

**INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF Zensar Technologies IM, Inc.

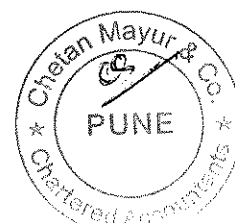
1. We have audited the accompanying standalone financial statements of Zensar Technologies IM, Inc. ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility**

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

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



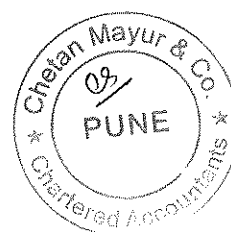
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Loss and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

9. This report does not contain a statement on the matters specified in paragraphs 3 and 4 of 'the Companies (Auditor's Report) Order, 2015' issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act as, in our opinion, and according to the information and explanations given to us, the Order is not applicable in the case of the Company.
10. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- (i) The Company does not have any pending litigations as at March 31, 2016 which would impact its financial position.
- (ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2016
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016
12. This report is intended solely for the information and use of the Board of Directors of the Company for the purpose of complying with the provisions of Section 136(1) of the Companies Act 2013 and is not intended to be and should not be used by any other party for any other purpose.

For Chetan Mayur & Co  
Firm Registration Number: 123216W  
Chartered Accountants

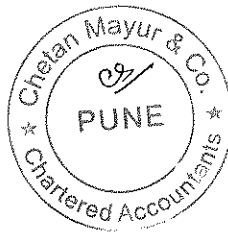


Chetan Shroff  
Partner

Membership Number 104273

Place: Pune

Date: April 22, 2016



**Zensar Technologies IM, Inc.**

**Balance Sheet as at 31st March 2016**

	Note No.	Year ended 31st March 2016 Rs. In lakhs	Year ended 31st March 2015 Rs. In lakhs
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share capital	2	0.02	0.02
Reserves and Surplus	3	<u>13,022.91</u>	<u>13,516.07</u>
		<b>13,022.93</b>	<b>13,516.09</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (Net)	12	1410.54	502.97
Other long term liabilities	4	119.38	157.91
Long-term provisions	5	<u>816.07</u>	<u>701.03</u>
		<b>2,345.99</b>	<b>1,361.91</b>
<b>Current Liabilities</b>			
Short term borrowings	6	3,137.38	2,215.27
Trade payables	7	3,889.23	4,251.32
Other current liabilities	8	5,715.12	6,619.73
Overdrawn bank balance	9	<u>464.11</u>	<u>70.35</u>
		<b>13,205.84</b>	<b>13,156.67</b>
<b>Total</b>		<b><u>28,574.76</u></b>	<b><u>28,034.67</u></b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible Assets	10	818.84	925.52
Intangible Assets		<u>41.79</u>	<u>-</u>
		<b>860.63</b>	<b>925.52</b>
Non current investments	11	-	79.98
Deferred tax assets (net)	12	-	-
Long term loans and advances	13	<u>72.92</u>	<u>28.19</u>
		<b>933.55</b>	<b>1,033.69</b>
<b>Current Assets</b>			
Inventories	14	12,596.53	12,243.53
Trade receivables	15	7,526.24	9,096.65
Cash and bank balances	16	-	-
Short-term loans and advances	17	1,486.47	2,935.22
Other current assets	18	<u>6,031.97</u>	<u>2,725.58</u>
		<b>27,641.21</b>	<b>27,000.98</b>
<b>Total</b>		<b><u>28,574.76</u></b>	<b><u>28,034.67</u></b>

**Summary of Significant Accounting Policies**

1

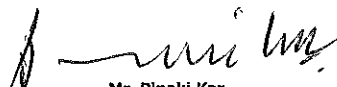
The accompanying notes (1 to 25) are an integral part of these financial statements.

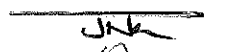
This is the Balance Sheet referred to in our report of even date.

