

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Zensar Technologies Shanghai (Co.) Ltd

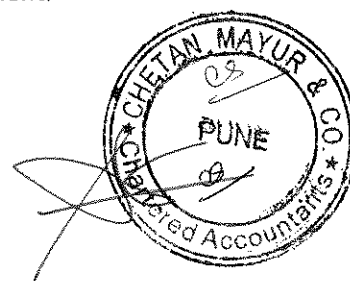
1. We have audited the accompanying standalone financial statements of Zensar Technologies Shanghai (Co.) Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting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

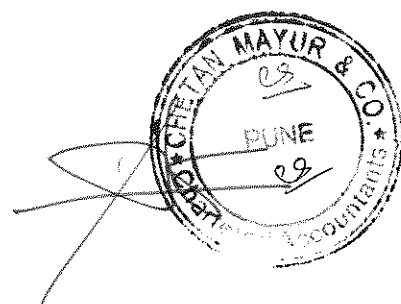
8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted 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.

Emphasis of Matter

9. We draw attention to Note 1(a)(iv) of the Notes to the Financial Statements indicating that the Company has as at the year end, accumulated losses amounting to Rs. 622.81 lakhs resulting in erosion of net worth. The Company has prepared its financial statement on going concern basis based on continued financial support of its holding company. Therefore, the financial statements do not include any adjustment relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

Report on Other Legal and Regulatory Requirements

10. 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.
11. 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.

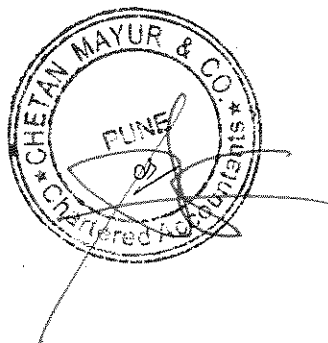


- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (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

Chetan Shroff
Partner
Membership Number 104273
Place: Pune
Date: April 22, 2016



ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD**BALANCE SHEET as at 31st March 2016**

	Note No.	2016 Rs. in lakhs	2015 Rs. in lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	504.85	504.85
Reserves and Surplus	3	(622.81)	(606.87)
		(117.96)	(102.02)
NON-CURRENT LIABILITIES			
Long-term borrowings			
Unsecured Loans	4	99.86	90.45
CURRENT LIABILITIES			
Trade Payables	5	19.23	49.82
Other Current Liabilities	6	300.45	274.21
		319.68	324.03
TOTAL		301.57	312.46
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	7	6.18	9.27
Long Term Loans and Advances	8	0.24	4.05
Current Assets			
Trade Receivables	9	46.37	57.06
Cash and Bank Balances	10	238.78	225.54
Short-term Loans and Advances	11	10.00	14.05
Other Current Assets	12	0.00	2.49
		295.15	299.14
TOTAL		301.57	312.46

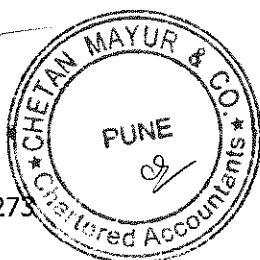
Summary of significant accounting policies 1

The accompanying notes (2 to 22) are an integral part of the financial statements

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

For and on behalf of **Chetan Mayur & Co.**
Firm Registration No. 123216W
Chartered Accountants

Chetan Shroff
Partner
Membership No. 104273



For and on behalf of the Board

Dr. Ganesh Natarajan
Director

S. Balasubramaniam
Director

Place : Pune
Date : April 22, 2016

Place : Mumbai
Date : April 22, 2016

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD**STATEMENT OF PROFIT AND LOSS for the year ended on 31st March, 2016**

	Note No.	2016 Rs. in lakhs	2015 Rs. in lakhs
INCOME			
Software development and allied services		252.37	464.02
Other Income	13	1.12	67.63
		253.49	531.65
EXPENDITURE			
Employee Benefit Expense	14	180.05	390.15
Other Expenses	15	79.53	237.99
Finance Cost	16	4.60	4.80
Depreciation & Amortization Expense		3.26	9.33
		267.43	642.27
PROFIT/(LOSS) BEFORE TAXATION		(13.95)	(110.62)
Provision for Taxation - Current Tax		-	-
Profit/(Loss) after Taxation carried forward to Balance Sheet		(13.95)	(110.62)

The accompanying notes (2 to 22) 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 and on behalf of Chetan Mayur & Co.

