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

Report on special purpose consolidated financial statements

1. This report is issued in accordance with the terms of our agreement dated February 09, 2015 and addendum dated April 27, 2015.

2. We have audited the accompanying special purpose consolidated financial statements of PSI Holding Group Inc (the "Company") and its subsidiaries (hereinafter referred to as the Group), which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statement of profit and loss and the consolidated 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.

Scope

3. The scope of our audit was restricted by the overall materiality level of INR 67,220,000.

Management's Responsibility for the Special Purpose Consolidated Financial Statements

4. Management is responsible for the preparation of these special purpose consolidated financial statements 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 (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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

5. Our responsibility is to express an opinion on these special purpose consolidated 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.

6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated 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 consolidated 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.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

8. Based on our audit performed within the limits of materiality referred in paragraph 3 above and on consideration of reports of other auditor on separate financial statements and on the other financial information of the component of the Group as referred to in paragraph 11 below, and to the best of our information and according to the explanations given to us, in our opinion, the aforesaid special purpose consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Group as at March 31, 2015 and its consolidated profit and its consolidated cash flows for the year ended on that date.

Price Waterhouse
Chartered Accountants
FRN 301112E
Pune

Emphasis of Matter – Basis of Preparation

9. We draw attention to Note 1 (b) to the special purpose consolidated financial statements, which describes the basis of its preparation. The special purpose consolidated 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 consolidated financial statements for the purposes for which those have been prepared. Our opinion is not qualified in respect of this matter.

Other Matter

10. The special purpose consolidated financial statements dealt with by this report, have been prepared for the express purpose of and use by Management and the Board of Directors in connection with preparation of consolidated financial statements of Zensar Technologies Limited, the parent company. The special purpose financial statements dealt with by this report, have been prepared only to enable their incorporation (as per requirements of Clause 32 of the Listing Agreement with the Stock Exchanges in India) into the consolidated financial statements of Zensar Technologies Limited in accordance with the requirement of Accounting Standard (AS) 21 – Consolidated Financial Statements, notified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and not to report on the Company as a separate entity or a group.

11. We did not audit the financial statements of one subsidiary included in the financial statements of the Company, which constitute total assets of Rs 96,667,920 and net assets of Rs 68,261,523 as at March 31, 2015, total revenue of Rs. 204,008,752, net profit of Rs 10,128,690 and net cash flows amounting to Rs 15,372,980 for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion on the financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

Restriction on Use

12. 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.

13. 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 10 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

Borkar

Amit Borkar
Partner
Membership No. 109846

Place: Mumbai
Date: April 28, 2015

PSI Holding Group, Inc.

Consolidated Balance Sheet as at 31st March 2015

	Note No.	Year ended 31st March 2015 Rs. in lakhs	Year ended 31st March 2014 Rs. in lakhs
Equity and Liabilities			
Shareholders' Funds			
Share capital	2	-	-
Reserves and Surplus	3	15,747.44	14,690.88
		15,747.44	**14,690.88**
Non-current liabilities			
Deferred tax liabilities (Net)	12	515.71	-
Other long term liabilities	4	382.79	537.15
Long-term provisions	5	749.63	647.81
		1,648.13	**1,184.96**
Current Liabilities			
Short term borrowings	6	2,215.27	2,139.00
Trade payables	7	4,699.51	6,448.98
Other current liabilities	8	5,621.51	5,557.84
Short-term provisions	9	184.26	427.53
		12,720.55	**14,573.35**
Total		**30,116.12**	**30,449.19**
Assets			
Non-current assets			
Fixed assets			
Tangible Assets	10	764.50	1,301.98
Intangible Assets		221.35	258.22
		985.85	1,560.20
Non current investments	11	79.98	74.60
Deferred tax assets (net)	12	-	492.25
Long term loans and advances	13	177.09	325.14
		1,242.92	**2,452.19**
Current Assets			
Inventories	14	12,262.25	12,877.91
Trade receivables	15	9,454.21	9,412.04
Cash and bank balances	16	1,307.43	840.60
Short-term loans and advances	17	2,737.81	2,343.88
Other current assets	18	3,111.50	2,522.57
		28,873.20	**27,997.00**
Total		**30,116.12**	**30,449.19**
Summary of Significant Accounting Policies	1		