For Chetan Mayur & Co.  
Firm Registration No. 123216W  
Chartered Accountants

**Chetan Shroff**  
Partner  
Membership No. 104273

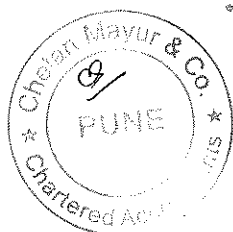
For and on behalf of the Board

  
**Mr. Pinaki Kar**  
Director

  
**Dr. Ganesh Natarajan**  
Director

Place : Pune  
Dated : April 22, 2016

Place : Pune  
Dated : April 22, 2016



**Zensar Technologies IM, Inc.**  
**Statement of Profit and Loss Account**  
**For year ended on 31st March 2016**

	Note No.	Year ended 31st March 2016 Rs. In lakhs	Year ended 31st March 2015 Rs. In lakhs
<b>Revenue from operations</b>			
Sale of services		31,705.17	31,136.70
Sale of traded goods / services		17,480.83	18,489.56
Other operating revenue	18	-	161.97
		49,186.00	49,788.23
Other income	19	39.48	0.06
		<b>49,225.48</b>	<b>49,788.29</b>
<b>Expenses:</b>			
Cost of traded goods and services		15,381.66	15,990.97
Changes in inventories of finished goods		353.00	613.10
Employee benefits expense	20	16,215.34	15,946.36
Other expenses	21	17,995.76	16,802.96
Depreciation and amortization expense	9	595.86	659.30
Finance costs	22	168.42	119.41
		<b>50,710.04</b>	<b>50,132.10</b>
<b>Profit / (Loss) before tax</b>		<b>(1,484.56)</b>	<b>(343.81)</b>
Tax expense (Refer Note 23)			
- Current tax		(160.81)	17.06
- Deferred tax		-	-
Provision for taxation in respect of earlier years (net)		-	-
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(1,323.75)</b>	<b>(360.87)</b>

The accompanying notes (1 to 25) are an integral part of these financial statements.

