

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

Report on special purpose financial statements

1. This report is issued in accordance with the terms of our agreement dated March 31, 2015.
2. We have audited the accompanying special purpose financial statements of Zensar Technologies Inc (the "Company") which comprise the Balance Sheet as at March 31, 2015, 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 Act, read with Rule 7 of the 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 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, 2015;
- (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 their 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 purposes of the information and use of the management and Board of Directors in their preparation of the Consolidated Financial Statements of the Parent Company in order to comply with requirements of Clause 32 of the Listing Agreement.

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: Mumbai
Date: Apr 28, 2015

ZENSAR TECHNOLOGIES, INC.
Balance Sheet as at March 31, 2015

	Note	2015 Rs. in lakhs	2014 Rs. in lakhs
Equity and Liabilities			
Shareholders' funds			
Share capital	2	290.30	290.30
Reserves and surplus	3	24034.01	18,878.64
		<u>24324.31</u>	<u>19,168.94</u>
Non-current liabilities			
Long term borrowings	4	-	7,190.40
Other long term liabilities	5	-	70.11
Long-term provisions	6	1545.60	1,423.84
		<u>1545.60</u>	<u>8,684.35</u>
Current liabilities			
Short term borrowings	7	7500.60	-
Trade payables	8	41959.37	33,696.29
Other current liabilities	9	10930.04	10,179.30
Short-term provisions	10	47.23	41.31
		<u>60437.24</u>	<u>43,916.90</u>
Total		<u><u>86307.15</u></u>	<u><u>71,770.19</u></u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	204.78	217.32
Non current Investments	12	53032.64	40,930.86
Long term loans and advances	13	143.12	386.95
Deferred tax assets (net)	14	952.34	833.20
Current assets			
Trade receivables	15	18238.88	17,215.90
Cash and bank balances	16	5155.67	3,698.94
Short-term loans and advances	17	2610.46	2,560.91
Other current assets	18	5969.26	5,926.11
		<u>31974.27</u>	<u>29,401.86</u>
Total		<u><u>86307.15</u></u>	<u><u>71,770.19</u></u>

Summary of Significant Accounting Policies

1

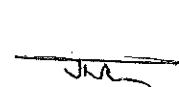
The notes are an integral part of these financial statements.

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

AS.

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


Amit Borkar
Partner
Membership No. 109846

For and on behalf of the Board of Directors of
Zensar Technologies Inc.

Dr. Ganesh Natarajan
Director


P.K. Mohapatra
Director

Place : Mumbai
Dated : April 28, 2015

Place : Mumbai
Dated : April 28, 2015

ZENSAR TECHNOLOGIES, INC.**Statement of Profit and Loss for the year ended March 31, 2015**

	Note	2015 Rs. in lakhs	2014 Rs. in lakhs
Revenue from operations (Net)	19	120,724.40	110,772.02
Other operating revenue	20	575.70	697.01
Other income	21	1.45	1.40
Total revenue		121,301.55	111,470.43
Expenses			
Employee benefits expense	22	35,307.84	33,366.48
Procurement charges		50,567.89	49,873.45
Cost of manpower hired		21,570.68	15,545.20
Other expenses	23	6,698.88	5,756.98
Finance cost	24	900.09	894.94
Depreciation and amortization expense	11	120.08	77.67
Total expenses		115,165.46	105,514.72
Profit before tax		6,136.09	5,955.71
Tax expense			
- Current tax		2,052.97	2,164.35
- Deferred tax		(83.14)	(189.26)
Short / (Excess) provision for taxation in respect of earlier years (net)		(25.99)	(124.88)
		1,943.84	1,850.21
Profit for the year		4,192.25	4,105.50
		Rs.	Rs.
Earnings per equity share			
Basic/ Diluted	27	2,096.13	2,052.75

Summary of Significant Accounting Policies

1

The notes are an integral part of these financial statements.

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

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



Amit Borkar
Partner
Membership No. 109846

Place : Mumbai
Dated : April 28, 2015

For and on behalf of the Board of Directors of
Zensar Technologies Inc.