The accompanying notes (1 to 30) are an integral part of these consolidated financial statements.
This is the Consolidated 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

Place : Mumbai
Dated : April 28, 2015

For and on behalf of the Board

Mr. Vivek Gupta
Director

Place : Westborough
Dated : April 28, 2015

Dr. Ganesh Natarajan
Director

Place : MUMBAI
Dated : April 28, 2015

PSI Holding Group, Inc.
Consolidated Statement of Profit and Loss Account
For year ended on 31st March 2015

	Note No.	Year ended 31st March 2015 Rs. in lakhs	Year ended 31st March 2014 Rs. in lakhs
Revenue from operations			
Sale of services		41,498.42	40,784.68
Sale of traded goods and services		18,755.77	23,067.09
Other operating revenue	19	162.59	380.11
		60,416.78	64,231.88
Other income	20	139.35	119.36
		60,556.13	**64,351.24**
Expenses:			
Cost of traded goods and services		16,199.19	19,690.73
Changes in inventories of finished goods	14	615.66	(2,389.29)
Employee benefits expense	21	19,276.32	20,436.72
Other expenses	22	22,783.29	24,976.41
Depreciation and amortization expense	10	700.11	747.95
Finance costs	23	128.80	89.97
		59,703.37	**63,552.49**
Profit before tax		**852.76**	**798.75**
Tax expense (Refer Note 27 and 28)			
- Current tax		(701.86)	444.74
- Deferred tax		964.01	147.54
Provision for taxation in respect of earlier years (net)		-	35.86
Profit After Tax		**590.61**	**170.61**
Earnings Per Equity Share (Nominal Value Rs. 0.45) : (Refer note 25)		Rs.	Rs.
- Basic		590,610	170,611
- Diluted		590,610	170,611

The accompanying notes (1 to 30) are an integral part of these consolidated financial statements.

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board

Amit Borkar
Partner
Membership No. 109846

Place : Mumbai
Dated : April 28, 2015

Mr. Vivek Gupta
Director

Place : Westborough
Dated : April 28, 2015

Dr. Ganesh Natarajan
Director

Place : MUMBAI
Dated : April 28, 2015

PSI Holding Group, Inc.
Consolidated Cash Flow Statement for year ended on 31st March 2015

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
A. Cash Flow from Operating Activities :		
Net Profit before Taxation	852.76	798.75
Adjustemnts for		
Depreciation	700.11	747.95
Interest Expense	37.91	6.95
Interest Income	(0.57)	(0.64)
Provisions no longer required and credit balances written back	(162.59)	(380.11)
(Gain)/ Loss on sale of investments	-	(116.90)
Operating Profit before Working Capital Changes	**1,427.62**	**1,056.00**
Changes in Working Capital		
Increase/(Decrease) in Trade Payables	(1,699.86)	1,094.71
Increase/(Decrease) in Other Long-Term Liabilities	(150.32)	(488.52)
Increase/(Decrease) in Long-Term Provisions	109.73	140.47
Increase/(Decrease) in Other Current Liabilities	114.93	(1,930.81)
Increase/(Decrease) in Short-Term Provisions	3.79	21.68
(Increase)/ Decrease in Long-Term Loans and Advances	149.91	352.24
(Increase)/ Decrease in Inventories	745.11	(1,994.63)
(Increase)/ Decrease in Trade Receivables	191.91	(158.37)
(Increase)/ Decrease in Short-Term Loans and Advances	525.75	412.45
(Increase)/ Decrease in Other Current Assets	(556.08)	(1,150.50)
Cash generated from / (utilised in) Operations	**862.49**	**(2,645.28)**
Taxes (net of refunds)	(364.48)	(1,117.15)
Net Cash generated from / (utilised in) Operating Activities (A)	**498.01**	**(3,762.43)**
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets including Capital Work in Progress	(93.50)	(525.38)
Sale of Investments	-	125.55
Interest Income	0.57	(0.64)
Net Cash generated from / (utilised in) Investing Activities (B)	**(92.93)**	**(400.47)**
C. Cash Flow from Financing Activities :		
Utilization of short term borrowings (Net)	99.66	2,139.00
Interest Paid	(37.91)	(6.95)
Net Cash generated from / (utilised in) Financial Activities (C)	**61.75**	**2,132.05**
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**466.83**	**(2,030.85)**
Opening Balance of Cash & Cash Equivalents	840.60	2,871.45
Closing Balance of Cash & Cash Equivalents	1,307.43	840.60

