wholly owned subsidiary w.e.f. 17th September 2008)

b. **Other subsidiaries / Entities under joint control**

Zensar Technologies (Shenzen) 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 (upto 30th November 2008)

Mr. S. Balasubramaniam

Mr. V. Balasubramanian

Mr. Sanjay Marathe

Ms. Vaijayanti Deshpande

Ms. Prameela Kalive

Mr. Hiren Kulkarni

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

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			
				2009		2008	
		2008-09	2007-08	Receivable	Payable	Receivable	Payable
A.	**Rendering of Software Services**						
1.	Wholly owned subsidiaries:						
(i)	Zensar Technologies, Inc., USA	16521.24	11609.63	2633.63	-	3094.69	-
(ii)	Zensar Technologies (UK) Limited	7281.91	7809.83	3885.54	-	2578.51	-
(iii)	Zensar Technologies (Singapore) Pte. Ltd.	50.16	159.82	-	-	28.93	-
(iv)	Zensar ThoughtDigital LLC	1401.35	27.54	-	-	27.76	-
(v)	Zensar Advanced Technologies Limited	(78.84)	107.35	16.61	-	78.78	-
2.	Other subsidiaries / Entities under joint control						
(i)	Zensar Technologies (Shenzen) Limited	14.81	-	15.15	-	-	-
	Total of rendering of Software Services	**25190.63**	**19714.17**	**6550.93**	**-**	**5808.67**	**-**
B.	**Receipt of Software Services**						
1.	Wholly owned subsidiaries:						
(i)	Zensar OBT Technologies Limited	109.95	467.90	-	116.80	-	271.30
(ii)	Zensar OBT Technologies Inc., USA	281.65	396.24	-	-	-	68.26
	Total of Software Services received	**391.60**	**864.14**	**-**	**116.80**	**-**	**339.56**
C .	**Rendering of Other Services**						
1.	Wholly owned subsidiaries:						
(i)	Zensar Technologies, Inc., USA	-	18.06	-	-	-	-
(ii)	Zensar Technologies (UK) Limited	-	10.09	0.91	-	0.99	-
(iii)	Zensar ThoughtDigital LLC	-	11.87	-	-	4.00	-
(iv)	Zensar OBT Technologies Limited	-	2.84	-	-	-	-
	Total of rendering of Other Services	**-**	**42.86**	**0.91**	**-**	**4.99**	**-**

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (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			
				2009		2008	
		2008-09	2007-08	Receivable	Payable	Receivable	Payable
D.	**Reimbursement of expenses incurred**						
1.	Wholly owned subsidiaries:						
(i)	Zensar Technologies, Inc., USA	1572.40	1524.79	116.93	-	268.42	-
(ii)	Zensar Technologies (UK) Limited	1033.73	1017.29	819.41	-	513.06	-
(iii)	Zensar Technologies (Singapore) Pte. Limited	95.05	261.21	3.72	-	10.12	-
(iv)	Zensar OBT Technologies Limited	250.79	204.35	-	-	16.43	-
(v)	Zensar Transformation Services Limited	44.78	-	3.30	-	-	-
(vi)	Zensar Advanced Technologies Limited	51.31	-	51.31	-	-	-
	Total reimbursement of expenses incurred	**3048.06**	**3007.64**	**994.68**	**-**	**808.03**	**-**
E.	**Other Income**						
(i)	Zensar Technologies, Inc., USA	52.50	44.76	14.01	-	11.06	-
	(Guarantee commission)						
	Total Guarantee commission	**52.50**	**44.76**	**14.01**	**-**	**11.06**	**-**
F.	**Equity Contribution**						
1.	Wholly owned subsidiaries:						
(i)	Zensar OBT Technologies Limited	-	0.96	-	-	-	-
(ii)	Zensar Transformation Services Limited	495.00	-	-	-	-	-
(iii)	Zensar Advanced Technologies Limited	183.76	2.06	-	-	-	-
	Total of Equity Contributions	**678.76**	**3.02**	**-**	**-**	**-**	**-**
G.	**Loans granted/ (repaid)**						
1.	Wholly owned subsidiaries:						
(i)	Zensar OBT Technologies Limited	-	(100.00)	-	-	-	-
(ii)	Zensar Advanced Technologies Limited	254.57	633.85	888.41	-	633.85	-
	Total of loans granted/ (repaid)	**254.57**	**533.85**	**888.41**	**-**	**633.85**	**-**
H.	**Interest on Unsecured Loans**						
1.	Wholly owned subsidiaries:						
(i)	Zensar OBT Technologies Limited	-	5.85	-	-	-	-
(ii)	Zensar Advanced Technologies Limited	54.42	24.91	79.33	-	24.91	-
	Total of interest on Unsecured Loan	54.42	30.76	79.33	-	24.91	-
I.	Remuneration to Key Management Personnel						
(i)	Dr. Ganesh Natarajan	85.04	79.38	-	-	-	-
(ii)	Mr. Parmod Bhalla (upto 30th November 2008)	41.89	70.43	-	-	-	-
(iii)	Mr. S. Balasubramaniam	34.80	30.70	-	-	-	-
(iv)	Mr. V. Balasubramanian	47.86	43.75	-	-	-	-
(v)	Others	122.83	108.34	-	-	-	-
	Total remuneration of Key Management Personnel	**332.42**	**332.60**	**-**	**-**	**-**	**-**

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

8. Earnings Per Share (EPS)

	Particulars	Year ended 31st March 2009	Year ended 31st March 2008
a.	**Profits attributable to equity shareholders (Rs. in Lakhs)**	**6047.17**	**4538.31**
b.	**Basic Earnings Per Share**		
	Weighted Average No. of equity shares outstanding during the year.	23965624	23949573
	Basic EPS (Rs.)	25.23	18.95
c.	**Diluted Earnings Per Share**		
	Weighted Average No. of equity shares outstanding during the year	23965624	23949573
	Effect of dilutive issue of stock options	19157	127502
	Weighted average no. of equity shares outstanding for Diluted EPS	23984781	24077075
	Diluted EPS (Rs.)	25.21	18.85

9. Forward contracts and options outstanding

Particulars	2009	2008
Forward Contracts		
In US$	$6,800,000	$7,600,000
(Equivalent approximate in Rs. Lakhs)	3433.32	2,995.92
In GBP	£650,000	£400,000
(Equivalent approximate in Rs. Lakhs)	470.54	314.60
In ZAR	ZAR 7,270,750	—
(Equivalent approximate in Rs. Lakhs)	383.89	—
Options		
Variable Strike Options in US$	$450,000	$4,650,000
(Equivalent approximate in Rs. Lakhs)	183.26	1,969.70
Variable Strike Options in GBP	£200,000	£1,400,000
(Equivalent approximate in Rs. Lakhs)	185.90	1,022.45

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

10. Managerial Remuneration

Rs. in lakhs

Particulars		2008-09	2007-08
(a)	Salary and Allowances	68.51	63.42
(b)	Contribution to Provident Fund and Superannuation Scheme	12.14	11.57
(c)	Perquisites (Valued as per the provisions of the Income-tax Act, 1961, where applicable)	4.39	4.39
		85.04	**79.38**

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 2009.

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

Rs. in lakhs

	Particulars	2008-09	2007-08
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	6.65	—
	(c) Out of pocket expenses reimbursed [for (a) and (b) above]	0.62	0.79
12.	**Earnings in foreign exchange**		
	Fees for technical services outside India in connection with development / production of Computer Software	39718.69	32434.75
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)	6042.87	4694.94
	(b) Professional and Consultation fees	134.40	104.00
	(c) Link Charges	187.53	98.03
	(d) Others	2196.22	1759.84
14.	**Value of imports calculated on C.I.F. basis**		
	(a) Software	80.52	0.76
	(b) Capital Goods	691.38	133.28
15.	**Remittance in foreign currency on account of dividend to non-resident shareholders**		
	(a) Number of shareholders	320	195
	(b) Number of shares on which dividend was paid	10805166	12436223
	(c) Years to which dividend relates	2007-08	2006-07
	(d) Amount of dividend remitted (Rs. in Lakhs)	410.60	435.27
16.	**Details of Investments purchased and sold during the year**	**Units Purchased**	**Units Sold**
	DSP Black Rock Investment Managers Ltd.		
	Liquidity Fund	953028	953028
	Money Manager Fund	29530	29530
	Fortis Investment Management (India) Pvt. Ltd		
	Overnight Fund -Institutional Daily Dividend	5166065	5166065
	Money Plus Institutional Plan	3977407	3977407
	Birla Sunlife Mutual Fund		
	Cash Plus Fund	40957931	40957931

