

The Board of Directors
Zensar Technologies Limited
C/o Zensar Knowledge Park, Kharadi
Plot No. 4, MIDC,
Off Nagar Road
Pune – 411 014

Report on special purpose financial statements

1. This report is issued in accordance with the terms of our agreement dated March 17, 2016.
2. We have audited the accompanying special purpose financial statements of Zensar Technologies (UK) Limited (the "Company") which comprise the balance sheet as at March 31, 2016, and the statement of profit and loss and cash flow statement for the year ended on that date and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

3. Management is responsible for the preparation of these special purpose financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014, to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared (the "accounting principles generally accepted in India"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards 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.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

7. Based on our audit, 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. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- c. In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements, together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, the state of affairs of the Company as at March 31, 2016;
 - (ii) in the case of the Statement of Profit and Loss, 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.

Emphasis of Matter – Basis of Preparation

8. We draw attention to Note 1 (a) to the special purpose financial statements, which describes the basis of its preparation. The special purpose financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are considered irrelevant by the Management and the intended users of the special purpose financial statements for the purposes for which those have been prepared. Our opinion is not qualified in respect of this matter.

Other Matter

9. The special purpose financial statements dealt with by this report, have been prepared for the express purpose to enable Zensar Technologies Limited to prepare Consolidated Financial Statement pursuant to the requirement of Companies Act, 2013.

Restriction on Use

10. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
11. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 9 above. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Price Waterhouse neither accepts nor assumes any duty, responsibility or liability to any other party or for any other purpose.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants



Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: April 22, 2016

ZENSAR TECHNOLOGIES (UK) LIMITED**BALANCE SHEET as at 31 March 2016**

	Notes No.	2016 Rs. In lakhs	2015 Rs. In lakhs
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	38.51	38.51
Reserves and Surplus	3	8,975.94	7,202.81
		9,014.45	7,241.32
Non-Current Liabilities			
Deferred tax Liability (Net)	4	23.67	4.75
		23.67	4.75
Current Liabilities			
Trade payables	5	4,017.15	2,828.76
Other Current Liabilities	6	2,258.04	1,501.73
Short Term Provisions	7	491.14	418.89
		6,766.33	4,749.38
Total		15,804.45	11,995.45
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	30.58	40.72
Long Term Loans and Advances	9	0.57	51.64
Current Assets			
Trade Receivables	10	5,751.30	5,042.88
Cash and Bank Balances	11	6,614.77	4,607.41
Short-term Loans and Advances	12	453.08	156.17
Other Current Assets	13	2,954.15	2,096.63
		15,773.30	11,903.09
Total		15,804.45	11,995.45

Summary of significant accounting policies 1

The accompanying notes (2 to 25) are an integral part of the financial statements.

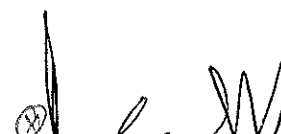
This is the Balance Sheet referred to in our report of even date.

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

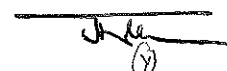


Amit Borkar
Partner
Membership No. 109846

For and on behalf of the Board



Mr. P. K. Mohapatra
Director



Dr. Ganesh Natarajan
Director

Place : Pune
Date : 22nd April 2016

Place : Mumbai
Date : 22nd April 2016

ZENSAR TECHNOLOGIES (UK) LIMITED**STATEMENT OF PROFIT AND LOSS for the year ended on 31st March, 2016**

	Notes No.	2016 Rs. In lakhs	2015 Rs. In lakhs
Revenue from Operations			
Software development and allied services		29,309.93	27,323.06
Sale of Licenses for Software Applications		660.96	27.70
Other Operating Revenue	14	132.81	153.77
Other Income	15	359.49	2.06
		30,463.19	27,506.59
Expenses			
Employee Benefits Expense	16	10,799.58	10,338.99
Finance Cost	17	35.70	58.94
Depreciation & Amortization Expense	8	22.71	20.49
Other Expenses	18	16,327.60	13,932.16
		27,185.59	24,350.58
Profit before taxation		3,277.60	3,156.01
Tax Expense			
- Current Tax		645.71	637.77
- Deferred Tax		18.77	(2.32)
- Short/ (Excess) provision of previous years		2.27	(2.77)
Profit after taxation		2,610.85	2,523.33
Earnings Per Equity Share (Nominal Value 1 GBP per share)			
- Basic / Diluted Earnings per Share	23	Rupees 5,221.70	Rupees 5,046.66

Summary of significant accounting policies

1

The accompanying notes (2 to 25) are an integral part of the financial statements.