Firm Registration No. 123216W

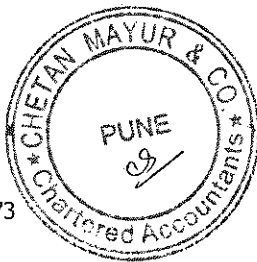
Chartered Accountants



Chetan Shroff

Partner

Membership No. 104273



For and on behalf of the Board



Dr. Ganesh Natarajan

Director



S. Balasubramaniam

Director

Place : Pune

Date : April 22, 2016

Place : Mumbai

Date : April 22, 2016

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD
Notes to the Financial Statement for the year ended 31st March, 2016

1. Significant Accounting Policies

Company Overview

Zensar Technologies (Shanghai) Co. Ltd is a company registered under the laws of Peoples Republic of China with an approved operating period of 20 years. The company is primarily engaged in providing a complete range of IT Services and Solutions.

(a) Basis of preparation of financial statements

i. The financial statements of Zensar Technologies (Shanghai) Co. 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) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

ii. The financial statements are prepared in Indian Rupees. However, the functional currency for the Company is CNY. 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.

iii. All assets and liabilities have been classified as current or non-current as per the Company's 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 -non current classification of assets and liabilities.

iv. The Company has as at the year end accumulated losses amounting to Rs. 622.81 Lakhs, resulting in erosion of net worth. However, the Company is able to operate uninterruptedly which continued support from its shareholders and has orders in hand. Also based on the turnaround strategy adopted by the Company, the management projects that the Company will be able to generate profits in excess of its accumulated losses in the future. Accordingly, the accounts have been prepared on going concern assumption which is dependent upon continued finance and future profitability. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

(b) Use of estimates

The preparation of financial statements in conformity of 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

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

(d) Income from Investments

Interest income on time deposits is recognised using the time proportion method based on underlying interest rates.

(e) 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.

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD**Notes to the Financial Statement for the year ended 31st March, 2016****(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 Schedule II of the Companies Act, 2013

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

Class of Asset	Useful Life	Depreciation Rate
Furniture and Fixtures	5 years	20.00%
Leasehold Improvements	3 years	33.33%
Electrical Installations	5 years	20.00%
Office Equipments	5 years	20.00%
Data processing Equipments	3 years	33.33%

(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.

(i) Lease charges under operating leases

Lease charges under operating leases are recognized as expenses on straight-line basis over the lease term.

(j) Employee Retirement Benefits**(i) Employee Social Insurance Benefits**

Social insurance is a mandatory, non-profit social security system established by law in China. It is administered by the labour and social security departments.

There are five types of social insurance in China: old-age, medical, unemployment, work-related injury and child-bearing. Among these, the premiums for old-age, medical and unemployment insurance are jointly contributed by the enterprise and the individual, whereas work-related injury and child-bearing insurance premiums are the sole responsibility of the enterprise.

The company's contribution to social insurance are recognised as employee compensation expenses when they are due. The company's contributions to social insurance are charged to the Statement of Profit and Loss as and when incurred.

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

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

(k) Foreign Currency Transactions

i) Realised gains and losses on foreign currency revenue 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 difference is recognised in the Statement of Profit and Loss.

(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.

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD
Notes to the Financial Statement for the year ended 31st March, 2016

(m) 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.

(n) Government Grants

Grants from the government are recognised at their fair values when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants relating to expenses are shown separately as other income.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

(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.

(q) 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.