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

Particulars	2008-09	2007-08
Short Term Fund	3253207	3253207
Savings Fund	15635752	15653137
IDFC Mutual Fund		
Cash Fund - Inst Plan B	7798416	7798416
Money Manager Fund -Treasury Plan - Inst Plan B	7735004	7735004
Arbitrage Fund - Plan b	-	500000
JP Morgan Mutual Fund		
Liquid Fund	1009369	1009369
Treasury Fund	1010246	1010246
HDFC Mutual Fund		
Cash Management Fund - Savings Plan	25877598	25877598
Cash Management Fund -Treasury Advantage Plan – Wholesale	20398452	19301721
Floating Rate Income Fund - Short Term Plan - Wholesale Option	12586049	12586049
Liquid Fund	13261938	13261938
Short Term Plan - Dividend	980450	-
HSBC Mutual Fund		
Cash Fund-Institutional Plan	4034314	4034314
Floating Rate - Long Term Plan	1787382	1787382
Ultra Short Term Bond Fund	1499724	1499724
ICICI Mutual Fund		
Liquid Fund	9786094	9786094
Income Plan	1758412	1321334
Flexible Income Plan Premium	8568906	8568906
Floating Rate Plan B	1055100	1055100
ING Mutual Fund		
Liquid plus	8836236	8836236
Treasury Advantage Fund	6543440	8558718
Kotak Mahindra Mutual Fund		
Liquid	11272376	11272376
Floater Long Term Fund	1990429	1990429
Flexi debt	15803731	14007701
Kotak Monthly Interval Plan	2509666	509579
LIC Mutual Fund		
Interval Fund	2509852	1509852
Liquid	5026998	5026998
Income Plus Fund	5674712	5674712
Saving Fund	1700000	-

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

Particulars	2008-09	2007-08
Reliance Mutual Fund		
Liquid	14307318	14307318
Money Manager	154456	164494
Medium Term	5652020	5652020
Short Term	950904	-
Religare Mutual Fund		
Liquid	3509232	3509232
Ultra Short Term	3020913	4024721
Monthly Interval Fund Plan A	2522399	2522399
SBU Mutual Fund		
Premier Liquid	9820879	9820879
Ultra Short Term	11177172	9877822
Tata Mutual Fund		
Liquid Super High Investment Fund	79245	79245
Floater Fund	8251872	9253779
Templeton Mutual Fund		
Floating Rate Income Fund Short Term Plan	1849943	-
Treasury Management Account Regular Plan	10095	10095
Ultra Short Bond Fund Institutional Plan	1012915	3025766
UTI Mutual Fund		
Treasury Advantage Fund	84286	94534
Liquid Cash Plan	179195	159572
Gilt Advantage Fund Long Term Plan	2386589	1947977
Fixed Income Interval Fund	1941795	-
JM Financial Mutual Fund		
Arbitrage Advantage Fund - Dividend Plan	24773	1162078
Fixed Maturity Fund Series	520102	520102
High Liquidity Fund Institutional Plan	5784252	5784252
Money Manager Fund Super Plus Plan	5238067	7285138
Principal Mutual Fund		
Floating Rate Fund	800320	800320
Ultra Short Term Fund	2022580	2022580
Principal Cash Management Fund-Liquid Option	55725786	55725786

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

17. Disclosure as per Accounting Standard 29

Rs. in lakhs

	2008-09			2007-08		
	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	71.96	76.14	148.10	93.27	128.80	222.07
Addition	6.83	11.67	18.50	-	11.66	11.66
Utilisation	4.08	44.64	48.72	21.31	64.32	85.63
Reversal	-	-	-	-	-	-
Closing Balance	**74.71**	**43.17**	**117.88**	**71.96**	**76.14**	**148.10**

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. Investment in subsidiary in Japan

On 17th September 2008, the Company acquired the minority shareholder's holding of 40% in Zensar Advanced Technologies Limited (ZATL). The 40% shareholding consisting of eight shares was purchased for Rs. 183.76 Lakhs (US$400,000). ZATL is now a wholly owned subsidiary of the Company.

19. 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 2009, no supplier has intimated the Company about its status as a Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006

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

(A) Defined Contribution Plans

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

(Rs. in Lakhs)

	For the year ended 31st March 2009	For the year ended 31st March 2008
(i) Contribution to Employees' Provident Fund	521.66	382.64
(ii) Contribution to Employees' Family Pension Fund	211.63	175.22
(iii) Contribution to Employees' Superannuation Fund	29.45	15.55
Total	**762.74**	**573.41**

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

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

(B) Defined Benefit Plans- Gratuity

(i) Changes in the Present Value of Obligation

(Rs. in Lakhs)

	For the year ended 31st March 2009	For the year ended 31st March 2008
(a) Present Value of Obligation as at beginning of the year	770.65	567.85
(b) Interest Cost	63.58	46.85
(c) Past Service Cost	-	-
(d) Current Service Cost	124.22	110.67
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Benefits Paid	(41.66)	(62.50)
(h) Actuarial (Gain)/Loss	168.03	107.78
(i) As at end of the year	1084.82	770.65

(ii) Changes in the Fair value of Plan Assets

(Rs. in Lakhs)

	For the year ended 31st March 2009	For the year ended 31st March 2008
(a) Present Value of Plan Assets as at beginning of the year	650.58	597.85
(b) Expected Return on Plan Assets	53.67	49.33
(c) Actuarial Gain/(Loss)	(0.31)	3.40
(d) Contributions	164.33	62.50
(e) Benefits Paid	(41.66)	(62.50)
(f) As at end of the year	826.61	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 2009	For the year ended 31st March 2008
(a) Present Value of Funded Obligation as at 31st March 2009	1084.81	770.65
(b) Fair Value of Plan Assets as at 31st March 2009	826.61	650.58
(c) Present Value of Unfunded Obligation as at 31st March 2009	-	-
(d) Net Liability recognised in the Balance Sheet	258.20	120.07

(iv) Expenses recognised in the Profit and Loss Account

(Rs. in Lakhs)

	For the year ended 31st March 2009	For the year ended 31st March 2008
(a) Current Service Cost	124.22	110.67
(b) Past Service Cost	-	-
(c) Interest Cost	63.58	46.85
(d) Expected Return on Plan Assets	(53.67)	(49.33)
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Net actuarial (Gain)/Loss	168.34	104.38
(h) Employees' Contribution	-	-
(i) Total Expenses recognised in the Profit and Loss Account	302.47	212.57

SCHEDULE 14 (Continued)

annexed to and forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

(v) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March 2009

(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

(Rs. in Lakhs)

Sr. No.	Particulars	2008-09	2007-08
(a)	Actual return on plan assets	53.36	52.76

(viii) Following are the Principal Actuarial Assumptions used as at the Balance Sheet date:

Sr. No.	Particulars	2008-09	2007-08
(a)	Discount Rate	7.75%	8.25%
(b)	Expected Rate of Return on Plan Assets	7.75%	8.25%
(c)	Salary Escalation Rate - Management Staff	5.50%	6.00%

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

21. Expenditure on Research and Development

During the year, the Department of Scientific and Industrial Research has accorded the recognition as In-House R&D unit to the Company. The Company has incurred capital expenditure amounting to Rs. 78.34 Lakhs (Previous year: Rs. 74.93 Lakhs) on development activities during the year.

22. 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.

23. Reclassification

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

Signatures to Schedules 1 to 14 forming part of the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009.

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
Date : 21st April 2009

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Cash Flow Statement for the year ended 31st March 2009

Rs. in lakhs

		2008-09		2007-08	
A.	**Cash Flow from Operating Activities :**				
	Net Profit before Taxation		**6668.27**		**4867.24**
	Adjustments for				
	Depreciation	2229.37		1563.51	
	Dividend Income	(130.38)		(93.66)	
	Interest Expense	54.20		111.77	
	(Profit) / Loss on Sale of Investments (net)	(8.55)		(1.99)	
	Interest Income	(120.66)		(71.39)	
	(Profit) / Loss on Sale of Fixed Assets (net)	(2.17)		3.85	
	Employee Stock Compensation Expense	(0.71)		7.21	
			2021.10		1519.30
	Operating Profit before Working Capital Changes		**8689.37**		**6386.54**
	Adjustments for				
	Sundry Debtors	1003.08		(494.56)	
	Other Current Assets	(1912.91)		(33.55)	
	Loans and Advances	(561.19)		(724.87)	
	Current Liabilities and Provisions	466.38		1005.14	
			(1004.64)		(247.84)
	Cash generated from Operations		**7684.73**		**6138.70**
	Taxes (Paid) / Received	(1371.05)		(521.92)	
			(1371.05)		(521.92)
	Net Cash from Operating activities (A)		**6313.68**		**5616.78**
B.	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets including Capital Work in Progress	(3851.55)		(3327.66)	
	Sale Proceeds of Fixed Assets	81.45		81.02	
	Investment in Subsidiary / Jointly Owned entities	(678.76)		(3.02)	
	Purchase of Investments in Mutual Funds	(30249.37)		(9993.21)	
	Sale Proceeds of Investments in Mutual Funds	29863.87		10437.34	
	Interest Income	120.66		71.39	
	Dividend Income	130.38		93.66	
	Net Cash from Investing Activities (B)		**(4583.32)**		**(2640.48)**

Rs. in lakhs

		2008-09	2007-08
C.	**Cash Flow from Financing Activities**		
	Proceeds from Issuance of Share Capital on Exercise of Stock Options (Including Share Application amount)	-	31.03
	Loans	-	(1451.67)
	Interest Payment	(54.20)	(111.77)
	Dividend on Equity Shares and Tax Thereon	(1065.44)	(979.45)
	Net Cash from Financing Activities (C)	**(1119.64)**	**(2511.86)**
D.	**Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)**	**610.72**	**464.44**
	Opening Balance of Cash & Cash Equivalents	**1679.53**	**1215.09**
	Closing Balance of Cash & Cash Equivalents	**2290.25**	**1679.53**

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 14 and other schedules form an integral part of the Cash Flow Statement.

