

Simplify
Optimise
Accelerate

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Mission Report

22% | CAGR for Revenue and PAT in the last 5 years
2115* | Crs FY13 Revenues
173.07* | Crs FY13 PAT
6500+ | Associates
290+ | Active Customers
140+ | Global Locations
13th | in Nasscom Top 20 Indian IT Providers ranking
2 | Case Studies by HBS** on Zensar

* In INR

** Harvard Business School

Transformation
partners to
global corporations

Vision Mission

Leveraging technology and processes to help customers attain their goals

Corporate Profile

Zensar Technologies is among the top 13 technology and software services providers from India, and is seen today as a valuable change partner for enterprises to drive transformation by providing innovative technology solutions.

Zensar's industry expertise spans across Manufacturing, Retail, Healthcare, Banking Financial Services and Insurance. Zensar has presence across US, UK, Europe, Middle East, South Africa, Singapore, China, Australia and Japan, and delivers comprehensive services for Mission-Critical Applications, Enterprise Applications, Infrastructure Management, Business Intelligence, CRM, Business Process Management and new technologies like Social Media, Mobility, Analytics and Cloud Computing. With over 6500+ associates and 290+ customers, Zensar helps transform global corporations.



Board of Directors

H V Goenka
Chairman

P K Mohapatra
Director

John Levack
Director

Dr Ganesh Natarajan
Vice Chairman and CEO

P K Choksey
Director

Venkatesh Kasturirangan
Director

Arvind Agrawal
Director

A T Vaswani
Director

Niraj Bajaj
Director

Manish Dugar
*Director

* Term 25.07.2012 to 31.05.2013

Leadership Team



Dr. Ganesh Natarajan
Vice Chairman and CEO



Vivek Gupta
Chief Executive and Head,
Global Infrastructure
Management



Nitin Parab
Chief Executive and Head,
Enterprise Transformation Services



S. Balasubramaniam
Chief Financial Officer



Yogesh Patgaonkar
Global Head, Human Resources



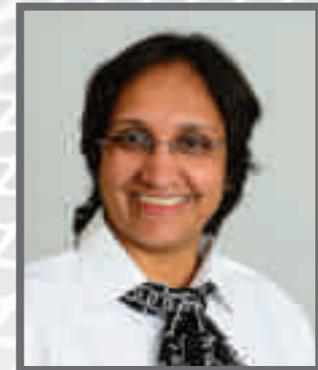
Ajay Bhandari
Chief Corporate Development Officer



Sanjay Marathe
Head, Strategic Services Unit
and CTO



Harish Gala
Head, Enterprise Applications
(Oracle and SAP)
and Hyderabad Location



Prameela Kalive
Head, Strategic Services
and Pune Location

Chairman's Note



Mr Harsh Goenka, Chairman

Dear Shareholders,

Uncertainty and moderation of global economic activity characterised the year. While there has been policy reaction in some markets, changing direction of interest rates and currencies, there was a higher degree of uncertainty than at almost any time in recent memory, leaving the IT-BPM industry significantly impacted.

These economic whirlwinds have influenced budgetary tightening, translating to smaller deal sizes. However, counter intuitively, there is a clear delinking of overall IT-BPM spending with respect to economic turmoil in the past few years. Rising consumerisation of the enterprise segment, for the clients, has meant increased competition, and companies adopting new forms of services to create differentiation. It has also led to change management matters, and both these areas of new services and change management have been operative sources of business for IT-BPM firms. New areas such as social media, mobile, analytics and cloud are increasingly driving technology spending, and will emerge as mainstays as this decade progresses.

The industry today is at a crossroad with the first USD 100 billion largely a labour arbitrage play; the next USD 100 billion will be a combination of higher value services and increasingly non-linear, combined with a transformed cost proposition. Today, the Indian IT-BPM

industry has already begun moving from enterprise services to providing 'enterprising solutions'. These are not standard lift and shift solutions, but involve a high degree of proactiveness, maturity, business understanding and entrepreneurship. The Indian IT-BPM industry is leading the drive to design solutions incorporating SMAC (Social, Mobile, Analytics, Cloud) to offer innovative, enterprising answers. These enterprising solutions are able to create client impact on not only cost, but also revenues, profit margins and cash flows.