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

For **Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants


Amit Borkar

Partner

Membership No. 109846

For and on behalf of the Board


Mr. P.K. Mohapatra

Director


Dr. Ganesh Natarajan

Director

Place : Pune

Date : 22nd April 2016

Place : Mumbai

Date : 22nd April 2016

ZENSAR TECHNOLOGIES (UK) LIMITED
CASH FLOW STATEMENT for the year ended 31st March 2016

(Rs. in lakhs)

	2015-16		2014-15	
A. Cash Flow from Operating Activities :				
Net Profit before Taxation		3,277.60		3,156.01
Adjustments for				
Depreciation	22.71		20.49	
Provision for Doubtful Debts	(20.19)		20.22	
Interest Income	(3.59)		(2.06)	
		(1.07)		38.65
Operating Profit before Working Capital Changes and Other Adjustments		3,276.53		3,194.66
Changes in Working Capital :				
Increase / (Decrease) in Trade Payables	1,228.09		(137.30)	
Increase / (Decrease) in Short term provisions	63.50		91.61	
Increase / (Decrease) in Long Term Provisions	-		(95.64)	
Increase / (Decrease) in Other Current Liabilities	778.63		124.26	
(Increase) / Decrease in Long term Loans & Advances	51.07		1.51	
(Increase) / Decrease in Trade Receivables	(631.40)		(1,012.09)	
(Increase) / Decrease in Short term Loans & Advances	(292.43)		57.77	
(Increase) / Decrease in Other Current Assets	(828.33)		(135.92)	
		369.13		(1,105.80)
Cash generated from Operations		3,645.66		2,088.86
Taxes paid (net of refunds)		(637.54)		(640.48)
Net Cash generated/(used) from Operating Activities (A)		3,008.12		1,448.38
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(10.52)		(6.45)	
Interest Income	3.59		2.06	
Net Cash generated/(used) from Investing Activities (B)		(6.93)		(4.39)
C. Cash Flow from Financing Activities				
Dividend paid on Equity Shares		(993.83)		
Net Cash from Financing Activities (C)		(993.83)		-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		2,007.36		1,443.99
Opening Balance of Cash & Cash Equivalents		4,607.41		3,163.42
Closing Balance of Cash & Cash Equivalents		6,614.77		4,607.41

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 on Cash Flow Statement.
2. Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.
3. Cash and cash equivalents includes cash and bank balances (Refer note 11).

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


For **Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants


Amit Borkar
Partner

For and on behalf of the Board


Mr. P. K. Mohapatra
Director


Dr. Ganesh Natarajan
Director

Membership No. 109846

Place : Pune

Date : 22nd April 2016

Place : Mumbai

Date : 22nd April 2016

ZENSAR TECHNOLOGIES (UK) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2016

Company Overview

Zensar Technologies (UK) Limited (the "Company") is a company registered under the laws of England. The company is primarily engaged in providing a complete range of IT Services and Solutions.

1 Significant Accounting Policies

a Basis of preparation of financial statements

The Special Purpose Financial Statements are prepared for the purposes of the information and use of management and the Board of Directors in its preparation of the Consolidated Financial Statements of the Holding Company, Zensar Technologies Limited.

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention as a going concern on accrual basis to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycles as 12 months for the purpose of current and non-current classification of assets and liabilities.

b Foreign currency transactions

Translation :

The functional currency for the Company is Sterling Pounds (GBP). However, as the Company is a subsidiary of Zensar Technologies Limited, a company registered in India, the Financial Statements are prepared in Indian Rupees for the consolidation purpose as per Accounting Standard 21. 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 under Foreign Currency Translation Reserve.