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

For and on behalf of the Board

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

Place : Pune
Date : 21st April 2009

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 of India
"[See Schedule 14, Note 22 (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 9

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: - - - - - - 8

III. Position Of Mobilisation And Deployment of Funds (amount In Rs./thousands)

Total Liabilities: 3 2 3 5 4 2 9

Total Assets: 3 2 3 5 4 2 9

Sources of Funds

Paid-up Capital: - 2 3 9 6 5 7

Reserves & Surplus: 2 3 0 4 8 0 9

Secured Loans: - - - - - - -

Unsecured Loans: - - - - - - -

Share Application Money: - - - - - - -

Application of Funds

Net Fixed Assets: 1 0 3 0 4 9 6

Investments: - 3 4 1 4 3 9

Net Current Assets: 1 1 7 2 5 3 1

Miscellaneous Expenditure: - - - - N I L

Accumulated Losses: - - - - N I L

IV. Performance Of Company (Amount In Rs./thousands)

Turnover: 4 3 0 6 2 3 6

Total Expenditure: 3 6 3 9 4 0 9

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

+ - Profit/Loss after Tax: + - - 6 0 4 7 1 7

Earning per Share in Rs.: 2 5 . 2 3

Dividend rate %: 4 5

V. Generic Names Of Principal Products / Services Of The Company (As Per Monetary Terms)

Items code No. (ITC code): 8 5 2 4 9 9

Product Description: S O F T W A R E

For and on behalf of the Board

H.V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Information regarding subsidiary companies

1.	Subsidiary companies	Zensar Technologies Inc.* Rs. Lakhs 100%	Zensar Technologies (UK) Limited Rs. Lakhs 100%	Zensar Technologies (Singapore) Pte. Ltd. Rs. Lakhs 100%	Zensar Transformation Services Limited Rs. Lakhs 100%	Zensar Technologies GmbH*** Euro '000 100%	Zensar Technologies (Shenzen) Limited RMB '000 51%	Zensar OBT Technologies Ltd. Rs. Lakhs 100%	Zensar Advanced Technologies Limited JPY '000 100%
2.	Capital	290.30	38.51	78.02	500.00	604.00	1642.94	5.00	1000.00
3.	Reserves	(634.70)	98.78	815.59	(50.46)	(564.95)	(1737.57)	1018.44	(129538.12)
4.	Total Assets	13963.22	6239.26	1615.94	627.67	39.05	754.01	1410.27	75544.50
5.	Total Liabilities	14307.62	6101.97	722.32	178.13	-	848.63	386.83	204082.62
6.	Details of Investment	-	-	-	-	-	-	-	-
7.	Turnover	51853.87	14798.57	4547.24	-	-	(218.17)	2798.45	122582.27
8.	Profit Before Taxation	4846.30	(133.31)	260.80	(61.02)	12.65	(1021.98)	386.53	(144656.68)
9.	Provision for Taxation	1707.47	(2.36)	38.61	-	-	-	148.72	9120.33
10.	Profit After Taxation	3138.83	(130.95)	222.19	(61.02)	12.65	(1021.98)	237.81	(153777.01)
11.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Profit Before Taxation (In INR Lakhs)**	4846.30	(133.31)	260.80	(61.02)	8.37	(67.83)	386.53	(661.37)
	Profit After Taxation (In INR Lakhs)**	3138.83	(130.95)	222.19	(61.02)	8.37	(67.82)	237.81	(703.07)

* The results of the Zensar Technologies Inc, USA include the results of its subsidiaries i.e.Zensar ThoughtDigital 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 1st April 2007 to 31st October, 2007

For and on behalf of the Board

H.V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Consolidated Profit Before Tax Reconciliation for the year 08 - 09

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

Subsidiaries	Currency	Profit as per subsidiary accounts	Gaap adjustment	Profit before Tax in INR lakhs considered in consolidation
Zensar Technologies Inc.	INR Lacs	4846.30		4846.30
Zensar Technologies (UK) Ltd.	INR Lacs	(133.31)		(133.31)
Zensar Technologies (Singapore) Pte. Ltd.	INR Lacs	260.80		260.80
Zensar Transformation Services Ltd. (Formerly ICIM Systems & Engineering Services Ltd.)	INR Lacs	(61.02)		(61.02)
Zensar Technologies GmbH	€ K	12.65		8.37
Zensar Technologies (Shenzen) Ltd.	RMB '000	(1021.98)		(67.83)
Zensar OBT Technologies Ltd.	INR Lacs	386.53		386.53
Zensar Advanced Technologies Ltd.	JPY '000	(144656.68)		(661.37)
Profit Before Tax of Subsidiaries Consolidated in Statement u/s 212(8)			**0.00**	**4578.47**
Zensar Technologies Limited				6668.27
Zensar Technologies Limited Unadjusted Consolidated Profit before Tax				**11246.74**
Add: Adjustments to Consolidated Profit Before Tax				
Amortisation of Intangibles pertaining to subsidiaries of Zensar Technologies Inc				-
Other Adjustments to comply with Indian GAAP				-
Other adjustments - Provision for Doubtful Debts in Zensar OBT Technologies Ltd. books for Zensar Technologies Ltd.				(65.19)
Minority Interest - Zensar Advanced Technologies Ltd.				-
Net Profit before tax as per consolidated accounts				**11181.55**

Consolidated Profit After Tax Reconciliation for the year 08 - 09

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

Subsidiaries	Currency	Profit as per subsidiary accounts	Gaap adjustment	Profit after Tax in INR lakhs considered in consolidation
Zensar Technologies Inc.	INR Lacs	3138.83		3138.83
Zensar Technologies (UK) Ltd.	INR Lacs	(130.95)		(130.95)
Zensar Technologies (Singapore) Pte. Ltd.	INR Lacs	222.19		222.19
Zensar Transformation Services Ltd. (Formerly ICIM Systems & Engineering Services Ltd.)	INR Lacs	(61.02)		(61.02)
Zensar Technologies GmbH	€ K	12.65		8.37
Zensar Technologies (Shenzen) Ltd.	RMB '000	(1021.98)		(67.82)
Zensar OBT Technologies Ltd.	INR Lacs	237.81		237.81
Zensar Advanced Technologies Ltd.	JPY '000	(153777.01)		(703.07)
Profit After Tax of Subsidiaries Consolidated in Statement u/s 212(8)			**0.00**	**2644.33**
Zensar Technologies Limited				6047.18
Zensar Technologies Limited Unadjusted Consolidated Profit After Tax				**8691.51**
Add: Adjustments to Consolidated Profit After Tax				
Adjustment to PAT on account of GAAP Differences				-
Other adjustments - Provision for Doubtful Debts In Zensar OBT Technologies Ltd. books for Zensar Technologies Ltd.				(65.19)
Minority Interest - Zensar Advanced Technologies Ltd.				30.00
Net Profit After Tax as per consolidated accounts				**8656.32**

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 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these 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. 1016.45 Lacs as at 31st March 2009 and total revenues of Rs. 2936.23 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 2009;
   (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; and
   (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.

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

Place: Pune
Date: 21st April 2009

Consolidated Balance Sheet as at 31st March 2009

	Schedule	2009 Rs. in lakhs		2008 Rs. in lakhs	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	2396.57		2396.49	
Share Application money pending allotment		-		0.66	
Reserves and Surplus	2	23464.59		26004.59	
			25861.16		28401.74
Loan Funds					
Secured Loan	3	7573.50		6386.04	
Minority Interest		29.81		66.38	
			33464.47		34854.16
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	20193.68		23172.71	
Less : Depreciation/ Amortization		9042.56		7020.04	
Net Block		11151.12		16152.67	
Capital Work in Progress		589.29		2948.79	
			11740.41		19101.46
Investments	5		2372.15		1595.43
Current Assets, Loans and Advances					
Sundry Debtors	6	13327.58		14433.05	
Cash and Bank Balances	7	8114.15		3759.63	
Other Current Assets	8	5348.43		3691.89	
Loans and Advances	9	5258.33		3787.60	
		32048.49		25672.17	
Less: Current Liabilities and Provisions					
Current Liabilities	10	10457.53		9041.30	
Provisions	11	2814.89		2873.12	
		13272.42		11914.42	
Net Current Assets			18776.07		13757.75
Deferred Tax					
Deferred Tax Asset	12 A	625.01		476.60	
Deferred Tax Liability	12 B	(49.17)		(77.08)	
			575.84		399.52
			33464.47		34854.16
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
Date : 21st April 2009