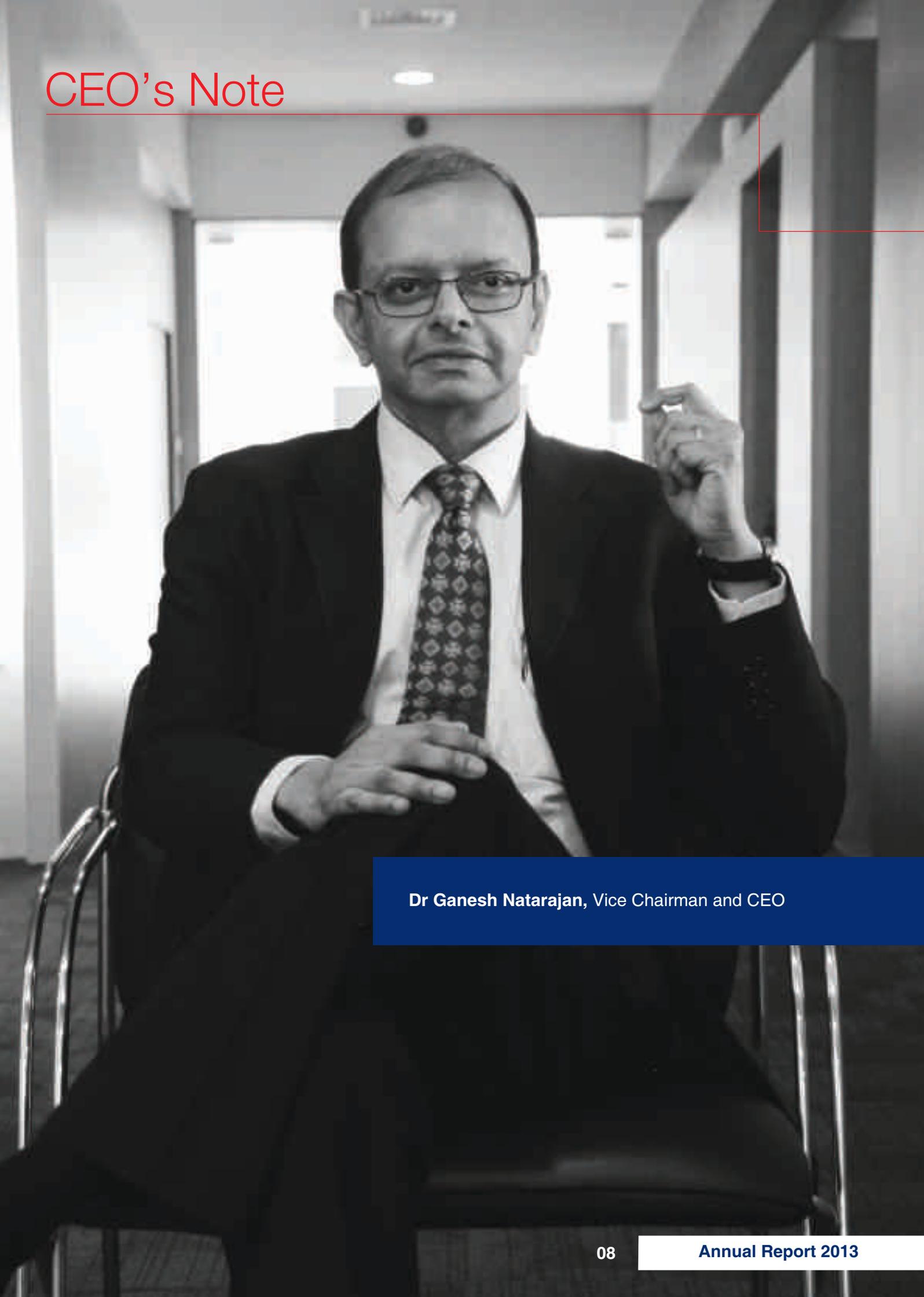
Zensar has renewed its emphasis on the core industry verticals of Manufacturing, Retail and Insurance; made investments in the emerging growth vertical of Healthcare, new technologies - social, mobility, analytics and cloud; integrated and consolidated the Infrastructure Management business; and made deeper inroads in emerging geographies of Asia Pac, Middle East and Africa, setting itself on a mission for the next phase of growth.