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

**For and on behalf of Chetan Mayur & Co.**

Firm Registration No. 123216W  
Chartered Accountants

*Chetan Shroff*

**Chetan Shroff**  
Partner  
Membership No. 104273

For and on behalf of the Board

*Mr. Pinaki Kar*

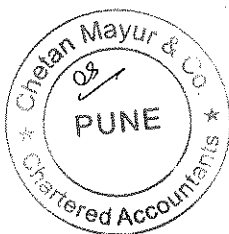
**Mr. Pinaki Kar**  
Director

*Dr. Ganesh Natarajan*

**Dr. Ganesh Natarajan**  
Director

Place : Pune  
Dated : April 22, 2016

Place : Pune  
Dated : April 22, 2016



**Zensar Technologies IM, Inc.**  
**Cash Flow Statement for year ended on 31st March 2016**

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit before Taxation	(1,484.56)	(343.81)
Adjustments for		
Depreciation	595.86	659.30
Interest Expense	168.42	119.41
Interest Income	-	-
Provision of doubtful	-	-
Provisions no longer required and credit balances written back	-	(161.97)
(Gain)/ Loss on sale of investments	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>(720.28)</b>	<b>272.93</b>
Changes in Working Capital		
Increase/(Decrease) in Trade Payables	(196.27)	(1,910.51)
Increase/(Decrease) in Other Long-Term Liabilities	(33.44)	117.80
Increase/(Decrease) in Other Long-Term Provisions	149.84	103.05
Increase/(Decrease) in Other Current Liabilities	(660.94)	(736.69)
Increase/(Decrease) in Short-Term Provisions		
Increase/(Decrease) in Long-Term Loans and Advances	(47.84)	41.86
Increase/(Decrease) in Inventories	(890.06)	973.16
Increase/(Decrease) in Trade Receivables	1,891.29	1,911.02
Increase/(Decrease) in Short-Term Loans and Advances	1,627.57	(833.58)
Increase/(Decrease) in Other Current Assets	(3,049.21)	(548.33)
<b>Cash generated from / (utilised in) Operations</b>	<b>(1,929.35)</b>	<b>(609.28)</b>
Taxes (net of refunds)	1,068.37	904.93
<b>Net Cash generated from / (utilised in) Operating Activities (A)</b>	<b>(860.98)</b>	<b>295.65</b>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets including Capital Work in Progress	(405.77)	(328.03)
Sale of investments	79.98	-
Interest Income	-	-
<b>Net Cash generated from / (utilised in) Investing Activities (B)</b>	<b>(325.79)</b>	<b>(328.03)</b>
<b>C. Cash Flow from Financing Activities :</b>		
Utilization of short term borrowings	961.42	76.27
Interest Paid	(168.42)	(119.41)
<b>Net Cash generated from / (utilised in) Financial Activities (C)</b>	<b>793.00</b>	<b>(43.14)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(393.76)</b>	<b>(75.52)</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>(70.35)</b>	<b>5.17</b>
<b>Closing Balance of Cash &amp; Cash Equivalents/Overdrawn bank balance</b>	<b>(464.11)</b>	<b>(70.35)</b>

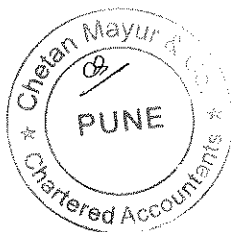
**Notes :**

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 on Cash Flow Statements.
  - Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.
  - Cash and cash equivalents include cash and bank balances. (Refer Note 16)
- This is the Cash Flow Statement referred to in our report of even date.

**For Chetan Mayur & Co.**  
Firm Registration Number: 123216W  
Chartered Accountants

**Chetan Shroff**  
Partner  
Membership No. 104273

Place : Pune  
Dated : April 22, 2016



For and on behalf of the Board

**Mr. Pinaki Kar**  
Director

**Dr. Ganesh Natarajan**  
Director

Place : Pune  
Dated : April 22, 2016

**Zensar Technologies IM, Inc.**  
**Notes to the Financial Statements for year ended on 31st March 2016**

**Company overview**

Zensar Technologies IM, Inc. (Erstwhile Akibia Inc.). The Company provides information technology services in the following areas: IT hardware maintenance, outsourcing, consulting, education, and other professional services for the support of data centers. Through its Product business, the Company delivers secure network infrastructure solutions to improve productivity, network security and efficiency, through consulting services, telephone support, and the resale of security and networking software and devices, and related maintenance.

**1. Significant Accounting Policies**

**a. Basis of preparation of financial statements**

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

The financial statements are prepared in Indian Rupees. However, the functional currency for the Company is USD. The translation of the functional currencies into the reporting currency is performed for assets and liabilities 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 Reserve.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycles as 12 months for the purpose of current -non current classification of assets and liabilities

**b. Use of estimates**

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

**c. Revenue Recognition**

The Company drives revenue primarily from the following sources: IT hardware maintenance, outsourcing and other support services, resale of network and security products and consulting services.

Revenue from IT hardware maintenance, outsourcing and other support services for data centers is typically billed in advance, deferred and recognized ratably over the service period. Contract period is generally one year.

Revenues from product sale are recognized upon shipment as the Company has no future obligation. The Company also enters into multiple deliverable arrangements where company provides telephone support in addition to products and services of OEM, the entire revenue is deferred and recognized ratably over the telephone support service period, generally one year, as the Company has not established fair value of telephone support services.

Revenue from consulting services comprises of revenues earned from time and material and fixed price contracts. Revenue from time and material contracts is recognised as the related services are performed. Revenue from fixed price contracts are recognised using the proportionate completion method of accounting. The cumulative impact of any revision in estimates of the stage of completion is reflected in the period in which the change becomes known.

**d. Fixed Assets**

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.