H. V. Goenka
Chairman

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Consolidated Profit and Loss Account For the year ended 31st March 2009

	Schedule	2009 Rs. In lakhs		2008 Rs. in lakhs	
INCOME					
Software development and allied services		90169.04		77479.88	
Sale of System Integration systems		639.08		813.48	
Other Income	13	1408.21		1218.89	
			92216.33		79512.25
EXPENDITURE					
Operating Expenses	14	78220.09		69043.17	
Interest and Finance Charges	15	387.74		591.09	
Depreciation/ Amortization		2426.95		1735.39	
			81034.78		71369.65
Profit before Taxation and Minority Interest			11181.55		8142.60
Provision for Taxation					
- Current tax		2796.31		1946.29	
- Deferred tax		(71.25)		116.31	
- MAT Credit Entitlement		(631.00)		(540.00)	
- Fringe Benefit Tax		107.25		116.90	
Short / (Excess) provision for taxation in respect of earlier years (net)		353.92		52.95	
Profit after Taxation and before Minority Interest			8626.32		6450.15
Minority Interest		(30.00)		47.14	
Profit after Taxation			8656.32		6403.01
Balance brought forward from Previous year		19860.08		14976.34	
Profit Available for Appropriation			28516.40		21379.35
Proposed Dividend		1078.46		910.67	
Provision for Tax on Proposed Dividend		183.28		154.77	
Transfer to General Reserve		7500.00		453.83	
Profit and Loss Account Balance carried to Balance Sheet			19754.66		19860.08
Earnings Per Equity Share (Face Value Rs. 10)			**Rs.**		**Rs.**
[See Schedule 16, Note 11]					
- Basic			36.12		26.73
- Diluted			36.09		26.59
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
Date : 21st April 2009

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Schedules

	2009 Rs. in lakhs	2008 Rs. in lakhs
SCHEDULE 1		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009		
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		
2,39,65,670 (Previous Year: 2,39,64,935)		
Equity Shares of Rs. 10 each fully paid-up	2396.57	2396.49
[See note below and Schedule 16, Note 7]		
	2396.57	**2396.49**
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 2009		
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	2963.41	2922.51
Add : Received during the year on exercise of		
Stock Options issued to employees	0.59	40.90
	2964.00	**2963.41**
General Reserve		
Balance brought forward	3613.20	3269.79
Less : Transitional effect on account of adoption AS 15 (Revised 2005)		
Employee benefits" as on April 1, 2007	-	(110.42)

Schedules (Continued)

	2009 Rs. in lakhs	2008 Rs. in lakhs
Add : Transfer from Profit & Loss Account	7500.00	453.83
	11113.20	**3613.20**
Hedging Reserve		
Balance brought forward	-	-
Add : Movement during the year	(66.17)	-
	(66.17)	**-**
Employee Stock Options		
[See Schedule 16, Note 7]		
Employee Stock Options Outstanding	30.97	39.45
Less : Deferred Employee Compensation	5.61	13.38
	25.36	**26.07**
Foreign Currency Translation Reserve		
Balance brought forward	(669.91)	(26.29)
Foreign Currency Translation Reserve for the year	(390.12)	(643.62)
	(1060.03)	**(669.91)**
Profit and Loss Account		
Balance in Profit and Loss Account	19754.66	19860.08
Less : Adjustment for Goodwill [See Schedule 16, Note 4]	(9478.17)	-
	10276.49	**19860.08**
	23464.59	**26004.59**
SCHEDULE 3		
Annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009		
SECURED LOANS		
Term Loans from Bank	7573.50	5,913.00
[Amount repayable within one year Rs. 2524.50 lakhs (Previous year: Rs. Nil)]		
Working Capital facilities from Banks	-	473.04
[Amount repayable within one year Rs. Nil (Previous year: Rs. 473.04 lakhs)]		
	7573.50	**6386.04**
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 2009

Fixed Assets [See schedule 16, Note 4]

Rs. In lakhs

Assets	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	Cost as at 31st March 2008	Additions/ Adjustment during the year	Deletions during the year	Cost as at 31st March 2009	Accumulated Depreciation/ Amortisation as at 31st March 2008	Depreciation/ Amortisation for the year	Depreciation/ Amortisation written back on deletions during the year	Accumulated Depreciation/ Amortisation as at 31st March 2009	As at 31st March 2009	As at 31st March 2008
Goodwill	11228.00	182.39	10644.09	766.30	47.29	62.89	0.00	110.18	656.12	11180.71
Land - Leasehold	264.25	0.00	0.00	264.25	13.89	2.77	0.00	16.66	247.59	250.36
- Freehold	34.67	0.00	0.00	34.67	21.69	0.00	0.00	21.69	12.98	12.98
Buildings	2518.21	2750.07	0.00	5268.28	240.68	153.38	0.00	394.06	4874.22	2277.53
Improvement to Leasehold Premises	536.69	1.16	108.06	429.79	322.57	82.47	108.06	296.98	132.81	214.12
Plant and Machinery	1965.34	1670.92	98.85	3537.41	1305.41	575.58	96.23	1784.76	1752.65	659.93
Furniture, Fixtures and Office Equipment	2413.84	890.75	196.85	3107.74	1101.92	393.66	144.28	1351.30	1756.44	1311.92
Motor Vehicles	225.80	65.23	50.44	240.59	82.76	44.93	28.15	99.54	141.05	143.04
Data Processing Equipment-Own use	4028.15	514.76	128.68	4414.23	2931.13	558.15	124.22	3365.06	1049.17	1097.02
Intangible Assets (Software Including courseware)	1332.52	819.63	3.42	2148.73	1092.22	553.12	3.42	1641.92	506.81	240.30
TOTAL	**24547.47**	**6894.91**	**11230.39**	**20211.99**	**7159.56**	**2426.95**	**504.36**	**9082.15**	**11129.84**	**17387.91**
Exchange Fluctuation On Consolidation	(1374.76)	2522.37	1165.92	(18.31)	(139.52)	99.93		(39.59)	21.28	(1235.24)
Total	23172.71	9417.28	12396.31	20193.68	7020.04	2526.88	504.36	9042.56	11151.12	16152.67
Previous Financial Year	22465.04	878.27	170.60	23172.71	5418.66	1674.87	73.49	7020.04		
Capital Work in Progress including advances on Capital Account Rs. 67.65 lakhs (Previous year : Rs. 2120.04 lakhs)									589.29	2948.79
									11740.41	19101.46

Schedules (Continued)

	2009 Rs. in lakhs	2008 Rs. in lakhs
SCHEDULE 5 annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009		
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	0.05
25 Equity Shares of Rs. 10 each fully paid-up in CHI Investments Limited	0.01	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	0.14	0.14
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 Brabourne Enterprises 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 Investments		
Non-Trade		
Unquoted		
NIL (Previous Year: 20,59,131) units of Birla SunLife Liquid Plus-IP-Growth	-	205.91
NIL (Previous Year : 20,15,279) units of ING Liquid Plus Fund -IP-Growth	-	201.58
NIL (Previous Year :20,47,070) units of JM Money Manager Fund-Super Plus Plan-Growth	-	204.86
NIL (Previous Year : 10,03,808) units of Lotus India Liquid Plus -IP-Growth	-	100.38
NIL (Previous Year : 10,039) units of Reliance Liquid Plus Fund-IP-Growth	-	100.50
NIL (Previous Year: 10,01,907) units of Tata Floater Fund-Growth	-	100.19
NIL (Previous Year :20,215) units of Tata Treasury Manager Fund -SHIP-Growth	-	202.75
NIL (Previous Year : 20,12,851) units of Templeton India Ultra Short Bond Fund-IP-Growth	-	201.82
NIL (Previous Year : 10,248) units of UTI Liquid Plus Fund-IP-Growth	-	102.50
NIL (Previous year: 11,37,305) units of JM Mutual Fund - Arbitrage Advantage	-	114.35
NIL (Previous year: 5,00,000) units of Standard Chartered Mutual Fund - Arbitrage	-	50.00
20,41,745 (Previous year : NIL) units of Birla Sun Life Savings Fund	204.31	-
1,096,731 (Previous year : NIL) units of HDFC Cash Managemant Fund - Treasury Advantage Plan	110.02	-
980,449 (Previous year : NIL) units of HDFC Short Term Plan Dividend	101.51	-
437,078 (Previous year : NIL) units of ICICI Prudential Institutional Income Plan	50.00	-
1,796,030 (Previous year : NIL) units of Kotak Flexidebt Scheme	180.46	-
2,000,086 (Previous year : NIL) units of Kotak Quarterly Interval Plan series 2	200.01	-
1,700,000 (Previous year : NIL) units of LIC MF savings Plus Fund	170.00	-
10,00,000 (Previous year : NIL) units of LIC MF Interval Fund - Series 1	100.00	-
950,904 (Previous year : NIL) units of Reliance Short term fund	101.30	-
1,299,350 (Previous year : NIL) units of SBI-SHF- ultra Short Term Fund	130.00	-
1,849,943 (Previous year : NIL) units of Templeton Floating Rate Income Fund Short Term Plan	186.06	-
19,622 (Previous year : NIL) units of UTI liquid Cash Plan	200.04	-
19,41,794 (Previous year : NIL) units of UTI Fixed income Interval Fund - Monthly Interval Plan	194.19	-