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 on Cash Flow Statements.
2. Prior year comparatives have been reclassifeld to conform with current year's presentation, where applicable.
3. Cash an 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

Place : Mumbai
Dated : April 28, 2015

For and on behalf of the Board

Mr. Vivek Gupta
Director

Place : Westborough
Dated : April 28, 2015

Dr. Ganesh Natarajan
Director

Place : MUMBAI
Dated : April 28, 2015

PSI Holding Group, Inc.
Notes to the Consolidated Financial Statements for year ended on 31st March 2015

Company overview

PSI Holding Group, Inc. and Subsidiaries (the Company) consists of PSI Holding Group, Inc. and three wholly owned subsidiaries. Its subsidiaries consist of Zensar Technologies IM, Inc. (Erstwhile Akibia, Inc.), Zensar Technologies BV (Erstwhile Akibia BV), and Aquila Technology Corporation. The Company provides information technology services in the following areas: IT hardware maintenance, outsourcing, consulting, education, and other professional services for the support of data centers. Through its Product business, the Company delivers secure network infrastructure solutions to improve productivity, network security and efficiency, through consulting services, telephone support, and the resale of security and networking software and devices, and related maintenance.

1. Significant Accounting Policies

a. Principles of Consolidation

Subsidiaries: Subsidiaries are consolidated from the date on which control is transferred to the group and are not consolidated from the date that control ceases. The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together like items of assets, liabilities , income and expense. Intra-group balances and Intra-group transactions and resulting unrealized profits have been eliminated.

Disclosure relating to entities considered in the consolidated financial statements.

Subsidiaries considered for consolidated financial statements

Name of the company	Country of Incorporation	Proportion of ownership interest As at 31st March 2015	As at 31st March 2014
1 Zensar Technologies IM, Inc. (erstwhile Akibia Inc.)	USA	100%	100%
2 Zensar Technologies IM BV (erstwhile Akibia BV)	Netherlands	100%	100%
3 Aquila Technology Corp.	USA	100%	100%

The Company and its subsidiaries were acquired by Zensar Technologies, Inc. effective December 31, 2010 (i.e. Data of acquisition).

b. Basis of preparation of financial statements

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

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

The special purpose financial statements have been prepared only to enable their incorporation (as per requirements of Clause 32 of the Listing Agreement with the Stock Exchanges in India) into the consolidated financial statements of Zensar Technologies Limited in accordance with the requirement of Accounting Standard (AS) 21 -- Consolidated Financial Statements, notified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and not to report on the Company as a separate entity or a group.

c. Use of estimates

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

d. Revenue Recognition

The Company drives revenue primarily from the following sources: IT hardware maintenance, outsourcing and other support services, resale of network and security products and consulting services.
Revenue from IT hardware maintenance, outsourcing and other support services for data centers is typically billed in advance, deferred and recognized ratably over the service period. Contract period is generally one year.
Revenues from product sale are recognized upon shipment as the Company has no future obligation. The Company also enters into multiple deliverable arrangements where company provides telephone support in addition to products and services of OEM, the entire revenue is deferred and recognized ratably over the telephone support service period, generally one year, as the Company has not established fair value of telephone support services.

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

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e. Income from Investments

(i) Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and the then carrying amount of the investment.

(ii) Dividend income is recognised when the Company's right to receive dividend is established.

(iii) Interest income on time deposits is recognised using the time proportion basis taking into account the amount outstanding and applicable interest rates.

f. Fixed Assets

Tangible Assets

Tangible assets are stated at acquisition cost less accumulated depreciation. Cost of tangible assets comprises purchase price, duties, levies and any directly attributable costs of bringing the asset to its working conditions for the intended use, net of refundable taxes. 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 assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Tangible assets under construction are disclosed as capital work-in-progress.