**e. Depreciation**

Depreciation on fixed assets is provided on the straight-line method over their useful lives at rates which are higher than the rates (except for Building) prescribed under Schedule XIV of the Companies Act, 1956.

Pursuant to the notification dated August 29, 2014 issued by the Ministry of Corporate Affairs(MCA), amending the Schedule II of the Companies Act 2013, the company during the year ended March 31, 2015, has revised the useful lives of its fixed assets (effective Apr 01, 2014), to those specified in Schedule II of the Companies Act 2013 or the useful life as amended by the company based on the technical evaluation, as considered appropriate. The carrying amount of the fixed assets as at Apr 1, 2014 will be depreciated over the remaining revised useful life. The summary of differences in revised useful life of the assets to those mentioned in the schedule II of the Companies Act 2013 is as follows: -

<b>Class of Asset</b>	<b>Useful Life</b>	<b>Depreciation/ Amortisation Rate</b>
Furniture and Fixtures	5 years	20.00%
Computer	3 years	25.00%
Data processing equipment	4 years	25.00%
Improvements to leasehold premises	5 years	20.00%

**f. Impairment**

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

**g. Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.



**h. Employee Benefits**

**i. 401(k) and Social Security Fund:**

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

**ii. 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.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

**iii. Termination benefits are recognised as an expense as and when incurred**

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

**i. Operating leases**

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Payments made under operating leases are charged to the Statement of Profit and Loss on straight line basis over the period of lease.

**j. Inventories**

Inventories are comprised of replacement computer parts, parts are valued at the lower of cost and net realisable value. The cost of inventories are determined using a weighted average cost formula and net realisable value is based on purchase price or independent market quotes for the part.

**k. Foreign Currency Transactions**

**Transactions:**

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

ii) Monetary current assets and monetary liabilities denominated in foreign currency at the year-end are translated at the year-end exchange rates, and the resulting exchange differences are recognised in the Statement of Profit and Loss, except for the exchange differences arising on monetary item that, in substance, form a part of the Company's net investment in non-integral foreign operation, which are accumulated in a Foreign Currency Translation Reserve until the disposal of net investment.

**l. 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 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.

**Zensar Technologies IM, Inc.**  
**Notes to the Financial Statements for year ended on 31st March 2016**

**m. 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.

**n. 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.

**o. Financial instruments**

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

**Derivative financial instruments**

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

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

**Non-Derivative Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company mainly include cash and bank balances, trade receivables, accrued income (unbilled services), employee travel and other advances, other loans and advances and derivative financial instruments with a positive fair value. Financial liabilities of the Company mainly comprise trade payables, accrued expenses and derivative financial instruments with a negative fair value.

Financial assets / liabilities are recognized on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