Schedules (Continued)

	2009 Rs. in lakhs	2008 Rs. in lakhs
4,38,611 (Previous year : NIL) units of UTI-Gilt Advantage Fund Long Term Plan	51.00	-
6,01,030 (Previous year : NIL) units of Kotak Floater Long Term Daily Dividend	60.58	-
5,03,000 (Previous year : NIL) units of TFLD Tata Floater Fund Daily Dividend	50.48	-
10,083 (Previous year : NIL) units of Reliance Money Manager Fund	100.95	-
285,536 (Previous year : NIL) units of ICICI Prudential Flexible Income Plan	30.19	-
10,043 (Previous year : NIL) units of UTI Treasury Advantage Fund	100.46	-
236,765 (Previous year : NIL) units of Reliance Mutual Fund	50.00	-
NIL (Previous year: 50,000) units of LIC Mutual Fund - FMP		5.00
NIL (Previous year: 50,000) units of Tata Mutual Fund - FMP		5.00
	2371.56	**1594.84**
Grand Total (I + II)	**2372.15**	**1595.43**
Aggregate amount of Quoted Investments [Market Value Rs. 0.60 lakhs (Previous year: Rs. 1.88 lakhs)]	0.59	0.59
Aggregate cost of Unquoted Investments	2371.56	1594.84
	2372.15	**1595.43**

CURRENT ASSETS, LOANS AND ADVANCES

SCHEDULE 6
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009

SUNDRY DEBTORS
(Unsecured)
Debts outstanding for a period exceeding 6 months:

- Considered good	301.24	272.60
- Considered doubtful	1375.17	501.87
	1676.41	**774.47**
Other debts		
- Considered good	13026.34	14160.45
- Considered doubtful	-	-
	13026.34	**14160.45**
	14702.75	**14934.92**
Less : Provision for doubtful debts	1375.17	501.87
	13327.58	**14433.05**

SCHEDULE 7
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009

CASH AND BANK BALANCES

Cash on hand	4.71	8.81
Balances with Scheduled Banks:		
(a) On Current Account	574.03	1006.37
(b) On Time Deposit Account	1741.94	707.90

Schedules (Continued)

	2009 Rs. in lakhs	2008 Rs. in lakhs
Balance with Other Banks:		
(a) On Current Account	5265.56	1924.38
(b) On Time Deposit Account	10.03	7.83
(c) On Money Market and Treasury Accounts	517.88	104.34
	8114.15	**3759.63**
SCHEDULE 8 annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009		
OTHER CURRENT ASSETS		
Accrued Income (Unbilled Services)	5348.20	3686.43
Interest accrued on deposits	0.23	5.46
	5348.43	**3691.89**
SCHEDULE 9 annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009		
LOANS AND ADVANCES (unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	2437.55	1934.80
- Considered doubtful	61.66	4.30
Security and other deposits:		
- Considered good	676.88	533.39
- Considered doubtful	43.46	25.00
MAT Credit Entitlement	1171.00	540.00
Taxes recoverable [taxes paid less provisions Rs. 4183.11 lakhs (Previous year Rs. 867.67 lakhs) thereagainst]	972.90	779.41
	5363.45	**3816.90**
Less : Provision for doubtful deposits and advances	105.12	29.30
	5258.33	**3787.60**
SCHEDULE 10 annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009		
CURRENT LIABILITIES		
Sundry Creditors [Including book overdraft Rs. 183.85 lakhs (Previous year : Rs. 368.74 lakhs)]	10385.41	8918.01
Advances from customers	55.11	90.54
Interest accrued but not due on Fixed Loans	17.01	32.75
	10457.53	**9041.30**
SCHEDULE 11 annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009		
PROVISIONS		
Taxation less payments there against	90.08	647.37
Proposed Dividend	1,078.46	910.67
Provision for Tax on Proposed Dividend	183.28	154.77
Leave Encashment	1053.03	892.14
Gratuity	292.16	120.07
Provision for disputed Statutory Liabilities [See Schedule 16, Note 3 and Note 15]	74.71	71.96
Other obligations [See Schedule 16, Note 15]	43.17	76.14
	2814.89	**2873.12**

Schedules (Continued)

	2009 Rs. in lakhs	2008 Rs. in lakhs
SCHEDULE 12 A annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009		
DEFERRED TAX ASSETS		
Other Miscellaneous Items	625.01	476.60
	625.01	**476.60**
SCHEDULE 12 B annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009		
DEFERRED TAX LIABILITY		
Other Miscellaneous Items	49.17	77.08
	49.17	**77.08**
SCHEDULE 13 annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2009		
OTHER INCOME		
Dividend from current investments, Non Trade	133.32	93.65
Interest:		
- on deposits with banks	72.49	83.55
- others	31.43	16.15
	103.92	**99.70**
Exchange gain (net)	201.38	117.34
Profit on sale of fixed assets	2.26	-
Profit on sale of current investments Non Trade	10.24	3.03
Provisions no longer required and credit balances written back	412.28	626.76
Miscellaneous Income	544.81	278.41
	1408.21	**1218.89**

Schedules (Continued)

	2009 Rs. in lakhs	2008 Rs. in lakhs
SCHEDULE 14 annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2009		
OPERATING EXPENSES		
Salaries, Wages and Bonus	47131.83	40688.40
Company's contribution to Provident and other funds	2749.22	2139.86
Staff Welfare Expenses	1120.36	975.26
Employee Stock Compensation Expense	(0.71)	7.21
	51000.70	**43810.73**
Travelling Expenses	4915.11	4612.77
Cost of manpower hired	10326.23	10198.82
Recruitment Expenses	379.47	512.41
Training Expenses	129.52	109.98
Electricity and Power	713.55	577.27
Rent	1806.10	1573.76
Repairs and Maintenance to:		
- Plant and Machinery	140.73	107.60
- Building	395.56	375.36
- Others	37.10	60.73
	573.39	**543.69**
Insurance	1896.31	1611.07
Rates and Taxes	137.11	139.89
Consumable Media	166.77	268.28
Legal and Professional Charges	1435.70	1394.12
Postage, Telephone and E-Mail	1229.44	1149.98
Stationery and Printing	114.29	132.20
Carriage, Freight and Octroi	8.87	4.26
Vehicle Expenses	156.46	108.22
Advertisement and Publicity	656.32	548.34
Purchase of hardware and software for Integration System	615.79	650.55
Loss on Disposal of Fixed Assets	-	4.58
Bad Debts written off	760.46	591.92
Claims/Deposits written off	9.73	11.77
Provision for Doubtful Debts	765.08	127.47
Directors' Fees	8.32	7.65
Provision for Doubtful Loans and Advances	20.16	-
Miscellaneous Expenses (Refer Schedule 16, Note 14)	395.21	353.44
	78220.09	**69043.17**
SCHEDULE 15 annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2009		
INTEREST AND FINANCE CHARGES		
Interest:		
- On Fixed Loans	278.30	463.41
- Others	34.24	49.75
	312.54	**513.16**
Finance Charges :		
- Bank Charges	75.20	77.93
	387.74	**591.09**

Schedules (Continued)

SCHEDULE 16

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Principles of Consolidation

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

Intra group balances and intra group transactions and resulting unrealised profits are eliminated in full. Separate disclosure is made 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 2009
1.	Zensar Technologies Inc. (ZTI) (Refer Note 4)	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.	Zensar Transformation Services Limited (formerly known as ICIM Systems and Engineering Services Limited)	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) (Refer Note 4)	USA	-
8.	Zensar ThoughtDigital LLC (Refer Note 4)	USA	-
9.	Zensar Advanced Technologies Limited	Japan	100% (60% till 16th September 2008)
10.	Zensar Technologies (Shenzhen) Limited [ZT(China)]	Peoples Republic of China	51%

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

(e) Goodwill

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

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

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

(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.

Rs. in Lakhs

		As at 31st March 2009	As at 31st March 2008
2.	Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs.67.65 lakhs (Previous year Rs.2120.04 lakhs)]	650.84	3084.14
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.	337.65	501.66
	Matters on which the Company is in appeal.	716.44	272.59
	(b) Sales Tax / Value Added Tax		
	Claims against the Company regarding sales tax against which the Company has preferred appeals.	77.49	69.59
	(c) Claim in respect of rented premises.	141.94	191.27
	(d) Claims against the Company not acknowledged as debts.	61.85	61.85
	(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	8411.63	6839.69
	(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.		