Intangible assets

Intangible assets are recorded at the consideration paid for acquisition. Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Company to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and the expenditure attributable to the said assets during its development can be measured reliably. Intangible assets are carried at cost less accumulated amortization.

Capital Work-in-Progress includes the costs of fixed assets that are not ready for their intended use at the Balance Sheet date.

g. Depreciation

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

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

Class of Asset	Useful Life	Depreciation/ Amortisation Rate
Furniture and Fixtures	5 years	20.00%
Computer	3 years	25.00%
Data processing equipment	4 years	25.00%
Improvements to leasehold premises	5 years	20.00%
Intangible Assets – Software	3 years	33.33%

h. Impairment

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

i. Investments

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

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j. Employee Benefits

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

ii. Compensated Absences:
Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The Actuarial valuation method used for measuring the liability is the Projected Unit Credit method. In respect of encashment of leave, the Defined Benefit Obligation is calculated taking into account all types of decrement and qualifying salary projected up to the assumed date of encashment.
Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

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

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

k. Operating leases

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

l. Inventories

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

m. Foreign Currency Transactions

Translation

The functional currency for the Company is US Dollars. However, as the Company is a step down subsidiary of Zensar Technologies Limited, a company registered in India, the Financial Statements are prepared in Indian Rupees for the consolidation purpose as per AS21. 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.

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.

n. Taxation

Current Tax

Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions.

Deferred Tax

Deferred tax for timing differences between the book profits and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets arising from the timing differences are recognised to the extent there is 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.

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FRN 301112E
Pune

o. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event and, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. A disclosure for a contingent liability is made where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

p. Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless they have been issued at a later date.

q. Financial instruments

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

Derivative financial instruments

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

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

Non-Derivative Financial Instruments

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

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

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

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

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

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FRN 301112E
Pune

	As at 31st March 2015 Rs. in lakhs	As at 31st March 2014 Rs. in lakhs
2 Share capital		
Authorised :		
100 (Previous year : 100) Equity Shares of Rs.0.45 each	*	*
	-	-
Issued, Subscribed and fully paid up		
100 (Previous year: 100) Equity Shares of Rs. 0.45 each fully paid-up	*	*
	-	-

(i) Reconciliation of the shares outstanding as at the beginning and at the end of the year

	Nos	Rs	Nos	Rs
At the beginning and end of the year	100	*	100	*
	100	-	100	-

* Rs 450 has been rounded off to Rs in Lakhs

(ii) Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 0.45 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the umber of equity shares held by the shareholders.

(iii) Shares held by Holding Company and subsidiary of Holding Company

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.

	As at 31st March 2015 Rs. in lakhs	As at 31st March 2014 Rs. in lakhs
3 Reserves and surplus		
A) Securities Premium Account		
At the beginning and end of the year	8,914.63	8,914.63
	8,914.63	8,914.63
B) Foreign Currency Translation Reserve		
Balance as at the beginning of the year	2,909.90	1,425.49
Add : Foreign currency translation reserve for the year	465.95	1,484.41
	3,375.85	2,909.90
C) Reserves and Surplus/Deficit in Statement of Profit and Loss		
Balance as at the beginning of the year	2,866.35	2,695.74
Add : Profit for the year	590.61	170.61
Balance at the end of the year	3,456.96	2,866.35
	15,747.44	14,690.88
4 Other long-term liabilities		
Deferred Lease Rent	142.29	155.87
Deferred Revenue	240.50	381.28
	382.79	537.15
5 Long-term provisions		
Compensated Absences	749.63	647.81
	749.63	647.81
6 Short term borrowings		
Secured :		
Working capital Loan repayable on demand from Bank (Refer note below)	2,215.27	2,139.00
	2,215.27	2,139.00

On June 26, 2007, the Company entered into a revolving credit facility with a Bank. The revolving credit facility was amended time to time and as per amendment dated 31st March, 2015, maturity was extended to September 30, 2015. Revolving credit facility with the bank is secured by the assets of the Company.