Dr. Ganesh Natarajan
Director



P.K. Mohapatra
Director

Place : Mumbai
Dated : April 28, 2015

ZENSAR TECHNOLOGIES, INC.
Cash Flow Statement for the year ended March 31, 2015
Rs. in Lakhs

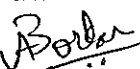
	2014-15		2013-14	
A. Cash flow from operating activities :				
Profit before Taxation		6,136.09		5,955.71
Adjustments for				
Depreciation and amortization	120.08		77.67	
Interest Income	(1.45)		(1.40)	
Loss / (Profit) on sale of fixed assets (net)	-		2.04	
Finance cost	900.09		894.94	
Bad debts written off	2.41		-	
Provision for doubtful debts	8.51		157.54	
Foreign Currency Translation gain / loss on operating activities	(428.99)		(381.55)	
		600.65		749.24
Operating Profit before working capital changes and other adjustments		6,736.74		6,704.95
Changes in working capital :				
Increase / (Decrease) in trade payables	8,263.08		6,788.15	
Increase / (Decrease) in short term provisions	5.92		2.23	
Increase / (Decrease) in other current liabilities	553.61		722.66	
Increase / (Decrease) in long term provisions	121.76		358.11	
(Increase) / Decrease in trade receivables	(1,013.26)		(1,761.54)	
(Increase) / Decrease in other current assets	(43.15)		(2,522.99)	
(Increase) / Decrease in short term loans and advances	(871.04)		230.12	
(Increase) / Decrease in long term loans and advances	243.83		167.59	
		7,260.75		3,984.33
Cash generated from operations		13,997.49		10,689.28
Taxes paid (net of refunds)		(1,205.49)		(1,936.48)
Net cash generated from operating activities (A)		12,792.00		8,752.80
B. Cash flow from investing activities				
Investment in subsidiary		(10,063.36)		-
Purchase of tangible assets		(101.41)		(84.22)
Sale proceeds of tangible assets		-		22.80
Interest Income		1.45		1.40
Net Cash (used) / generated from investing activities (B)		(10,163.32)		(60.02)
C. Cash flow from financing activities				
Proceeds from short-term borrowings		7,304.52		-
Repayment of borrowings		(7,393.20)		(7,272.30)
Interest and structuring fees payment		(1,083.27)		(1,254.41)
Net cash (used) / generated from financing activities (C)		(1,171.95)		(8,526.71)
D. Net Increase/(decrease) in cash and cash equivalents (A+B+C)		1,456.73		166.07
Cash & cash equivalents at the beginning of the year		3,698.94		3,532.87
Cash & cash equivalents at the end of the year		5,155.67		3,698.94


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 Price Waterhouse
 Firm Registration Number: 301112E
 Chartered Accountants


Amit Borkar
 Partner
 Membership No. 109846

 For and on behalf of the Board of Directors of
Zensar Technologies Inc.

Dr. Ganesh Natarajan
 Director


P.K. Mohapatra
 Director

 Place : Mumbai
 Dated : April 28, 2015

 Place : Mumbai
 Dated : April 28, 2015

ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015

General Information

Company Overview

Zensar Technologies Inc. ("the Company") is a company registered under the laws of California. The Company is primarily engaged in providing a complete range of IT Services and Solutions and its industry expertise spans across manufacturing, retail, media, banking, Insurance, healthcare and utilities.

1. Summary of 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.

The 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 US Dollars. 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.

Transactions:

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



ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015 (contd.)

- 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.

d. 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 is recognised as the related services are performed. Revenue is recognised on accrual basis. However, where the ultimate collection of the sale lacks reasonable certainty, revenue recognition is postponed to the extent of such uncertainty. Revenues from fixed price engagements are recognized using the proportionate completion method of accounting. The cumulative impact of any revision in estimates of the percentage 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 such 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 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.

The Company accounts for volume discounts to customers as a reduction of revenue based on the ratable 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 Company recognises changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer or as a reduction of payments due from the customer.

e. Other Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.



ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015 (contd.)

f. Fixed Assets

i. Tangible assets

Tangible 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.

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.

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 and amortization

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 II	Useful life as followed by the Company
Office Equipment's	5 years	4 years
Furniture	10 years	4 to 5 years
Server and Network Equipment	6 years	4 years

The Company during the year ended March 31, 2015 revised the useful lives of Computers (effective April 1, 2014) to those specified in Schedule II of the Companies Act 2013. The carrying amount of the fixed assets as at April 1, 2014 will be depreciated over the remaining revised useful lives. The assets whose useful life is already completed as on April 1, 2014 is charged to retained earnings (net of deferred tax) as on that date.

The impact on account of this change on the profit for the year, is not material.

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.

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ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015 (contd.)

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 or fair market value.

i. Leases

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. 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.

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.

k. Current and deferred 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 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.

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ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015 (contd.)

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 profit for the year after tax attributable to equity shareholders 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.

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 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.