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

4. **Merger of step down subsidiaries in US**

The Company's wholly owned subsidiary Zensar Technologies Inc, USA had acquired 100% stake in OBT Technologies Inc (now known as Zensar OBT Technologies Inc) on 12th December 2005 and 100% stake in Thought Digital LLC (now known as Zensar ThoughtDigital LLC) on 23rd February 2007.

On 31st March 2009, Zensar OBT Technologies Inc and Zensar ThoughtDigital LLC merged with Zensar Technologies Inc. The Company has accounted for the merger under the pooling of interests method under AS - 14 Accounting for amalgamations. This has resulted in a decrease in goodwill to the extent of Rs. 9,478.17 lakhs (net of foreign currency translation reserve adjustment of Rs. 1165.92 lakhs) and a corresponding decrease in reserves.

5. **Acquisition**

On 9th April, 2007 the Company formed a 60:40 joint venture, Zensar Advanced Technologies Limited (ZATL), 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 (Rs.257.16 lakhs).

On 17th September 2008, Zensar Technologies Limited acquired the minority shareholder's holding of 40% in Zensar Advanced Technologies Limited (ZATL). The 40% shareholding consisting of eight shares was purchased for Rs.183.76 lakhs ($400,000). ZATL is now a wholly owned subsidiary of the Company.

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

Consequently, exchange loss aggregating Rs. 66.17 lakhs, in respect of forward exchange contracts which qualify for hedge accounting, have been recognised directly in the Hedging Reserve Account, to be recognised in the profit and loss account when the underlying transactions occur.

7. **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	2008-09		2007-08	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	333784	150.23	329242	141.28
Granted during the year	43569	120.00	64394	175.00
Exercised during the year	-	-	30258	102.56
Cancelled during the year	50696	155.53	29594	152.39
Balance unexercised options	326657	145.36	333784	150.23
Exercisable at end of year	210264	133.96	162342	122.83

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

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

Particulars	2008-09		2007-08	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	473200	190.60	357000	200.00
Granted during the year	46000	120.00	223000	194.17
Exercised during the year	-	-	-	-
Cancelled during the year	45720	154.51	106800	229.49
Balance unexercised options	473480	187.22	473200	190.60
Exercisable at end of year	140880	195.39	57600	200.00

8. **Primary Segment**

Effective 1st April 2008, the Company has reorganised its business by combining Global Outsourcing Services (GOS) and Innovative Technology Solutions (ITS) into a single reporting unit, Global Transformation Services (GTS). Enterprise Application Services (EAS) continues to be the other reportable segment. Segment information in respect of previous year has been regrouped to conform to the current reportable segments.

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

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

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

Business Segments Rs. in Lakhs

2008-09	GTS	EAS	Unallocated	Total
Sales to External Customers	62,032.21	28,438.96	336.95	90,808.12
Segment Result	11,708.37	1,783.10	77.44	13,568.91
Depreciation	-	-	2,426.95	2,426.95
Interest and Finance Cost	-	-	387.74	387.74
Unallocable Income (net)	-	-	427.33	427.33
Profit before tax	11,708.37	1,783.10	(2,309.92)	11,181.55
Taxes	-	-	2,555.23	2,555.23
Profit after Tax	11,708.37	1,783.10	(4,865.15)	8,626.32
Prior period items	-	-	-	-
Exceptional items	-	-	-	-
Minority Interest	-	-	(30.00)	(30.00)
	11,708.37	**1,783.10**	**(4,835.15)**	**8,656.32**
Sales to External Customers	51,852.65	26,440.71	-	78,293.36
Segment Result	7,943.04	1,355.45	-	9,298.49
Depreciation	-	-	1,735.39	1,735.39
Interest and Finance Cost	-	-	591.09	591.09
Unallocable Income (net)	-	-	1,170.59	1,170.59
Profit before tax	7,943.04	1,355.45	(1,155.89)	8,142.60
Taxes	-	-	1,692.45	1,692.45
Profit after Tax	7,943.04	1,355.45	(2,848.34)	6,450.15
Prior period items	-	-	-	-
Exceptional items	-	-	-	-
Minority Interest	-	-	47.14	47.14
	7,943.04	**1,355.45**	**(2,895.48)**	**6,403.01**

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

Secondary Segments

Secondary segmental reporting is performed on the basis of geographical locations.

Revenue attributable to location of customers is as follows:

Rs. in Lakhs

Geographical Location	2008-09	2007-08
United States of America	52626.76	39751.38
United Kingdom	14830.42	17571.59
Rest of the World	23350.94	20970.39
	90808.12	**78293.36**

9. 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

(ii) Key Management Personnel

Dr. Ganesh Natarajan

Mr. Vivek Gupta

Mr. Nitin Parab

Mr. S. Balasubramaniam

Mr. V. Balasubramanian

Mr. Pramod Bhalla (Upto 30th November 2008)

Mr. Sanjay Marathe

Ms. Vaijayanti Deshpande

Ms. Prameela Kalive

Mr. Hiren Kulkarni

Mr. Ramesh Kodali

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

Related Party disclosure (continued)

Transaction with Related Parties

Rs. in Lakhs

	Description of the nature of the transaction	Volume of transactions during		Amount Outstanding as on 31st March			
		2008-09	2007-08	2009		2008	
				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	-	-	-	-
	Total of Rendering of Software Services	**-**	**1001.99**	**-**	**-**	**-**	**-**
B.	Remuneration of Key Management Personnel						
	(i) Dr. Ganesh Natarajan	254.74	263.56	-	-	-	-
	(ii) Mr. Pramod Bhalla	41.89	70.43	-	-	-	-
	(iii) Mr. Vivek Gupta	174.40	124.03	-	-	-	-
	(iv) Mr. Nitin Parab	144.02	130.06	-	-	-	-
	(v) Mr. Ramesh Kodali	122.27	81.71				
	(vi) Others	205.49	152.74	-	-	-	-
	Total Remuneration of Key Management Personnel	**942.81**	**822.53**	**-**	**-**	**-**	**-**

10. Lease Obligations

Operating Leases

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next four years.

Total Minimum Lease Payments Outstanding as on 31st March 2009

Rs. in Lakhs

	31st March 2009	31st March 2008
Less than one year	197.07	221.07
More than one year, but less than five years	428.02	335.35
More than five years	-	-
	625.09	**556.42**

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

11. Earnings Per Share (EPS)

Particulars		2008-09	2007-08
A.	**Profits attributable to equity shareholders**		
	Net profit after taxation (Rs. in Lakhs)	8656.32	6403.01
B.	**Basic Earnings Per Share**		
	Total No. of equity shares outstanding (including 5845304 equity shares issued pursuant to Scheme of Amalgamation)	23965624	23949573
	Basic EPS	36.12	26.73
C.	**Diluted Earnings Per Share**		
	Total No. of equity shares outstanding as at the year end	23965624	23949573
	Effect of dilutive issue of stock options	19157	127502
	Weighted average no. of equity shares outstanding (including stock options)	23984781	24077075
	Diluted EPS	36.09	26.59

12. Forward contracts and options outstanding

Particulars	2008-09	2007-08
Forward Contracts		
In US$	$6800000	$7600000
(Equivalent approximate in Rs. lakhs)	3433.32	2995.92
In GBP	£650000	£400000
(Equivalent approximate in Rs. lakhs)	470.54	314.60
In ZAR	ZAR 7270750	-
(Equivalent approximate in Rs. lakhs)	383.89	-
Options		
Variable Strike Options in US$	$450000	$4650000
(Equivalent approximate in Rs. lakhs)	183.26	1969.70
Variable Strike Options in GBP	£200000	£1400000
(Equivalent approximate in Rs. lakhs)	185.90	1022.45

13. Managerial Remuneration

Rs. in Lakhs

Particulars		2008-09	2007-08
(a)	Salary and Allowances	238.21	247.60
(b)	Contribution to Provident Fund and Superannuation Scheme	12.14	11.57
(c)	Perquisites (Valued as per the provisions of the Income-tax Act, 1961 of India, where applicable)	4.39	4.39
		254.74	**263.56**

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

14. Miscellaneous Expenses include Auditors' Remuneration and Expenses as under

Rs. in Lakhs

Particulars		2008-09	2007-08
(a)	As auditors	64.66	56.22
(b)	As advisors, or in any other capacity, in respect of		
	(i) Taxation matters	-	-
	(ii) Management services	-	-
	(iii) Other services	6.65	-
(c)	Out of pocket expenses reimbursed [for (a) and (b) above]	1.40	0.79
	Total	**72.71**	**57.01**

15. Disclosure as per Accounting Standard 29

Rs. in Lakhs

	2008-09			2007-08		
	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	71.96	76.14	148.10	93.27	128.80	222.07
Addition	6.83	11.67	18.50	-	11.66	11.66
Utilisation	4.08	44.64	48.72	21.31	64.32	85.63
Reversal	-	-	-	-	-	-
Closing Balance	**74.71**	**43.17**	**117.88**	**71.96**	**76.14**	**148.10**

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.