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PSI Holding Group, Inc.
Notes to the financial statements for the year ended 31st March, 2015 (contd.)

	As at 31st March 2015 Rs. in lakhs	As at 31st March 2014 Rs. in lakhs
7 Trade payables		
Due to micro and small enterprises	-	-
Due to other than micro and small enterprises	4,699.51	6,448.98
	4,699.51	**6,448.98**
8 Other current liabilities		
Deferred revenue	4,542.08	4,708.56
Accrued Salaries and Benefits	753.24	531.75
Other Payables	77.79	82.08
Withholding and other taxes	248.40	235.45
	5,621.51	**5,557.84**
9 Short-term provisions		
Compensated Absences	30.11	28.27
Taxation less payments there against	154.15	399.26
	184.26	**427.53**

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PSI Holding Group, Inc.
Notes to the financial statements for the year ended 31st March, 2015 (contd.)

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

Rs. in lakhs

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 1st April 2014	Additions during the year	Effect of Foreign currency Translation	Cost as on 31st March 2015	Accumulated Depreciation as on 1st April 2014	Depreciation for the the year	Effect of Foreign currency Translation	Accumulated Depreciation as on 31st March 2015	As on 31st March 2015	As on 31st March 2014
Tangible assets:										
Improvement to Leasehold Premises	3,025.55	11.21	74.98	3,111.74	2,573.89	148.71	67.82	2,790.42	321.32	451.66
Furniture and Fixtures	492.62	13.74	(2.51)	503.85	432.22	21.01	10.97	464.20	39.65	60.39
Office Equipment	830.90	-	37.45	868.35	532.13	117.34	25.36	674.83	193.52	298.77
Data Processing Equipment-Own use	4,004.57	1.02	139.83	4,145.42	3,513.40	289.08	132.93	3,935.41	210.01	491.16
TOTAL	8,353.64	25.97	249.75	8,629.36	7,051.64	576.14	237.08	7,864.86	764.50	1,301.96
Intangible assets :										
Software	973.87	67.54	25.21	1,066.62	715.65	123.97	5.65	845.27	221.35	258.22
	9,327.51	93.51	274.95	9,695.98	7,767.29	700.11	242.73	8,710.13	985.85	1,560.20
Previous Year	10248.52	525.39	1,139.76	9,327.51	8,629.53	747.95	975.98	7,767.31	1,560.20	1,618.99

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PSI Holding Group, Inc.
Notes to the financial statements for the year ended 31st March, 2015 (contd.)

	As at 31st March 2015 Rs. in lakhs	As at 31st March 2014 Rs. in lakhs
11 Non-current investments		
Non-Trade		
Quoted		
Investment in equity instruments		
1,591 (Previous year: 1,591) units of Prudential Financial Common Stock (face value of Rs. 0.45 each)	77.82	74.60
144 (Previous Year : Nil) units of Eastman Kodak Co (Face Value of Rs. 2.20 each)	2.16	-
	79.98	74.60
Less : Provision for diminution in the value of investments	-	-
	79.98	74.60
Aggregate Amount of quoted investments	79.98	74.60
Market value of quoted investments	86.34	80.70
12 Deferred tax assets/liabilities (net)		
Deferred tax assets		
Compensated absences	231.91	249.36
Provision for doubtful debts	88.27	116.02
Depreciation	344.27	202.45
Others	59.97	160.42
Gross deferred tax asset	724.42	728.25
Deferred tax liability		
Loans and advances	147.36	236.00
Provision for Inventories	1,092.77	-
Gross deferred tax liability	1,240.13	236.00
Deferred tax (liability)/asset (Net)	(515.71)	492.25
13 Long-term loans and advances		
Unsecured, considered good (unless otherwise stated)		
Security and other deposits (considered good)	116.95	62.15
Deferred Cost	60.14	262.99
	177.09	325.14
14 Inventories		
[See Note 1(i)]		
Spare parts in support of computer hardware maintenance contracts	12,262.25	12,877.91
[Goods in transit Rs.292.03 Lakhs (Previous year: Rs.31.53 Lakhs]		
	12,262.25	12,877.91
15 Trade receivables		
(Unsecured)		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Considered good	-	-
Considered doubtful	103.52	282.04
	103.52	282.04
Less : Provision for doubtful debts	103.52	282.04
	-	-
Other Debts		
Considered good	9,454.21	9,412.04
Considered doubtful	96.76	52.51
	9,550.97	9,464.55
Less : Provision for doubtful debts	96.76	52.51
	9,454.21	9,412.04

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PSI Holding Group, Inc.
Notes to the financial statements for the year ended 31st March, 2015 (contd.)