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

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

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

	As at 31st March 2016 Rs. (in lakhs)	As at 31st March 2015 Rs. (in lakhs)
<b>2 Share capital</b>		
<b>Authorised :</b>		
100000 (Previous year : 100000) Common Equity Shares of Rs.0.45 each		
200000 (Previous year : 200000) Preferred Equity Shares of Rs.0.45 each		
<b>Issued, Subscribed and fully paid up</b>		
4264 (Previous year: 4264) Equity Shares of Rs. 0.45 each	0.02	0.02
0 (Previous year: 0) Preferred Equity Shares of Rs. 0.45 each		
	<u>0.02</u>	<u>0.02</u>
<b>(i) Reconciliation of the shares outstanding as at the beginning and at the end of the year</b>		
	<b>Nos</b>	<b>Nos</b>
At the beginning and end of the year		
	<u>-</u>	<u>-</u>
* Rs 450 has been rounded off to Rs in Lakhs		
<b>(ii) Terms/Rights attached to Equity Shares</b>		
The Company has only one class of equity shares having a par value of Rs. 0.45 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.		
<b>(iii) Shares held by Holding Company and subsidiary of Holding Company</b>		
1. All of the above shares are held by PSI Holding Group, the holding Company.		
2. There is no movement in share capital during the year.		
<b>3 Reserves and surplus</b>		
<b>A) Securities Premium Account</b>		
At the beginning and end of the year	<u>8,915.11</u>	<u>8,796.40</u>
	<u>8,915.11</u>	<u>8,796.40</u>
<b>B) Foreign Currency Translation Reserve</b>		
Balance as at the beginning of the year	3,125.62	3,125.62
Add : Foreign currency translation reserve for the year	<u>711.88</u>	<u>-</u>
	<u>3,837.50</u>	<u>3,125.62</u>
<b>C) Reserves and Surplus/Deficit in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	1,594.07	1,954.94
Add : Profit / (Loss) for the year	<u>(1,323.75)</u>	<u>360.87</u>
Balance at the end of the year	<u>270.32</u>	<u>1,594.07</u>
<b>Total Reserves &amp; Surplus</b>	<u>13,022.93</u>	<u>13,516.09</u>
<b>4 Other long-term liabilities</b>		
Deferred Lease Rent	119.38	157.91
Deferred Revenue	<u>0.00</u>	<u>0.00</u>
	<u>119.38</u>	<u>157.91</u>
<b>5 Long-term provisions</b>		
Compensated Absences	816.07	701.03
	<u>816.07</u>	<u>701.03</u>
<b>6 Short term borrowings</b>		
Secured :		
Working capital loan repayable on demand from Bank (Refer note below)	3,137.38	2,215.27
	<u>3,137.38</u>	<u>2,215.27</u>
On June 26, 2007, the Company entered into a revolving credit facility with a Bank. The revolving credit facility was amended time to time and as per amendment dated 31st March, 2015, maturity was extended to September 30, 2015. Revolving credit facility with the bank is secured by the assets of the Company.		

Zensar Technologies IM, Inc.  
Notes to the financial statements for the year ended 31st March, 2016 (contd.)

	As at 31st March 2016 Rs. (in lakhs)	As at 31st March 2015 Rs. (in lakhs)
<b>7 Trade payables</b>		
Due to micro and small enterprises	-	-
Due to other than micro and small enterprises	3,889.23	4,251.32
	<u>3,889.23</u>	<u>4,251.32</u>
<b>8 Other current liabilities</b>		
Deferred revenue	4,659.19	5,948.67
Accrued Salaries and Benefits	958.78	597.03
Other Payables	97.15	74.03
Withholding and other taxes	0.00	0.00
	<u>5,715.12</u>	<u>6,619.73</u>
<b>9 Overdrawn bank balance</b>		
	<u>464.11</u>	<u>70.35</u>
	<u>464.11</u>	<u>70.35</u>

Zensar Technologies IM, Inc.  
Notes to the financial statements for the year ended 31st March, 2016 (contd.)