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ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015 (contd.)

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.

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ZENSAR TECHNOLOGIES, INC.

Notes to the financial statements for the year ended March 31, 2015 (contd.)

2. Share capital

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Authorised :		
10,00,000 (March 31, 2014 : 10,00,000) equity shares, no par value	1,451.50	1,451.50
Issued :		
200,000 (March 31, 2014 : 200,000) equity shares, no par value	290.30	290.30
Subscribed and paid up :		
200,000 (March 31, 2014 : 200,000) equity shares fully paid-up, no par value	290.30	290.30
	<u>290.30</u>	<u>290.30</u>

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

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Foreign Currency Translation Reserve		
Balance as at the beginning of the year	1,493.88	60.81
Add : Foreign currency translation reserve for the year	964.52	1,433.07
	2,458.40	1,493.88
Surplus in the statement of Profit and Loss		
Balance as at the beginning of the year	17,384.76	13,279.26
Add : Profit for the year	4,192.25	4,105.50
Less : Transitional Provision as per Note 1(f)(ii)	(1.40)	-
	21,575.61	17,384.76
	<u>24,034.01</u>	<u>18,878.64</u>

4. Long-term borrowings

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Secured :		
Term Loans from Banks	-	7,190.40
(Refer note a and b below)	-	7,190.40
	<u>-</u>	<u>7,190.40</u>

Note : Nature of security and terms of repayment for secured borrowings

a. Nature of Security :

- i. Term loan from banks amounting INR 7,500.60 lakhs (March 31, 2014 : INR 14,380.80 lakhs) are secured by -
 - I. SBLC (Stand By Letter of Credit) Issued by Standard Chartered Bank, India at the request of Zensar Technologies Limited (Holding Company) by way of hypothecation of the current and movable assets and mortgage of immovable assets of the Holding company.
 - ii. 100% pledge over shares of PSI Holding Group Inc., USA.

- b. Repayable in 8 equal semi-annual installments starting in the 18th month from December 21, 2010, the date of issue of the SBLC. Interest to be paid every six months at LIBOR + 110 basis points.

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5. Other long-term liabilities

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(In lakhs)	(In lakhs)
Structuring fees	-	70.11
	<u>-</u>	<u>70.11</u>

6. Long-term provisions

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(In lakhs)	(In lakhs)
Compensated absences	1,545.60	1,423.84
	<u>1,545.60</u>	<u>1,423.84</u>

7. Short Term Borrowings

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(In lakhs)	(In lakhs)
Secured:		
Loan from Bank	7,500.60	-
(Refer note a and b below)		
	<u>7,500.60</u>	<u>-</u>

Note : Nature of security and terms of repayment for secured borrowings

a. Nature of Security :

Short Term loan from banks amounting INR 7,500.60 lakhs (March 31, 2014 : Nil) is secured by charge on the current assets of the Company

b. Loan is repayable within one year from the date of drawal. Quarterly Interest is payable at LIBOR + 280 basis points.

8. Trade payables

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(In lakhs)	(In lakhs)
Trade payables	41,959.37	33,696.29
	<u>41,959.37</u>	<u>33,696.29</u>

9. Other current liabilities

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(In lakhs)	(In lakhs)
Current maturities of long term debt (Refer note 4 (a & b))	7,500.60	7,190.40
Interest accrued but not due on borrowings	34.06	56.68
Deferred revenue	2,151.72	1,794.86
Employee benefits payable		
- Salaries	-	62.32
- Bonus and Incentives	1,117.92	869.86
Others		
- Provision for expenses	40.63	38.95
- Structuring fees	73.13	163.58
Sales tax payable	11.98	2.65
	<u>10,930.04</u>	<u>10,179.30</u>

10. Short-term provisions

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(In lakhs)	(In lakhs)
Compensated absences	47.23	41.31
	<u>47.23</u>	<u>41.31</u>

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ZENSAR TECHNOLOGIES, INC.
Notes to the financial statements for the year ended March 31, 2015 (contd.)