	As at 31st March 2015 Rs. in lakhs	As at 31st March 2014 Rs. in lakhs
16 Cash and bank balances		
Cash and cash equivalents		
Cash on Hand	1.33	1.15
Balances with Banks :		
On Current Accounts	1,306.10	839.45
	1,307.43	840.60
17 Short-term loans and advances		
(Unsecured, considered good unless otherwise stated)		
Other loans and advances		
Prepaid expenses	493.94	619.58
Deferred Cost	1,353.09	1,724.30
Taxation less provision there against	890.78	-
	2,737.81	2,343.88
18 Other current assets		
Accrued income (unbilled services)	2,927.34	2,469.00
Others	184.16	53.57
	3,111.50	2,522.57
19 Other Operating Revenue		
Provisions no longer required and credit balances written back	162.59	380.11
	162.59	380.11
20 Other Income		
Gain on sale of investment (Net of provision for diminution on Investments)	-	116.90
Dividend Income on Quoted Investments	-	1.82
Interest on deposits with Bank	0.57	0.64
Net gain on foreign currency transactions and translation	138.78	-
	139.35	119.36
21 Employee Benefits Expense		
Salaries, Wages and Bonus	16,115.13	17,033.83
Contribution to funds	1,491.31	1,665.50
Staff Welfare	1,669.88	1,737.39
	19,276.32	20,436.72
22 Other Expenses		
Travelling and conveyance	1,156.99	1,114.74
Cost of spare parts and outsourced services in support of computer hardware maintenance contracts	4,979.22	7,418.21
Recruitment Expenses	192.56	232.12
Subcontracting Expenses	7,084.97	5,136.38
Procurement charges	1,583.84	1,724.68
Training Expenses	50.86	102.01
Electricity and Power	285.37	190.97
Rent	1,786.88	1,960.68
Lease Rent (Refer Note 29)	793.23	859.16
Repairs and Maintenance to :		
-Building	78.98	45.47
-Others	606.32	518.07
	685.30	563.54
Insurance	108.41	85.68
Rates and Taxes	64.46	69.58
Legal and Professional Charges	371.72	366.75
Communication Expenses	487.45	547.73
Stationery and Printing	117.98	131.93
Carriage, Freight and Octroi	2,527.35	3,122.05
Advertisement and Publicity	143.32	213.79
Bad Debts written off	99.88	718.52
Miscellaneous Expenses	263.50	417.89
	22,783.29	24,976.41
23 Finance costs		
Interest on cash credit with Bank	37.91	6.95
Bank Charges	90.89	83.02
	128.80	89.97

PSI Holding Group, Inc.
Notes to the financial statements for the year ended 31st March, 2015 (contd.)

	As at 31st March 2015 Rs. In lakhs	As at 31st March 2014 Rs. In lakhs
25 Earnings Per Share (EPS)		
(a) Profits attributable to equity shareholders (Rs. In lakhs)	590.61	170.61
(b) Basic Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year.	100	100
Basic and Diluted Earnings Per Share (Rs.)	**590,610**	**170,611**
(c) Diluted Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year.	100	100
Basic and Diluted Earnings Per Share (Rs.)	**590,610**	**170,611**

26 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:

Contribution to Employees 401 (K) Retirement Plan	230.07	241.72
	230.07	241.72

27 Additional State Tax liability provision recorded in the financial statements

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

Consequent to such method of allocation of consolidated taxable income among the subsidiaries of the Company and Zensar technologies Inc for certain states, higher taxable income is being allocated to the Company. As a result, the Company has recognised an incremental state tax provision of Rs 174.39 lakhs (Previous year Rs. 122.49 lakhs) for the current year.