Transaction :

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.

c 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.



ZENSAR TECHNOLOGIES (UK) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2016 (Continued)

d Revenue Recognition

Revenues from software development and allied services consist of revenues earned from time and material, time frame and fixed price contracts. Revenue from time and material contracts are recognised as the related services are performed. Revenues from fixed price engagements are recognized using the proportionate completion method of accounting. The cumulative impact of any revision in estimates of the percent complete is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated. However, where the ultimate collection of the sales lacks reasonable certainty, revenue recognition is postponed to the extent of such uncertainty. Amounts included in the financial statements, which relate to recoverable costs and accrued profits not yet billed on contracts, are classified in Other Current Assets as "Accrued Income (Unbilled Services)". Billings on incomplete contracts in excess of accrued costs and accrued profits are included in Other Current Liabilities as "Deferred Revenue". Revenue from the sale of user licences for software applications is recognised on transfer of the title in the user licence.

Revenue from maintenance, outsourcing and other support services for data-centres is deferred and recognised rateably over the service period, generally monthly, quarterly or annually, invoice in advance. Contract terms are generally one year.

The Company accounts for volume discounts to customers as a reduction of revenue based on the rateable allocation of discount amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then the discount is not recognised until the payment is probable and the amount can be estimated reliably. The discounts are passed on to the customer or as a reduction of payments due from the customer.

e Other Income

Interest income on time deposits is recognised using the time proportion method based on taking into account the amount outstanding and applicable interest rates.

f 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.

g Fixed Assets

i. Tangible Assets

Tangible assets are stated at actual cost less accumulated depreciation. The actual cost capitalised includes purchase cost, freight, insurance, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/ installation stage.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed asset that have been retired from active use are held for disposal, are stated at the lower of their net book value and net realisable value and are shown separately in the special purpose financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.



ZENSAR TECHNOLOGIES (UK) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2016 (Continued)

Loss arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

ii. Depreciation

Depreciation on fixed assets is computed on a straight-line method as per the useful lives prescribed under Schedule II of the Companies Act, 2013 except in respect of the following assets (based on technical evaluation):

Class of Asset	Useful Life as prescribed in Schedule	Useful Life as followed by the
	II	Company
Office Equipment	5 years	4 years
Data Processing Equipment	6 years	4 years

h Impairment

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

i Lease charges under operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

j Employee Retirement Benefits

i. Social Security Fund

The Company has Defined Contribution Plans for Post-employment benefits for all employees in the form of NIC under the laws in the United Kingdom. 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 past service. Under this method, the Defined Benefit Obligation is calculated taking into account pattern of availment of leave whilst in service and qualifying salary on the date of availment of leave. In respect of encashment of leave, the Defined Benefit Obligation is calculated taking into account all types of decrement and qualifying salary projected up to the assumed date of encashment.

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

Termination benefits are recognised in the Statement of Profit and Loss as an expense as and when incurred.

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.



ZENSAR TECHNOLOGIES (UK) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2016 (Continued)

iii. Pension Scheme

Pension Scheme is mandatory in the United Kingdom. However, employees have an option to exit the scheme at his/her own discretion. There is a cooling period of 3 months from date of joining, post that the employee is enrolled automatically. The pension fund is managed by a third party managing agent and employees have to manage the fund for their own benefit. At the time of exit, either the fund freezes or is transferred to the employee.

k 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.

l 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 of the expenditure required to settle the present obligation at the Balance Sheet date.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reasonable estimate of the amount cannot be made.

m 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. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects 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.

n Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o Financial instruments

The Company earlier adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" issued by 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.



ZENSAR TECHNOLOGIES (UK) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2016 (Continued)

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 or options 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.