11. Tangible Assets

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		Rs. in lakhs
	Cost as on 1st April 2014	Additions during the year	Deletions during the year	Cost as on 31st March 2015	Accumulated Depreciation as on 1st April 2014*	Depreciation for the year	Depreciation written back on deletions during the year	Accumulated Depreciation as on 31st March 2015	As on 31st March 2015	As on 31st March 2014	
Improvement to Leasehold Premises	18.78	-	-	18.78	18.78	-	-	18.78	-	-	
Furniture and Fixtures	135.50	10.11	-	145.61	105.52	13.58	-	119.10	26.51	29.98	
Office Equipment	493.12	91.30	-	584.42	296.59	106.50	-	403.09	181.33	197.93	
TOTAL	647.40	101.41	-	748.81	420.89	120.08	-	540.97	207.84	227.91	
Exchange Fluctuation	(48.30)	28.17	-	(20.13)	(37.71)	20.64	-	(17.07)	(3.06)	(10.59)	
Total	599.10	129.58	-	728.68	383.18	140.72	-	523.90	204.78	217.32	
Previous year	497.82	81.80	(19.48)	599.10	282.27	77.67	(21.84)	381.78	217.32		

*Accumulated depreciation as on April 1, 2014 include INR 1.40 lacs debited to opening reserves.



12. Non-current investments

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Unquoted equity Instruments (valued at cost, unless otherwise stated)		
Investment in subsidiaries :		
100 shares (March 31, 2014 : 100) of US\$ 0.01 each In PSI Holding Group Inc., USA	42,696.66	40,930.86
139 shares (March 31, 2014 : Nil) of US \$ 1 each In Professional Access Limited	10,335.98	-
	<u>53,032.64</u>	<u>40,930.86</u>

13. Long-term loans and advances

Unsecured, considered good (unless otherwise stated)

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Security deposits	143.12	137.20
Other loans and advances		
Prepaid expenses	-	249.75
	<u>143.12</u>	<u>386.95</u>

14. Deferred tax assets (net)

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Deferred tax assets		
Leave encashment	571.44	534.43
Provision for doubtful debts	61.85	60.77
Expenses allowed on payment basis	376.01	291.46
Gross deferred tax asset	<u>1,009.30</u>	<u>886.66</u>
Deferred tax liability		
Unrealised Gain	0.26	0.68
Depreciation	56.70	52.78
Gross deferred tax liability	<u>56.96</u>	<u>53.46</u>
Net deferred tax asset	<u>952.34</u>	<u>833.20</u>

15. Trade receivables

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Unsecured, considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others	18,238.88	17,215.90
Unsecured, considered doubtful		
Outstanding for a period exceeding 6 months from the date they are due for payment	152.34	102.75
Others	6.52	53.65
Less : Provision for doubtful debts	(158.86)	(156.40)
	<u>18,238.88</u>	<u>17,215.90</u>

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16. Cash and bank balances

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(In lakhs)	(In lakhs)
Cash and cash equivalents:		
Bank balances :		
- In current accounts	5,153.81	3,697.16
- In money market and treasury accounts	1.86	1.78
	<u>5,155.67</u>	<u>3,698.94</u>

17. Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(In lakhs)	(In lakhs)
Advances to related parties	611.75	50.66
Other loans and advances		
Advance Income Tax (Net of provision of Rs. 2028.91 lakhs (March 31, 2014 : Rs. 2,128.30 lakhs)	129.67	951.16
Prepaid expenses	316.19	369.17
Others	1,552.85	1,189.92
	<u>2,610.46</u>	<u>2,560.91</u>

18. Other current assets

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(In lakhs)	(In lakhs)
Accrued Income (unbilled services)	5,969.26	5,926.11
	<u>5,969.26</u>	<u>5,926.11</u>

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19. Revenue from operations (Net)

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Income from software services	119,809.02	110,572.92
Income from sale of licenses for software applications	915.38	199.10
	<u>120,724.40</u>	<u>110,772.02</u>

20. Other operating revenue

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Provisions no longer required written back	537.74	695.04
Miscellaneous income	37.96	1.97
	<u>575.70</u>	<u>697.01</u>

21. Other income

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Interest :		
- Others	1.45	1.40
	<u>1.45</u>	<u>1.40</u>

22. Employee benefits expenses

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Salaries, wages and bonus	30,178.29	28,351.42
Contribution to other funds (refer note no.30)	2,536.67	2,359.28
Staff welfare expenses	2,592.88	2,655.78
	<u>35,307.84</u>	<u>33,366.48</u>