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, sundry debtors, accrued income (unbilled services), employee travel and other advances, other loans and advances and derivative financial instruments with a positive fair value. Financial liabilities of the Company mainly comprise sundry creditors, accrued expenses and derivative financial instruments with a negative fair value. Financial assets / liabilities are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

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

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD**Notes to the Financial Statement for the year ended 31st March, 2016**

	<u>2016</u>	<u>2015</u>
	Rs. in lakhs	Rs. in lakhs
2. SHARE CAPITAL		
Authorised Shares	<u>508.80</u>	<u>508.80</u>
	508.80	508.80
Issued and Subscribed and fully paid-up Shares	<u>504.85</u>	<u>504.85</u>
	504.85	504.85
(i) Reconciliation of the number of shares outstanding as at 31st March 2015 and 31st March 2016		
Value of Shares at the Beginning of the year	504.85	504.85
Add: Shares issued during the year	<u>-</u>	<u>-</u>
Value of Shares outstanding at the end of the year	504.85	504.85
(ii) Terms / Rights attached to Equity Shares		
The Company has only one class of Equity Shares .		
In the event of liquidation of company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the value of equity shares held by the shareholders.		
(iii) Details of Shareholders holding more than 5% shares in the Company		
	<u>2016</u>	<u>2015</u>
	% held	% held
Zensar Technologies Limited, Parent Company	100%	100%
3.RESERVES AND SURPLUS		
Cumulative Translation Adjustment Reserve		
Balance brought forward	26.20	27.40
Foreign Currency Translation Reserve for the year	<u>(2.00)</u>	<u>(1.20)</u>
	24.21	26.20
Surplus / (deficit) in Statement of Profit and Loss		
Balance brought forward from previous year	(633.08)	(522.45)
Add : (Loss) after Taxation transferred from Statement of Profit and Loss	<u>(13.95)</u>	<u>(110.62)</u>
Less: Appropriations	<u>-</u>	<u>-</u>
	(622.81)	(606.87)
NON - CURRENT LIABILITIES		
4. Long-term borrowings		
Unsecured loan from Zensar Technologies Limited	<u>99.86</u>	<u>90.45</u>
	99.86	90.45
CURRENT LIABILITIES		
5. Trade payables		
Dues to micro and small enterprises	<u>19.23</u>	<u>49.82</u>
Dues to other than micro and small enterprises	19.23	49.82
6. Other Current Liabilities		
Accrued Salaries and Benefits	6.72	22.19
Withholding and other taxes	2.03	3.61
Other payables	<u>291.69</u>	<u>248.41</u>
	300.45	274.21

7. Fixed Assets

7. Fixed Assets										
GROSS BLOCK					DEPRECIATION				NET BLOCK	
Assets	Cost as on 31st March 2015	Additions during the period	Deletions during the period	Cost as on 31st March 2016	Accumulated Depreciation as on 31st March 2015	Depreciation for the period	Depreciation written back on assets sold during the period	Accumulated Depreciation as on 31st March 2016	As on 31st March 2016	As on 31st March 2015
Furniture, Fixtures, Electrical Installations	-	-	-	-	-	0.00	-	0.00	0.00	-
Office Equipment	25.14	-	-	25.14	18.51	2.58	-	21.09	4.05	6.63
Data Processing Equipment-Own use	48.22	-	-	48.22	40.10	0.68	-	40.78	7.44	8.12
TOTAL	73.36	-	-	73.36	58.61	3.26	-	61.87	11.49	14.75
Exchange fluctuation	3.26	-	-	4.63	8.74	1.20	-	9.94	(5.31)	(5.48)
Total	76.62	-	-	77.99	67.35	4.46	-	71.81	6.18	9.27
Previous year	112.22	-	39.02	76.62	91.73	6.14	30.52	67.35	9.27	20.49

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD
Notes to the Financial Statement for the year ended 31st March, 2016

	<u>2016</u> Rs. in lakhs	<u>2015</u> Rs. in lakhs
8. Long-term Loans and Advances		
(Considered good)		
Security and other deposits	<u>0.24</u>	<u>4.05</u>
	<u>0.24</u>	<u>4.05</u>
CURRENT ASSETS		
9.Trade Receivables		
(Unsecured)		
Debts outstanding for a period exceeding 6 months from the date they are due for payment:		
- Considered good	-	-
- Considered Doubtful	-	-
Less : Provision for doubtful debts	<u>-</u>	<u>-</u>
Other debts :		
- Considered good	46.37	57.06
Less : Provision for doubtful debts	-	-
	<u>46.37</u>	<u>57.06</u>
10.Cash and Bank Balances		
Balance with Banks :		
On Current Account	<u>238.78</u>	<u>225.54</u>
	<u>238.78</u>	<u>225.54</u>
11.Short-term Loans and Advances		
Prepaid Expenses	0.50	2.64
Others	<u>9.50</u>	<u>11.41</u>
	<u>10.00</u>	<u>14.05</u>
12.Other Current Assets		
Accrued Income (Unbilled Services)	0.00	2.49
	<u>0.00</u>	<u>2.49</u>