ZENSAR TECHNOLOGIES (UK) LIMITED**Notes to the Financial Statements for the year ended 31st March 2016**

	2016 Rs. In lakhs	2015 Rs. In lakhs
2 Share Capital		
Authorised		
100,000 (Previous Year - 100,000) equity shares of GBP 1 each	77.02	77.02
	77.02	77.02
Issued, Subscribed and Fully Paid-up		
50,000 (Previous Year - 50,000) equity shares of GBP 1 each, fully paid up	38.51	38.51
	38.51	38.51
Note:		
1. All of the above shares are held by Zensar Technologies Limited, the Holding Company.		
2. There is no movement in share capital during the year.		
3 Reserves and Surplus		
Foreign currency translation reserve		
Balance as at the beginning of the year	273.23	839.79
Foreign currency translation reserve for the year	156.10	(566.56)
	429.33	273.23
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	6,929.58	4,406.25
Add: Profit for the year	2,610.85	2,523.33
	9,540.43	6,929.58
Less : Interim Dividend on Equity Shares	993.82	
	8,546.61	6,929.58
	8,975.94	7,202.81
4 Deferred Tax Liability (net)		
Deferred Tax Liability		
Depreciation	23.67	4.75
	23.67	4.75
5 Trade Payables		
Trade Payables	4,017.15	2,828.76
	4,017.15	2,828.76
6 Other Current Liabilities		
Deferred Revenue	421.32	374.71
Employee Benefits Payable	972.51	286.46
Other Payables		
- NIC payable	12.23	116.00
- Inhabitant Tax payable	91.05	107.67
- Pension Fund Obligations	6.44	6.44
- VAT payable	754.49	610.45
	2,258.04	1,501.73
7 Short-Term Provisions		
Compensated Absences	156.22	94.26
Taxation less payments there against	334.92	324.63
	491.14	418.89



Zensar Technologies (UK) Limited

Notes to the Financial Statements for the year ended 31st March 2016

8. Fixed Assets [See Notes 1(f), 1(g), 1(h)]

Rs. In Lakhs										
Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Cost as on 31st March 2015	Additions during the year	Deletions during the year	Cost as on 31st March 2016	Accumulated Depreciation as on 31st March 2015	Depreciation for the year	Depreciation written back on assets sold during the year	Accumulated Depreciation as on 31st March 2016	As on 31st March 2016	As on 31st March 2015
Furniture, Fixtures	97.07	-	-	97.07	79.00	11.16	-	90.16	6.91	18.07
Office Equipment	27.60	-	-	27.60	15.70	5.33	-	21.03	6.57	11.90
Data Processing Equipment-Own use	53.03	10.52	-	63.55	43.81	6.22	-	50.03	13.52	9.22
TOTAL	177.70	10.52	-	188.22	138.51	22.71	-	161.22	27.00	39.19
Exchange Fluctuation - Net	17.04	6.24	-	23.28	15.51	4.19	-	19.70	3.58	1.53
Total	194.74	16.76	-	211.50	154.02	26.90	-	180.92	30.58	40.72
Previous Year	203.01	(8.27)	-	194.74	144.53	9.49	-	154.02	40.72	58.48



ZENSAR TECHNOLOGIES (UK) LIMITED**Notes to the Financial Statements for the year ended 31st March 2016 (Continued)**

	2016 Rs. In lakhs	2015 Rs. In lakhs
9 Long Term Loans and Advances (Unsecured, Considered good, unless otherwise stated)		
Security and other deposits	0.57	51.64
	0.57	51.64
10 Trade Receivables		
Unsecured, considered good		
- Outstanding for a period exceeding 6 months from the date they are due for payment	0.50	-
- Others	5,750.80	5,042.88
Unsecured, considered doubtful		
- Outstanding for a period exceeding 6 months from the date they are due for payment	1.50	11.80
- Others	-	8.42
Less : Provision for doubtful debts	1.50	20.22
	5,751.30	5,042.88
11 Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	0.48	0.46
Balances with Banks :		
On Current Account	5,898.37	3,913.24
On deposit with original maturity of less than three months	715.92	693.71
	6,614.77	4,607.41
12 Short-term Loans and Advances (Unsecured, considered good unless otherwise stated)		
Loans and Advances to related parties	6.99	6.24
Prepaid Expenses	135.23	75.09
Security Deposits	52.72	-
Advance to Employees	183.69	50.14
Advance to Suppliers	74.45	24.70
	453.08	156.17
13 Other Current Assets		
Accrued Income (Unbilled Services)	2,954.15	2,096.63
	2,954.15	2,096.63