28 Change in the method of recognising Inventory for tax purposes

During the current year, the Company has aligned its method of recording provision for inventories for tax accounting purposes. Under the new method, the Company will be amortising cost of spare parts over the life determined by the governing tax laws. Pursuant to such change, the Company has recorded current tax benefit of 1,068.25 Lakhs (USD 1.75 Mio) and recorded corresponding deferred tax liability of 1,068.25 Lakhs (USD 1.75 Mio).

29 Lease Obligations

Operating leases
The Company has leased certain facilities and equipment under operating lease agreements that expire at various points through 2020. Rent expense incurred by the Company under operating lease agreements during the current year Rs. 793.23 lakhs (Previous year Rs. 859.16 lakhs).

Total minimum lease payments outstanding

Particulars		
Not later than one year	1,028.87	1,315.98
Later than one year and not later than five years	2,473.88	2,660.06
Later than five years	-	495.68
	3,502.75	4,471.72

30 Reclassification

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

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

Mr. Vivek Gupta
Director

Place : Westborough
Dated : April 28, 2015

Dr. Ganesh Natarajan
Director

Place: MUMBAI
Dated: April 28, 2015

PSI Holding Group, Inc.
Notes to the Consolidated Financial Statements for year ended on 31st March 2015

24 **Related Party Disclosures**

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

(i) **Holding Company**
Zensar Technologies Inc., USA

(ii) **Ultimate Holding Company**
Zensar Technologies Limited, India

(iii) **Fellow Subsidiaries**
Zensar Technologies (UK) Limited
Zensar Technologies (Shanghai) Co. Limited
Zensar Technologies (Singapore) Pte. Limited
Professional Access Ltd - US

(iv) **Key Management Personnel**
Mr. Vivek Gupta

Transactions with Related Parties

Sr no.	Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
		Year ended 31st March 2015	Year ended 31st March 2014	2015		2014	
				Receivable	Payable	Receivable	Payable
1	**Reimbursement of cost**						
	Zensar Technologies Inc., USA	823.71	907.60	183.81	-	120.50	-
	Zensar Technologies Limited, India	44.69	189.38	44.69	176.40	-	17.83
	Zensar Technologies (UK) Limited	116.82	-	-	-	-	-
	Zensar Technologies Ltd, Australia	2.86	-	-	-	-	-
	Zensar Technologies (Shanghai) Co. Limited	95.45	88.89	-	-	-	108.34
	Total reimbursement of cost	1,083.53	1,185.87	228.50	176.40	120.50	126.17
2	**Reimbursement of expenses incurred**						
	Zensar Technologies Limited, India	208.19	103.89	-	26.30	-	19.72
	Zensar Technologies Inc., USA	19.38	1,062.32	-	502.52	12.58	13.26
	Zensar Technologies (UK) Limited	112.36	96.36	21.22	6.24	8.93	7.63
	Zensar Technologies (Shanghai) Co. Limited	1.00	0.06	-	3.64	-	-
	Professional Access Ltd - US	0.08	-	-	-	-	-
	Total reimbursement of expenses incurred	341.02	1,262.63	21.22	538.70	21.50	40.62
3	**Software Services Utilised**						
	Zensar Technologies Limited, India	1,187.94	1,594.40	-	-	-	54.43
	Zensar Technologies (UK) Limited	-	95.21	-	-	-	-
	Zensar Technologies (Singapore) Pte. Limited	120.15	23.78	-	5.45	-	3.01
	Total Software services utilised	1,308.08	1,713.39	-	5.45	-	57.44
4	**Software Services Rendered**						
	Zensar Technologies (Singapore) Pte. Limited	-	25.46	-	-	-	-
	Zensar Technologies Limited, India	-					
	Total software services rendered	-	25.46	-	-	-	-
5	**Advance given and recovered**						
	Zensar Technologies Inc., USA	-	4,857.50	-	-	-	-
	Total software services rendered	-	-	-	-	-	-
6	**Management services received**						
	Zensar Technologies Limited, India	-	160.37	-		-	17.20
	Total of management services received	-	160.37	-	-	-	17.20

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