23. Other expenses

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Finders fees – cost	506.65	376.08
Traveling and conveyance	1,747.40	1,635.96
Recruitment expenses	33.88	74.64
Training expenses	5.10	17.72
Electricity and power	1.03	1.04
Rent	238.34	224.18
Insurance	64.39	90.59
Rates and taxes	-	1.88
Consumable media	3.01	11.04
Payment to auditors (refer note no.28)	59.11	57.56
Legal and professional charges	2,031.09	1,921.20
Postage, telephone and e-mail	405.19	332.27
Printing and stationery	7.48	8.64
Vehicle running expenses	45.52	40.52
Advertisement and publicity expenses	77.30	85.66
Purchase of licenses for software applications	756.47	207.36
Loss on sale of assets	-	2.04
Bad debts written off	2.41	-
Provision for Doubtful Debts	8.51	157.54
Miscellaneous expenses	706.00	511.06
	<u>6,698.88</u>	<u>5,756.98</u>

24. Finance costs

	<u>2015</u>	<u>2014</u>
	Rs.	Rs.
	(in lakhs)	(in lakhs)
Interest :		
- On fixed loans	285.85	310.15
Finance charges :		
- Finance and other	614.24	584.79
	<u>900.09</u>	<u>894.94</u>

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ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015

25. Employee Stock Option Schemes

Currently there are two Employees Stock Option Plans (2002 ESOP and 2006 ESOP) in operation, both run by Zensar Technologies Limited, 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 parent Company in respect of the stock options. Accordingly, no liability for unexercised options is recognised in the books.

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

2006 Scheme

Particulars	2014-15		2013-14	
	No of options	Weighted average exercise price in Rs	No of options	Weighted average exercise price in Rs
Opening balance	3,54,648	150.10	3,56,530	134.02
Granted during the year	36,000	486.67	26,000	250.00
Exercised during the year	69,880	107.12	8,064	175.19
Add: Transfer in (On account of employees transferred from Zensar India to Zensar INC)	19,666	216.98	20,940	242.77
Less: Cancelled/Transferred out	36,840	186.32	40,758	150.26
Balance unexercised option	3,03,594	199.84	3,54,648	150.10
Exercisable at the end of the year	1,04,050	151.59	93,764	146.55



ZENSAR TECHNOLOGIES, INC.**Notes to the financial statement for the year ended March 31, 2015 (contd.)****2002 Scheme**

Particulars	2014-15		2013-14	
	No of options	Weighted average exercise price in Rs	No of options	Weighted average exercise price in Rs
Opening balance	53,318	73.45	55,810	71.02
Granted during the year	-	-	-	-
Add: Transfer in (On account of employees transferred from Zensar India to Zensar INC)	1,800	84.67	1,958	78.53
Less: Exercised during the year	17,006	85.86	3,410	43.94
Less: Cancelled/Transferred out	2,168	38.63	1,040	43.65
Balance unexercised option	35,944	70.24	53,318	73.45
Exercisable at the end of the year	35,944	70.24	53,318	73.45

26. Related Party Disclosures**List of Related Parties (as identified and certified by the Management)****(i) Parties where control exists****a. Holding company**

Zensar Technologies Limited, India

b. Wholly owned subsidiaries

PSI Holding Group, Inc., USA

Zensar Technologies IM Inc. [Formerly known as Akibla, Inc., USA]

Akibla, B.V., Netherlands

Aquila Technology Corp., USA

Professional Access Limited, USA

(ii) Fellow subsidiaries (where transactions have occurred during the year)

Zensar Technologies (UK) Limited, UK

Zensar Technologies (Shanghai) Co. Limited

Zensar Advanced Technologies Limited

(iii) Key Management Personnel

Mr. Vivek Gupta

Mr. Nitin Parab

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ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015 (contd.)