ZENSAR TECHNOLOGIES (UK) LIMITED**Notes to the Financial Statements for the year ended 31st March 2016 (Continued)**

	2016 Rs. In lakhs	2015 Rs. In lakhs
14 Other Operating Revenue		
Provisions no longer required and credit balances written back	132.81	153.77
	132.81	153.77
15 Other Income		
Interest on deposits with banks	3.59	1.86
Other Income	206.03	0.20
Exchange Gain (net)	149.87	-
	359.49	2.06
16 Employee Benefits Expenses		
Salaries, Wages and Bonus	9,854.23	9,429.73
Contribution to National Insurance (UK)	912.29	884.16
Staff Welfare Expense	33.06	25.10
	10,799.58	10,338.99
17 Finance Cost		
Finance Charges :		
- Bank Charges	35.70	58.94
	35.70	58.94
18 Other Expenses		
Travelling and conveyance	660.11	535.44
Procurement Charges	10,551.70	9,827.05
Finders' Fee	308.40	309.50
Cost of manpower hired	2,961.35	2,094.63
Recruitment Expenses	50.97	78.22
Training Expenses	8.26	7.34
Electricity and Power	4.73	5.89
Rent	124.38	117.64
Insurance	107.22	63.43
Rates and Taxes	30.17	27.07
Consumable Media	7.72	2.25
Legal and Professional Charges	389.39	340.50
Postage, Telephone and E-Mail	65.50	60.08
Stationery and Printing	7.22	9.99
Vehicle Running expenses	20.91	25.99
Advertisement and Publicity	330.06	200.39
	655.59	24.08
Purchases of hardware & software for Integration Systems		
Exchange Loss (net)	-	136.88
Bad Debts written off	1.85	-
Miscellaneous Expenses	42.07	65.79
	16,327.60	13,932.16



ZENSAR TECHNOLOGIES (UK) LIMITED**Notes to the Financial Statements for the year ended 31st March, 2016 (Continued)****19. Employee Stock Option Schemes**

Currently there are two Employees Stock Option Plans (2002 ESOP and 2006 ESOP) in operation both run by Zensar Technologies Ltd., the parent Company as per its global policy.

Brief details of the plans are:

Particulars	2002 ESOP	2006 ESOP
Vesting Period	4 years	5 years
Maximum Term of Options granted	10 years	10 years

No amount is charged by the holding company in respect of the options outstanding. Accordingly, no liability for unexercised options is recognised in the books.

Generally, stock options are granted at predetermined prices and settled in cash.

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

Particulars	2015-16		2014-15	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	10,158	63.93	10,414	63.93
Granted during the year	-	-	-	-
Transferred (on account of employees transferred from Zensar India to Zensar UK)	-	-	-	-
Exercised during the year	7,100	68.21	-	-
Forfeited / cancelled / transfers out	1,000	42.50	256	41.48
Balance unexercised options	2,058	59.58	10,158	63.93
Exercisable at end of year	2,058	60.00	10,158	63.93

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

Particulars	2015-16		2014-15	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	48,920	157.13	61,264	157.13
Granted during the year	-	-	15,000	640.00
Exercised during the year	10,144	185.74	13,704	122.76
Cancelled during the year	4,670	207.39	33,740	152.15
Add : Transfer (on account of employees transferred from Zensar India to Zensar UK)	1,000	150.00	20,100	177.62
Balance unexercised options	35,106	380.96	48,920	326.67
Exercisable at end of year	13,608	244.83	13,608	255.38



ZENSAR TECHNOLOGIES (UK) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2016 (Continued)

20. Related Party Disclosures

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

(i) Parties where control exists

Holding Company :

Zensar Technologies Limited, India

(ii) Fellow subsidiaries: (List is restricted to the companies where transactions exist)

Zensar Technologies Inc., USA

Zensar Technologies IM Inc., USA

Zensar Technologies IM B.V. The Netherlands

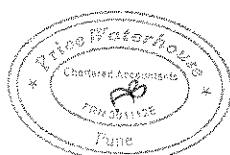
(iii) Key Management Personnel:

Dr. Ganesh Natarajan

Transactions with Related Parties

Rs. in Lakhs

Description of the nature of transactions	Volume of transactions during		Amount Outstanding as on 31st March			
	2015-16	2014-15	2016		2015	
			Receivable	Payable	Receivable	Payable
A. Receipt of Software Services						
1. Holding Company:						
(i) Zensar Technologies Limited, India	10,489.31	9,826.21	-	2,466.07	-	1,790.52
Total of Software Services received	10,489.31	9,826.21	-	2,466.07	-	1,790.52
B. Other Services						
1. Holding Company:						
(i) Zensar Technologies Limited, India	308.40	309.50	-	-	-	-
Total of Other Services	308.40	309.50	-	-	-	-
C. Rendering of Software Services						
1. Fellow Subsidiaries:						
(i) Zensar Technologies, Inc., USA	492.40	513.06	36.50	-	47.84	-
(iii) Zensar Technologies IM B.V. The Netherlands	-	-	-	-	6.64	-
Total of Software Services rendered	492.40	513.06	36.50	-	54.48	-
D. Reimbursement of expenses incurred for the company						
1. Holding Company:						
(i) Zensar Technologies Limited, India	1,362.11	1,299.68	-	135.28	-	81.39
(ii) Zensar Technologies IM Inc., USA	21.24	-	-	-	-	-
(iii) Zensar Technologies IM B.V. The Netherlands	46.00	-	-	3.55	-	-
Total reimbursement of expenses	1,429.35	1,299.68	-	138.83	-	81.39
E. Dividend paid by the company						
1. Holding Company:						
(i) Zensar Technologies Limited, India	993.83	-	-	-	-	-
Total dividends paid	993.83	-	-	-	-	-
F. Reimbursement of expenses incurred to the company						
1. Fellow subsidiaries:						
(i) Zensar Technologies IM B.V. The Netherlands	82.19	71.01	6.99	-	-	-
(ii) Zensar Technologies IM Inc., USA	45.22	-	17.01	-	-	-
(iii) Zensar Technologies, Inc., USA	3.12	-	-	0.75	-	-
Total reimbursement of expenses by the company	130.53	71.01	24.00	0.75	-	-



ZENSAR TECHNOLOGIES (UK) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2016 (Continued)

21. Segment Information

Where a financial report contains both consolidated financial statements and separate financial statements of the parent, segment information needs to be presented only in case of consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements.

22. Lease Obligations

The Company has leased certain facilities under operating lease agreements that is renewed from July 2011 effective from September 2011. Rental expense incurred by the Company under operating lease agreements totalled approximately Rs.124.38 Lakhs (Previous year: Rs. 117.64 Lakhs).

Total Minimum Lease Payments Outstanding as on 31st March 2016

Particulars	2016	2015
	Rs. In lakhs	Rs. In lakhs
Not later than One year	71.50	114.81
Later than one year and not later than five years	-	44.37
	<u>71.50</u>	<u>159.18</u>

23. Earnings Per Share (EPS)

Profits attributable to equity shareholders (Rs. in Lakhs)	2,610.85	2,523.33
Weighted Average No. of equity shares outstanding during the year.	50,000	50,000
Basic/Diluted Earnings per share (Rs)	5,221.70	5,046.66



ZENSAR TECHNOLOGIES (UK) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2016 (Continued)

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

<u>Defined Contribution Plans</u>	Year Ended 31st March 2016	Year Ended 31st March 2015
The company has recognised the following amounts in the Statement of Profit and Loss for the year:		
Contribution to National Insurance of UK Pension Plan	912.29	884.16
Total	<u>43.10</u>	<u>30.43</u>
	<u>955.39</u>	<u>914.59</u>

25. Reclassification

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

As per our report of even date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Amit Borkar
Partner
Membership No. 109846

Place : Pune
Date : 22nd April 2016

For and on behalf of the Board



Mr. P. K. Mohapatra
Director

Place : Mumbai
Date : 22nd April 2016



Dr. Ganesh Natarajan
Director