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD
Notes to the Financial Statement for the year ended 31st March, 2016

	2016	2015
	Rs. in lakhs	Rs. in lakhs
13. Other Income		
Interest Income :	0.31	0.32
-on deposits with banks	0.81	67.31
Other Miscellaneous Income	<u>1.12</u>	<u>67.63</u>
14. Employee Benefit Expenses		
Salaries, Wages and Bonus	127.19	295.12
Contribution to Provident and other funds	51.71	92.16
Staff Welfare	1.14	2.87
	<u>180.05</u>	<u>390.15</u>
15. Other Expenses		
Travelling and conveyance	11.82	9.35
Cost of manpower hired	22.69	74.35
Recruitment Expenses	0.00	0.10
Electricity and Power	0.67	3.23
Lease Rentals	11.80	40.69
Rates and Taxes	0.28	7.09
Insurance	0.72	0.52
Legal and Professional Charges	13.02	16.10
Postage, Telephone and E-Mail	1.90	4.71
Stationery and Printing	0.11	0.50
Advertisement and Publicity	0.12	0.00
Repairs and Maintenance	0.62	1.07
Exchange loss (net)		4.77
Provision for Doubtful Debts	15.79	15.38
Miscellaneous Expenses	0.00	2.55
Loss on sale of assets	0.00	57.58
Bad debts written off		
	<u>79.53</u>	<u>237.99</u>
16. Finance Cost		
Interest :		
on Unsecured Loans	3.95	3.67
Bank Charges	0.65	1.13
	<u>4.60</u>	<u>4.80</u>

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD
Notes to the Financial Statement for the year ended 31st March, 2016

17. 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 Scheme	2006 Scheme
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	2016-17		2015-16	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	0	0	0	0
Transfer in	-	-	0	0
Transfer out	0	-	0	0
Granted during the period (Bonus Adjustment)	-	-	0	0
Exercised during the period	-	-	0	0
Cancelled during the period	-	-	0	0
Balance unexercised options	0		0	
Exercisable at end of period	0	0	0	0

There are no grants under "2006 ESOP" scheme.

18. Related Party Disclosures

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

(i) Parties where control exists

Holding corporation:

Zensar Technologies Limited, India

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

Zensar Technologies Inc., USA

Zensar Technologies IM, Inc

(iii) Key Management Personnel:

Dr. Ganesh Natarajan

Mr. S. Balasubramaniam

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD
Notes to the Financial Statement for the year ended 31st March, 2016
Rs in lakhs
Transactions with Related Parties

Description of the nature	Volume of transactions during		Amount Outstanding as on 31st March			
	2015-16	2014-15	2016		2015	
			Receivable	Payable	Receivable	Payable
A.Reimbursement of expenses by the company						
1.Holding Corporation :						
(i)Zensar Technologies Limited, India	18.19	19.87		147.11		122.26
Total reimbursement of expenses by the company	18.19	19.87	-	147.11	-	94.33
B.Unsecured loan by the company						
1.Holding Corporation :						
(i)Zensar Technologies Limited, India	-	-		79.50	-	75.01
Total Unsecured Loan by the company	0.00	0.00		79.50		75.01
C.Interest on Unsecured loan by the company						
1.Holding Corporation :						
(i)Zensar Technologies Limited, India	3.95	3.67		20.35	-	15.44
Total Interest on Unsecured Loan by the company	3.95	3.67		20.35		15.44
D. Receipt of Software Services						
(i)Zensar Technologies Limited, India	22.69	14.70		34.13		14.78
(ii) Zensar Technologies, Inc., USA	0.00	64.53		110.45		104.21
Total of Software Services received	22.69	79.23		144.58		104.21
E. Rendering of Software Services						
1.Holding Corporation :						
(i)Zensar Technologies Limited, India	140.85	156.57	36.80		25.51	
1.Fellow Subsidiaries :						
(i) Zensar Technologies, Inc., USA	46.64	78.90	1.09	-	11.82	-
(ii) Zensar Technologies IM, Inc	39.94	99.75	3.50	-	10.65	-
Total of Software Services rendered	227.44	335.22	41.38	0.00	47.98	0.00