Enhanced customer focus through verticalisation, continued investment in innovation and non-linear areas, and focus on building value for the client through its services and solutions, position Zensar well to be one of the leaders of the industry in the years to come.

Sincerely
Harshvardhan Goenka

“Today, the Indian IT-BPM industry has already begun moving from enterprise services to providing 'enterprising solutions'. These are not standard lift and shift solutions, but involve a high degree of proactiveness, maturity, business understanding and entrepreneurship. The Indian IT-BPM industry is leading the drive to design solutions incorporating SMAC (Social, Mobile, Analytics, Cloud) to offer innovative, enterprising answers.”

CEO's Note



Dr Ganesh Natarajan, Vice Chairman and CEO

Dear Shareholders,

It is my privilege to announce financial results of the year 2012-2013 through the Annual Report of your Company. Your Company has achieved significant success on multiple fronts this year, despite the challenges and uncertainty that the economy and industry have faced in the last few years. Your Company has reported steady annual growth of 18.6% from INR 1782.48 Crore to INR 2114.52 Crore, and the profits after tax grew by 9.98% from INR 158.70 Crore to INR 174.53 Crore.

Zensar continued to succeed as a leading global provider of applications and infrastructure management services in financial year 2012-2013, by sharpening its verticalisation strategy, and through a tighter integration with customer business outcomes. Your Company has invested in creating vertical service propositions which have been well received in the market, demonstrated by growth in our two key verticals of Manufacturing and Insurance which grew by 28.4% and 26.7% respectively during the year. The clear articulation of arrowheads for each of the four chosen verticals of Manufacturing, Insurance, Retail and Healthcare which focus on business outcomes for our clients have helped us make a deep impact with clients.

The quality of new business has significantly transformed to multi-service large deals within these verticals. There were 87 new clients added in 2012-13, and 51 clients billed US\$ 1 Million or more each. 40 of these clients were in the range of US\$ 1-5 Million, eight in the range of US\$ 5-10 Million, two in the range of US\$ 10-20 Million and one client billed more than US\$ 20 Million. New technologies like Social Media, Mobility, Analytics and Cloud Computing have been door openers in many new deals, and the more comprehensive global Infrastructure Management portfolio has helped carve large deal wins.

Your Company has completed a successful integration with acquired Infrastructure Management company, Akibia, now forming a single Global Infrastructure Management Services (IMS) business unit.

Infrastructure Management drives many of our large deals and we are confident that IM will power the growth story of Zensar to the billion dollar goal in 2017.

Because of the integration processes, the IM business showed some sluggishness during the year but a sharp uptick in the last quarter is expected to continue in the current financial year. Your Company is now well positioned to deliver to its clients a deeper breadth of services, including our new Total Infrastructure Outsourcing offering, and has also expanded the existing global delivery capabilities. The IMS business unit currently comprises 36% of Zensar's overall revenue and the continued growth of IMS will play a pivotal role in Zensar's corporate growth strategy.