Transactions with Related parties						
Description of the Nature of the transaction	Volume of transactions during 2014-15	Volume of transactions during 2013-14	(Amounts in INR)		(Amounts in INR)	
			Amount Outstanding as on March 31, 2015		Amount Outstanding as on March 31, 2014	
			Receivable	Payable	Receivable	Payable
A. Receipt of Software and other services						
1. Holding Company: Zensar Technologies Limited	50,514.33	49,980.92	-	36,001.90	-	28,051.77
2. Fellow subsidiaries:						
Zensar Technologies (UK) Limited	511.90	292.30	-	47.84	-	31.04
Zensar Advanced Technologies Limited	-	57.69	-	-	-	-
Zensar Technologies (Shanghai) Co. Limited	138.47	182.46	104.21	10.77	37.63	11.82
Total of Receipt of Software Services	51,164.70	50,513.37	104.21	36,060.51	37.63	28,094.63
B. Guarantee Commission						
1. Holding Company: Zensar Technologies Limited	108.60	142.93	-	46.03	-	35.46
Total of Receipt of Other Services	108.60	142.93	-	46.03	-	35.46
C. Reimbursement of expenses by the Company						
1. Holding Company: Zensar Technologies Limited	1,786.14	1,557.89	-	1,037.82	-	706.17
2. Fellow subsidiaries:						
Zensar Technologies (UK) Limited	-	-	-	-	-	-
Zensar Advanced Technologies Limited	-	-	-	-	-	-
Zensar Technologies (Shanghai) Co. Limited	-	-	-	-	-	-
3. Wholly owned subsidiaries:						
Zensar Technologies IM Inc (Formerly known as Akibla, Inc., USA)	1,184.61	907.60	-	183.81	-	130.72
Professional Access Ltd - USA	-	-	-	-	-	-
Total of Reimbursement of expenses by the Company	2,970.75	2,465.49	-	1,221.63	-	836.89
D. Reimbursement of expenses to the Company						
1. Wholly owned subsidiaries:						
Zensar Technologies IM Inc (Formerly known as Akibla, Inc., USA)	602.02	1,062.32	502.52	-	13.03	-
Aquila Technology Corp.	-	-	-	-	-	-
PSI Holding Group, Inc.	-	-	-	-	-	-
Zensar Technologies (Shanghai) Co. Ltd.	-	-	-	-	-	-
Professional Access Ltd - USA	4.91	-	5.02	-	-	-
Total of reimbursement of expenses to the Company	606.93	1,062.32	507.54	-	13.03	-
E. Advances taken/repaid						
Zensar Technologies IM Inc (Formerly known as Akibla, Inc., USA)	-	4,857.50	-	-	-	-
Zensar Technologies IM Inc (Formerly known as Akibla, Inc., USA)	-	(4,857.50)	-	-	-	-
Total Advances taken/repaid	-	-	-	-	-	-
F. Remuneration to Key Management Personnel						
(i) Mr. Vivek Gupta	366.14	171.44	-	-	-	-
(ii) Mr. Nitin Parab	338.55	275.91	-	-	-	-
Total remuneration to Key Management Personnel	704.69	447.35	-	-	-	-



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ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015 (contd.)

27. Earnings per Share (EPS)

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
Profits attributable to equity shareholders (Rs. in lakhs)	4,192.25	4,105.50
Weighted Average No. of equity shares outstanding during the year	200,000	200,000
Basic / Diluted Earnings Per Share (Rs.)	2,096.13	2,052.75
		Rs. in lakhs
	2014-15	2013-14

28. Lease Obligations**Operating Leases**

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next three years. Rental expense incurred by the Company under operating lease agreements totalled approximately Rs. 238.34 lakhs (March 31, 2014: Rs. 224.18 lakhs).

Future Minimum Lease Payments Outstanding as on 31st March 2015 in respect of non-cancellable lease agreements

	31 st March 2015	Rs. in lakhs 31 st March 2014
Not later than one year	167.32	163.46
Later than one year and not later than five years	195.15	355.39
Later than five years		--
	362.47	518.85

29. Disclosures in accordance with Revised AS- 15 on "Employee Benefits":**Defined Contribution Plans**

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

	For the year ended 31st March 2015	Rs. in lakhs For the year ended 31st March 2014
(i) Contribution to Employees' Social Security Fund	1657.94	1,539.00
(ii) Contribution to Employees' 401(k) Fund	353.94	314.20
Total	2011.88	1,853.20



ZENSAR TECHNOLOGIES, INC.

Notes to the financial statement for the year ended March 31, 2015 (contd.)

30. 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.

31. The Company files federal and state tax returns on consolidated basis with its subsidiary and follows allocation factors of revenue, payroll costs and book value of property, plant and equipment for allocating consolidated taxable income to its subsidiary for various states it has operations. Consequent to such allocation, higher taxable income is getting allocated to the subsidiary. As a result, the subsidiary has recognised an incremental state tax provision of Rs. 174.39 lakhs (Previous year Rs. 122.49 lakhs) for the current year.

32. Reclassification

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

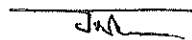
As per our report of even date.

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

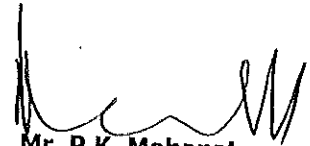


Amit Borkar
Partner
Membership No. 109846

For and on behalf of the Board of Directors of
Zensar Technologies Inc.



Dr. Ganesh Natarajan
Director



Mr. P.K. Mohapatra
Director

Place: Mumbai
Date: April 28, 2015

Place: Mumbai
Date: April 28, 2015