	As at 31st March 2016 Rs. (in lakhs)	As at 31st March 2015 Rs. (in lakhs)
<b>11 Non-current investments</b>		
<b>Non-Trade</b>		
Quoted		
Investment in equity instruments		
1,591 (Previous year: 1,591) units of Prudential Financial Common Stock (face value of Rs. 0.45 each)	-	79.98
144 ( Previous Year : Nil ) units of Eastman Kodak Co ( Face Value of Rs. 2.20 each )	-	-
	<u>-</u>	<u>79.98</u>
Less : Provision for diminution in the value of investments	-	-
	<u>-</u>	<u>79.98</u>
Aggregate Amount of quoted investments	-	79.98
Market value of quoted investments	-	80.70
<b>12 Deferred tax assets/ (liabilities) (net)</b>		
<b>Deferred tax assets</b>		
Compensated absences	1,410.54	502.97
Provision for doubtful debts	0.00	0.00
Depreciation	0.00	0.00
Others	0.00	0.00
<b>Gross deferred tax asset</b>	<u>1,410.54</u>	<u>502.97</u>
<b>Deferred tax liability</b>		
Loans and advances	0.00	-
Inventory Reserve	0.00	-
<b>Gross deferred tax liability</b>	<u>0.00</u>	<u>0.00</u>
<b>Deferred tax (liability)/asset (Net)</b>	<u>1,410.54</u>	<u>502.97</u>
<b>13 Long-term loans and advances</b>		
Unsecured, considered good (unless otherwise stated)		
Security and other deposits (considered good)	72.92	28.19
Deferred Cost	-	-
	<u>72.92</u>	<u>28.19</u>
<b>14 Inventories</b>		
(See Note 1(i))		
Spare parts in support of computer hardware maintenance contracts	12,596.53	12,243.53
(Goods in transit Rs.292.03 Lakhs (Previous year: Rs.31.53 Lakhs)	<u>12,596.53</u>	<u>12,243.53</u>
<b>15 Trade receivables</b>		
(Unsecured)		
<b>Debts outstanding for a period exceeding six months from the date they are due for payment</b>		
Considered good	-	-
Considered doubtful	-	-
	<u>-</u>	<u>-</u>
Less : Provision for doubtful debts	-	-
<b>Other Debts</b>		
Considered good	7,526.24	9,096.65
Considered doubtful	-	-
	<u>7,526.24</u>	<u>9,096.65</u>
Less : Provision for doubtful debts	-	-
	<u>7,526.24</u>	<u>9,096.65</u>

Zensar Technologies IM, Inc.  
Notes to the financial statements for the year ended 31st March, 2016 (contd.)

	As at 31st March 2016 Rs. (in lakhs)	As at 31st March 2015 Rs. (in lakhs)
<b>16 Cash and bank balances</b>		
Cash and cash equivalents	-	-
Cash on Hand	-	-
Balances with Banks : On Current Accounts	-	0.00
	<u>0.00</u>	<u>0.00</u>
<b>17 Short-term loans and advances</b> (Unsecured, considered good unless otherwise stated)		
Other loans and advances		
Prepaid expenses	297.21	376.06
Deferred Cost	1,133.07	2,559.16
Taxation less provision there against	56.19	-
	<u>1,486.47</u>	<u>2,935.22</u>
<b>18 Other current assets</b>		
Accrued income (unbilled services)	6,031.97	2,725.58
Others	0.00	0.00
	<u>6,031.97</u>	<u>2,725.58</u>
<b>19 Other Operating Revenue</b>		
Provisions no longer required and credit balances written back	0.00	161.97
	<u>0.00</u>	<u>161.97</u>
<b>20 Other Income</b>		
Gain on sale of investment (Net of provision for diminution on Investments)	-	-
Dividend Income on Quoted Investments	-	-
Interest on deposits with Bank	0.00	0.00
Net gain on foreign currency transactions and translation	39.48	0.06
	<u>39.48</u>	<u>0.06</u>
Sale of Services	31,705.17	31,136.70
Sale of Traded Goods	17,480.83	18,489.56
	<u>49,186.00</u>	<u>49,626.26</u>
<b>21 Employee Benefits Expense</b>		
Salaries, Wages and Bonus	13,228.92	13,193.68
Contribution to funds	1,467.70	1,264.95
Staff Welfare	1,518.72	1,487.73
	<u>16,215.34</u>	<u>15,946.36</u>