19. Lease Obligations

Total future minimum lease payments under non cancellable operating leases are as follows:

Particulars	2016	2015
	Rs. In Lakhs	Rs. In Lakhs
Not later than One year	-	-
Later than one year and not later than five years	-	-
	-	-

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

(a) As auditors	15.66	14.27
	15.66	14.27

ZENSAR TECHNOLOGIES (SHANGHAI) CO. LTD

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

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

Defined Contribution Plans

The company has recognised the following amounts in the Statement of Profit and Loss for the period:

1. Contribution to Social Insurance in China	<u>51.71</u>	<u>92.16</u>
	<u>51.71</u>	<u>92.16</u>


22. Reclassification

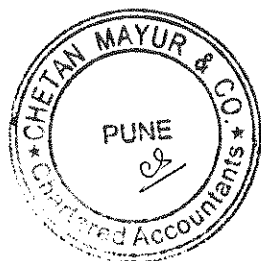
Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.

For **Chetan Mayur & Co.**

Firm Registration Number: 123216W

Chartered Accountants


Chetan Shroff
Partner
Membership No. 104273

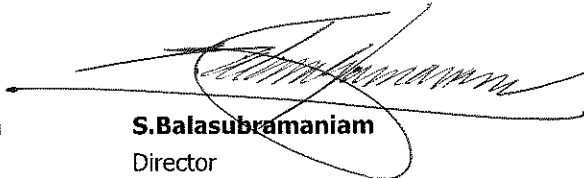


Place : Pune
Date : April 22, 2016

For and on behalf of the Board

Dr. Ganesh Natarajan
Director

Place : Mumbai
Date : April 22, 2016


S. Balasubramaniam
Director

Cash Flow Statement from April 1, 2015 to March 31, 2016

(Rs. in lakhs)

	2015-16	2014-15
A. Cash Flow from Operating Activities :		
Net Profit before Taxation and Prior period expenses	(13.95)	(110.62)
Adjustments for		
Depreciation	3.26	9.33
Interest Expense	4.60	4.80
	7.86	14.13
Operating Profit before Working Capital Changes	(6.09)	(96.49)
Adjustments for		
Increase / (Decrease) In trade payables	(30.69)	(5.76)
Increase / (Decrease) in provisions		-
Increase / (Decrease) in other current liabilities	24.64	83.14
Increase / (Decrease) in other long term liabilities	9.41	7.34
(Increase) / Decrease in trade receivables	10.45	113.47
(Increase) / Decrease in other current assets	2.49	13.00
(Increase) / Decrease in other non-current assets	3.81	(0.30)
(Increase) / Decrease in loans and advances	3.99	(4.75)
	24.10	206.13
Cash generated from Operations	18.01	109.64
Taxes (Paid) / Received		
Net Cash from Operating activities (A)	18.01	109.64
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets including CWIP		
Net Cash from Investing Activities (B)	-	-
C. Cash Flow from Financing Activities		
Share capital Inflow		
Dividend on Equity Shares and Tax Thereon		
Interest Payment	(4.60)	(4.80)
Net Cash from Financing Activities (C)	(4.60)	(4.80)
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	13.41	104.84
Opening Balance of Cash & Cash Equivalents	225.54	120.70
Closing Balance of Cash & Cash Equivalents	238.78	225.54

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 3 on Cash Flow Statement.
- Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.

Notes as per Schedule 13 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 Chetan Mayur & Co.
Firm Registration Number: 123216W
Chartered Accountants

Chetan Shroff
Partner
Membership No. 104273

Place : Pune
Date : April 22, 2016

For and on behalf of the Board

Dr. Ganesh Natarajan
Director

S. Balasubramaniam
Director

Place : Mumbai
Date : April 22, 2016