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

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

(A) Defined Contribution Plans

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

Rs. in Lakhs

	Particulars	For the Year ended 31st March 2009	For the Year ended 31st March 2008
(i)	Contribution to Employees' Provident Fund	562.51	346.64
(ii)	Contribution to Employees' Family Pension Fund	231.09	175.22
(iii)	Contribution to Employees' Superannuation Fund	29.45	15.55
(iv)	Contribution to Employees' Social Security Fund in USA	849.10	617.01
(v)	Contribution to Employees' 401 K Fund in USA	102.99	45.74
(vi)	Contribution to Central Provident Fund in Singapore	54.73	35.62
	Total	**1829.87**	**1235.78**

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

(B) Defined Benefit Plans- Gratuity

(i) Changes in the Present Value of Obligation

Rs. in Lakhs

	Particulars	For the Year ended 31st March 2009	For the Year ended 31st March 2008
(a)	Present Value of Obligation as at beginning of the year	770.65	567.85
(b)	Interest Cost	67.29	46.85
(c)	Past Service Cost	-	-
(d)	Current Service Cost	183.43	110.67
(e)	Curtailment Cost/(Credit)	-	-
(f)	Settlement Cost/(Credit)	-	-
(g)	Benefits Paid	(41.66)	(62.50)
(h)	Actuarial (Gain)/Loss	179.65	107.78
(i)	As at end of the year	1159.36	770.65

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

(ii) Changes in the Fair value of Plan Assets

Rs. in Lakhs

	Particulars	For the Year ended 31st March 2009	For the Year ended 31st March 2008
(a)	Present Value of Plan Assets as at beginning of the year	650.58	597.85
(b)	Expected Return on Plan Assets	56.88	49.33
(c)	Actuarial Gain/(Loss)	(7.92)	3.40
(d)	Contributions	209.32	62.50
(e)	Benefits Paid	(41.66)	(62.50)
(f)	As at end of the year	867.20	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

	Particulars	For the Year ended 31st March 2009	For the Year ended 31st March 2008
(a)	Present Value of Funded Obligation as at March 31	1159.36	770.65
(b)	Fair Value of Plan Assets as at March 31	867.20	650.58
(c)	Present Value of Unfunded Obligation as at March 31	-	-
(d)	Net Liability recognised in the Balance Sheet	292.16	120.07

(iv) Expenses recognised in the Profit and Loss Account

Rs. in Lakhs

	Particulars	For the Year ended 31st March 2009	For the Year ended 31st March 2008
(a)	Current Service Cost	183.43	110.67
(b)	Past Service Cost	-	-
(c)	Interest Cost	67.29	46.85
(d)	Expected Return on Plan Assets	(56.88)	(49.33)
(e)	Curtailment Cost/(Credit)	-	-
(f)	Settlement Cost/(Credit)	-	-
(g)	Net actuarial (Gain)/Loss	187.57	104.38
(h)	Employees' Contribution	-	-
(i)	Total Expenses recognised in the Profit and Loss Account	381.41	212.57

SCHEDULE 16 (Continued)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009

NOTES TO ACCOUNTS (Continued)

(v) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets

	Particulars	2008-09	2007-08
(a)	Government of India Securities	0%	0%
(b)	Corporate Bonds	0%	0%
(c)	Special Deposit Scheme	0%	0%
(d)	Equity Shares of Listed Companies	0%	0%
(e)	Property	0%	0%
(f)	Insurer Managed Funds	100%	100%
(g)	Others	0%	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

Rs. in Lakhs

	Particulars	2008-09	2007-08
(a)	Actual return on plan assets	48.97	52.76

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

	Particulars	2008-09	2007-08
(a)	Discount Rate	7.75%	8.25%
(b)	Expected Rate of Return on Plan Assets	7.75%	8.25%
(c)	Salary Escalation Rate - Management Staff	5.50%	6.00%

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

17. **Reclassification**

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

Signatures to Schedules 1 to 16 forming part of the Consolidated Balance Sheet as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended 31st March 2009.

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
Date : 21st April 2009

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Consolidated Cash Flow Statement for the year ended 31st March 2009

Rs. in lakhs

		2009		2008	
A.	**Cash Flow from Operating Activities :**				
	Net Profit before Tax Prior Period Expenses & Exceptional Items		**11181.55**		**8142.60**
	Adjustments for				
	Depreciation	2426.95		1735.39	
	Miscellaneous Expenditure written off	0.00		0.25	
	Dividend Income	(133.32)		(93.65)	
	Interest Expense	387.74		591.09	
	Loss / (Profit) on Sale of Investments (net)	(10.24)		(3.03)	
	Interest Income	(103.92)		(99.70)	
	Loss / (Profit) on Sale of Fixed Assets (net)	(2.26)		4.58	
	Employee Stock Compensation Expense	(0.71)		7.21	
			2564.24		**2142.14**
	Operating Profit before Working Capital Changes and Other adjustments		**13745.79**		**10284.74**
	Adjustments for				
	Sundry Debtors	1437.87		(1212.65)	
	Other Current Assets	(1527.39)		(691.41)	
	Loans and Advances	(519.27)		(401.39)	
	Current Liabilities and Provisions	1468.27		40.34	
			859.48		**(2265.11)**
	Cash generated from Operations		**14605.27**		**8019.63**
	Taxes (Paid) / Received (Net of TDS)	(4113.33)		(1775.54)	
			(4113.33)		(1775.54)
	Net Cash from Operating activities (A)		**10491.94**		**6244.09**
B.	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets including CWIP and Goodwill		(6775.46)		(3507.93)
	Purchase of business		0.00		(281.24)
	Sale Proceeds of Fixed Assets		1250.12		93.43
	Purchase of Investments in Mutual Funds		(31070.67)		(9,992.17)
	Sale Proceeds of Investments in Mutual Funds		30304.19		10,437.34
	Interest Income		103.92		99.70
	Dividend Income		133.32		93.65
	Net Cash from Investing Activities (B)		**(6054.58)**		**(3057.22)**
C.	**Cash Flow from Financing Activities**				
	Proceeds from issuance of Share Capital on exercise of stock options		0.00		33.26
	Secured Loans taken / (repaid)		1370.34		(2370.95)

Consolidated Cash Flow Statement for the year ended 31st March 2009 (Continued)

Rs. in lakhs

		2009	2008
	Interest Payment	(387.74)	(591.09)
	Proceeds from issuance of shares by subsidiary	-	1.37
	Dividend on Equity Shares and tax thereon	(1065.44)	(979.45)
	Net Cash from Financing Activities (C)	**(82.84)**	**(3906.86)**
D.	**Net Increase/(Decrease) in Cash and**		
	Cash Equivalents (A+B+C)	**4354.52**	**(719.99)**
	Opening Balance of Cash & Cash Equivalents	**3759.63**	**4479.62**
	Closing Balance of Cash & Cash Equivalents	**8114.15**	**3759.63**

Notes :

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

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

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
Date : 21st April 2009

H. V. Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 21st April 2009

Zensar in the news

Fingers crossed: *(From left) Zensar Tech deputy chairman and MD Ganesh Natrajan, Nasscom president Som Mittal, IT minister A. Raja and Nasscom chairman Laxmi Narayanan at the Leadership Forum.*

NASSCOM WARNING

Innovation key to coping with global meltdown, rising Re

BY PENNY MACRAE
feedback@livemint.com

MUMBAI

India's outsourcing industry must keep innovating to keep its world-beating edge and meet the challenge of a stronger rupee and a slowing global economy, business leaders said on Wednesday.

The warning came as the nation's top outsourcing body National Association of Software and Services Companies (Nasscom) began its annual

The IT sector has to scale up from lower-cost advantages to building special skills, industry leaders say

'The goal now is to enter the developed world'

Harsh Goenka, chairman of RPG Enterprises, sits in an office that betrays his interest in the world of art, sculpture and paintings. The artefacts in the waiting area outside his chamber makes your wait interesting in many ways, but this is a man who does not make you wait too long. Goenka spoke to Suman Layak on Valentine's Day about the group's businesses and the way forward.

Q&A
Harsh Goenka,
Chairman, RPG Enterprises

ower is the mainstay of RPG Enterprises sn't it?

CESC Limited is our biggest play in power and in any other field und we are operating vith very high plant oad factors. Our transnission distribution osses are now below 14 er cent. We are comng up with a new plant n Haldia and Budge Budge, besides plans ire afoot for new power generating units in Jharkhand and Orissa. KEC is our transmission play that we intend to use to get a global footprint. We are working on projects in countries like Afghanistan and Iraq where there are a ot of issues, including security. We are also in countries like Tunisia, Algeria, middle east. We have a joint venture with an US company called Power Engineers and are looking at growing the business in sub-stations, telecom towers and railway infrastructures. We want to become a world leader in the business. The goal now is to enter the leveloped world.

What is the latest in growth areas ike retail and entertainment?

We are learning the ropes in movie making now. We have just released a new album with Sonu Nigam called 'Classically Mild' that has some classical touches to the music. We are also into DVD and VCD distribution. Spencers is expanding fast and we have upgraded the ambience. We are introducing new items. Some toys from the United Kingdom would be put on our stores, which were never sold before in India. We are opening a story a day and in different formats. We are also rolling out 500 RPG Cellucoms for mobile re tail in the near future.