**Zensar Technologies IM, Inc.**  
**Notes to the financial statements for the year ended 31st March, 2016 (contd.)**

	As at 31st March 2016 Rs. (in lakhs)	As at 31st March 2015 Rs. (in lakhs)
<b>22 Other Expenses</b>		
Travelling and conveyance	977.80	887.76
Cost of spare parts and outsourced services in support of computer hardware		
maintenance contracts	3,181.27	2,721.30
Recruitment Expenses	57.01	127.15
Subcontracting Expenses	4,168.75	6,010.50
Procurement charges	2,004.82	1,364.37
Training Expenses	18.65	28.34
Electricity and Power	175.21	252.53
Rent	1,042.88	795.24
Lease Rent (See Note 28)	809.52	933.89
Repairs and Maintenance to :		
-Building	16.12	147.57
-Others	606.32	518.07
	<u>622.44</u>	<u>665.64</u>
Insurance	114.16	103.49
Rates and Taxes	72.90	63.10
Legal and Professional Charges	307.41	298.86
Communication Expenses	707.39	401.96
Stationery and Printing	104.79	106.17
Carriage, Freight and Octroi	1,366.51	1,571.41
Advertisement and Publicity	229.45	134.47
Provisions no longer required and credit balances written back	1,558.87	
Bad Debts written off	69.36	99.88
Miscellaneous Expenses	406.57	236.90
	<u>17,995.76</u>	<u>16,802.96</u>
<b>23 Finance costs</b>		
Interest on cash credit with Bank	168.42	119.41
Bank Charges	-	-
	<u>168.42</u>	<u>119.41</u>

**24 Additional State Tax liability provision recorded in the financial statements**

The Company files federal and state tax returns on consolidated basis with its immediate holding company PSI Holding Group, Inc. and follows factors of revenue, payroll costs and book value of property, plant and equipment for allocating consolidated taxable income to the Company for various states it has operations.

As at  
31st March 2016  
Rs. (in lakhs)

As at  
31st March 2015  
Rs. (in lakhs)

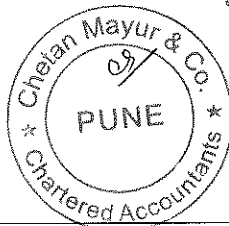
25 Reclassification

The previous year figures have been reclassified to conform to the current year's classification.

For Chetan Mayur & Co.  
Firm Registration Number: 123216W  
Chartered Accountants

Chetan Shroff  
Partner  
Membership No. 104273

Place : Pune  
Dated : April 22, 2016



For and on behalf of the Board

Mr. Pinaki Kar  
Director

Dr. Ganesh Natarajan  
Director

Place : Pune  
Dated : April 22, 2016



10 FIXED ASSETS [See Notes 1(f), (d) and (h)]

Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK		Rs. in lakhs
	Cost as on 1st April 2015	Additions during the year	Effect of Foreign currency Translation	Cost as on 31st March 2016	Accumulated Depreciation as on 1st April 2015	Depreciation for the year	Effect of Foreign currency Translation	Accumulated Depreciation as on 31st March 2016	As on 31st March 2016	As on 31st March 2015
<b>Tangible assets:</b>										
Improvement to Leasehold Premises	2,913.76		174.67	3,088.43	2,566.83	144.76	155.63	2,867.22	221.21	346.92
Furniture and Fixtures	468.55	0.74	28.09	497.38	622.97	23.02	(165.63)	480.37	17.01	(154.42)
Office Equipment	764.34		123.15	887.49	431.22	101.97	230.77	763.96	123.53	333.12
Data Processing Equipment-Own use	5,010.08	405.03	(783.27)	4,631.84	4,610.17	220.20	(655.63)	4,174.74	457.09	399.91
<b>TOTAL</b>	<b>9,156.72</b>	<b>405.77</b>	<b>(457.36)</b>	<b>9,105.13</b>	<b>8,231.20</b>	<b>489.95</b>	<b>(434.85)</b>	<b>8,286.29</b>	<b>818.84</b>	<b>925.52</b>
<b>Intangible assets :</b>										
Software	1,083.61		-	1,083.61	-	105.92	935.90	1,041.82	41.79	1,083.61
	<b>10,240.33</b>	<b>405.77</b>	<b>-457.36</b>	<b>10,188.75</b>	<b>8,231.20</b>	<b>595.86</b>	<b>501.05</b>	<b>9,328.11</b>	<b>860.63</b>	<b>2,009.13</b>