What about infotech and life sciences?

Zensar is our vehicle for the infotech business. We bought out the stake held by Fujitsu in the company, besides acquiring two companies in the US and another in Japan. The Japanese acquisition has allowed us get a much better hold in the market where we grew by 55 per cent. The Oracle practice of Zensar is now among the top 10 in the business globally. We have also targeted the retail sector and now have Marks & Spencers, Target, Self riges as clients.In life sciences, we have restructured the business into a life sciences company and an investment company. Our life sciences business will focus on biotech products.

Are there any plans to enter any new businesses?

No. We are not looking at any new businesses and rather trying to focus on our existing businesses at the moment. sumanlayak@hindustantimes.com

Missile scientist shifts career lanes

Prameela Kalive, HR head at Zensar, has worked with APJ Abdul Kalam on projects

■ Prameela Kalive (third from left) was a part of the technology group formed by former president APJ Kalam.

Shailendra Paranjpe

A woman missile scientist who has worked on major projects including Akash and Agni and projects on defence technologies for civilian use decided to switch careers.

Today, Prameela Kalive is the global human resources head of Zensar Technologies and has been appointed as president of the Pune chapter of National Human Resource Development Network.

City-based Zensar Technologies is a leading global software services and BPO provider.

role model

NHRD network was formed by HR professionals on March 2, 1985 in Mumbai. The NHRD was established to strengthen the HRD movement to share information and experience. The NHRD Network has around 30 chapters all over India with Pune ranked eighth among these 30 chapters. Kalive takes over from Uma Ganesh who was president for past three years.

Kalive after a one-year stint at IAT Girinagar in Pune joined DLRL Hyderabad where she worked on the Akash missile. She moved to Armament Research and Development Engineers, Pune and worked on the Pinaka multi-barrel rocket launcher after which she was transferred to RS Immarat the premier defence establishment at Hyderabad. She also worked for Agni, the inter-mediate range ballistic missile.

She joined the biomedical technology group formed by former president APJ Abdul Kalam to help develop technology which could be used for purposes and have vital defence applications. Kalive worked on projects including development of light weight callipers and Jaipur foot by using titanium.

She was part of the projects on developing the lighter stent and pace-maker. After working with Defence Research and Development Organisation laboratories for 10 years she worked with an IT company in Hyderabad.

She joined Zensar Technologies seven years ago and played multiple leadership roles in operations, sales, global strategy and as HR head.

Understand society's future needs: Natarajan

TIMES NEWS NETWORK

Pune: As the technologies that were once thought to be 'cutting edge' get commoditized and automated, imagining their innovative use to change the way these technologies make an impact on human life will trigger opportunities in technology entrepreneurship, Nasscom chairman Ganesh Natarajan said on Tuesday.

Natarajan

Delivering the fifth Sam Manekshaw annual lecture at the city's Symbiosis Institute of Management Studies (SIMS), Natarajan delved into many possibilities of applying technology in an exclusive and innovative way that will engender the new wave of entrepreneurship in India.

Natarajan said technology entrepreneurship can come in product innovation, service innovation, business model innovation or process and input innovation. "Information technology, which is expanding and maturing, will seek applications in newer business verticals, which itself will protect businesses against the ups and downs of conventional economic activity," he further said.

Citing examples, Natarajan said, "A big opportunity exists in the area of business intelligence, where innovative products that help businesses make sense out of the huge gamut of information, can have a significant possibility of success."

Mobile phone technology can have endless application and one is limited only by his imagination, Natarajan said, adding, "With the increasing maturity of technology, skills or language abilities will take a back stage and thinking will be the differentiator."

Quoting management guru C K Prahlad, Natarajan said the new generation entrepreneurs should be able to sense the society's needs in the future and respond by creating solutions for these needs. "It will be more critical to build capabilities to claim a high share in the future opportunity than to be happy with a market share in the existing business ambit," he noted.

Natarajan said the young generation must shed the fear of failure and chase their dream with singularity of purpose, aided by disciplined approach to develop an idea into a business.

Zensar in partnership with UK's TwoFour

TIMES NEWS NETWORK

Pune: Technology and software services company Zensar announced on Wednesday that it has signed a strategic partnership with UK's largest broadcast TV Company TwoFour Media.

The alliance sets growth strategies and products based on new media, across a wide range of platforms such as television, internet, radio, film and many more, enabling content distribution across multiple formats, on-demand videos, digital advertising, and user-generated content, said V. Balasubramanian, executive vice president and Head GTS (EMEIA) in a press release.

Twofour Media, in partnership with Zensar, will also bring Media Freedom for the first time in India. This is an advanced asset management system, with built-in collaboration tools, and its associated suite of capability modules enables media content of any format to be acquired, published and delivered to end users live or on-demand, anywhere, on any connected device; including PC, Mobile and TV via a set top box (STB).

Balasubramanian said, "We are glad to announce our partnership with Twofour, which is renowned for its wide range of factual entertainment and lifestyle programming. We are seeing a lot of interest for these new age services across segments of education, media and entertainment, a number of government establishments and also in large corporates in India."

Charles Wace, CEO Twofour Media said, "The scope of work we undertake is very wide, but the common themes are high production values, and our understanding of what makes a compelling experience for our customers. We see India as a significant market for us and are glad to have partnered with Zensar given their expertise and strategies for growth here. With Zensar's outstanding approach towards its customers and a talent base that understands our processes combined with our domain expertise, together we will bring enhanced value and seamless support at reduced costs to our customers."

Ganesh Natarajan, vice chairman and managing director, Zensar Technologies said, "We are reaffirming our commitment to the domestic market with our focus on key segments of government, education, media and entertainment, healthcare and logistics in India by launching new offerings and partnerships to service the sectors. Our growth plans for India will build help to triple our size in India making this a 100 crore

Zensar posts 35% profit for 2008-09

Pune: Global Information Technology and BPO company Zensar Technologies Limited services provider reported 16 per cent higher revenues and a 35 per cent higher profit after taxes for the year 2008-09 as against revenues and profits after tax last year (2007-08).

A press release from the company said the consolidated revenues for the year 2008-09 were 16 per cent higher at Rs 908.08 crore as compared with total revenues of Rs 782.93 crore last year. The profits after tax for the year 2008-09 were 35 per cent higher at Rs 86.56 crore as compared with profits after tax for the year 2007-08 at Rs 64.03 crore, the release said.

For the fourth quarter, revenues were up from Rs. 204.00 crore to Rs 214.76 crore as against same quarter last year, showing 5 per cent growth. Net income was Rs 23.03 crore against Rs 21.54 crore for the same quarter last year.

Ganesh Natarajan, vice chairman and MD, Zensar said in the release, "The higher revenues and profits for Zensar in spite of a tough economic environment is a result of our emphasis on innovation and geography, segment and service derisking. Our portfolio of services has doubled in the last three years with over 40 per cent of current year revenues coming from new service areas like Business Intelligence, Remote Infrastructure Management and Consulting." TNN

Zensar opens 3rd global delivery centre

The new facility will employ 400 people at Kharadi

Nilanjana Ghosh Choudhury

Pune-based Zensar Technologies has announced the inauguration of its third global delivery centre in the country and the sixth in the world.

With an area of 34,422 sq ft, the facility at Kharadi has been built with an investment of Rs40 million and will accommodate over 400 professionals. It shall be the company's first foray into a Special Economic Zone (SEZ).

Headquartered in Pune, Zensar currently has over 3,000 professionals working at its Pune facility.

The company has its development centres in Hyderabad in India, Slough in the UK, San Jose in the USA and Gdansk in Poland which are fully functional and have over 1,000 professionals working at these centres.

"Our development centre at Pune has shown rapid growth since its inception. This new state-of-the-art facility in Kharadi will help us to further leverage the potential of this city," said John Levack of Electra Partners, who is also a board member of Zensar Technologies.

Vice-chairman and MD Ganesh Natarajan said, "This centre will be the innovation hub for the company and will host all of Zensar's innovative offerings. It will drive the growth of the company's business in the coming year. Our commitment to Pune is strong and this city will continue to be the focal point of our global expansion."

Foreign connection

Blueprint Foundry has enabled Zensar's innovative global delivery platform which connects the three Indian centres to a global delivery community in Singapore, Japan, South Africa, Europe and the USA.

The company has also launched a Solution Blueprint (SBP) on the web for the community at large. SBP is Zensar's initiative to incorporate engineering practices in software development.

"This *solution-blueprint.com* is a community portal that will allow Eclipse and Open Source enthusiasts, designers and developers across the world to explore Blueprint Foundry (BPF), a database of all the frameworks, for free and take advantage of the unique features. The community portal will offer users of SBP/BPF to collaborate using the features of wikis, blogs and forums," said chief technology officer Sanjay Marathe.

Zensar promises 10% savings in clients' costs

RPG

ZenSar TECHNOLOGIES
Your Transformation Partner

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