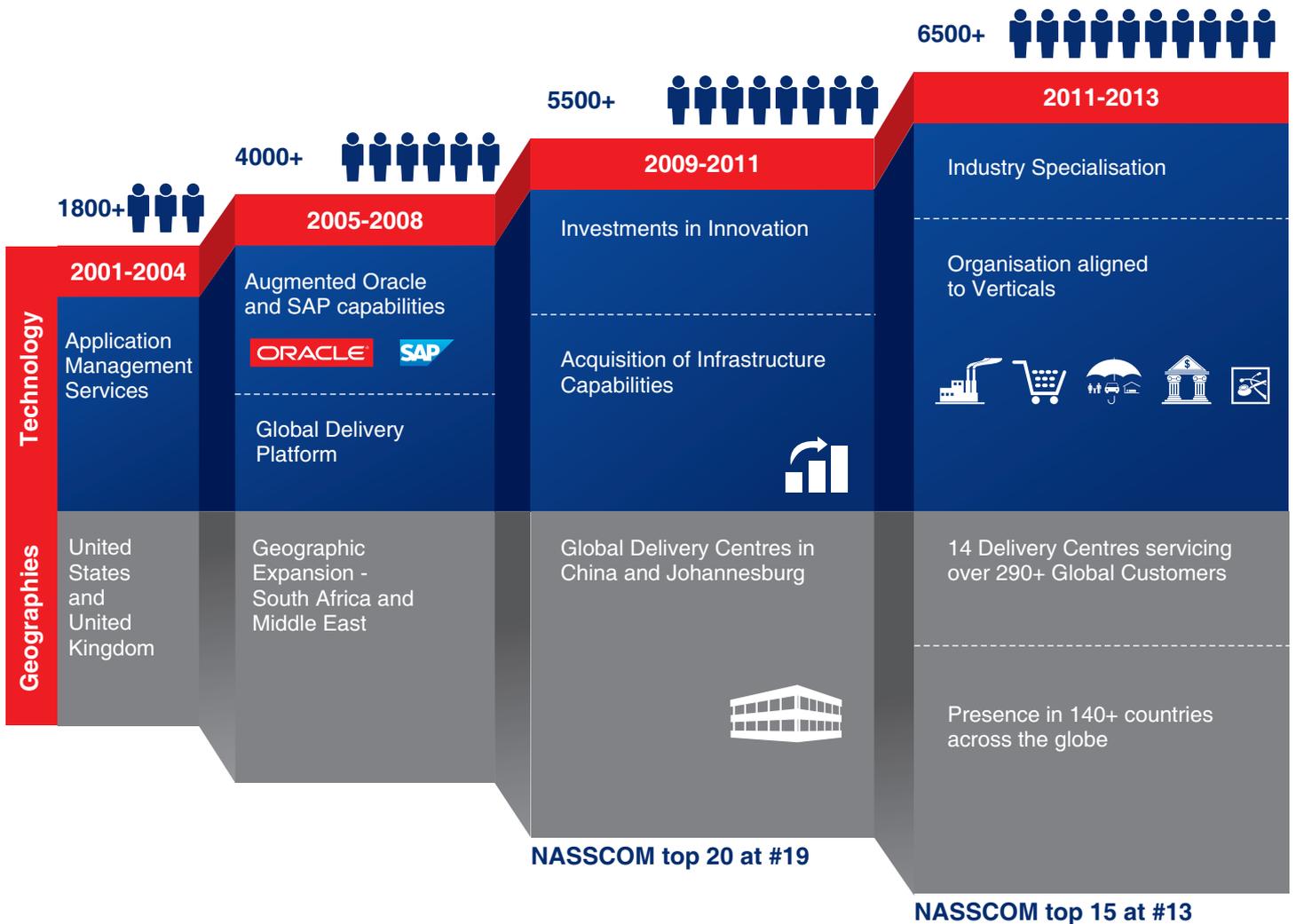
The Company has made significant movement to best in class Industry standards in operational efficiency through process standardisation and improved governance. The emphasis was on greater operational excellence through implementation of lean methods in delivery with metrics based reporting and tracking, keeping the focus and momentum on productivity, performance and profitability, this year.

With new order booking of over \$110 Mn of multimillion dollar deals in the last six months, your Company expects to continue on a high growth track in the current financial year 2013-14 and beyond.

I thank you for the confidence in Zensar Technologies, and look forward to your continued support and cooperation.

Sincerely
Ganesh Natarajan

Growing Profitable Business



Leading Tier II Services Provider
6500+ Associates
140+ Global Locations

The Right Size

Preferred IT partner across customer accounts
90% + satisfaction in customer feedback

Customer Intimacy

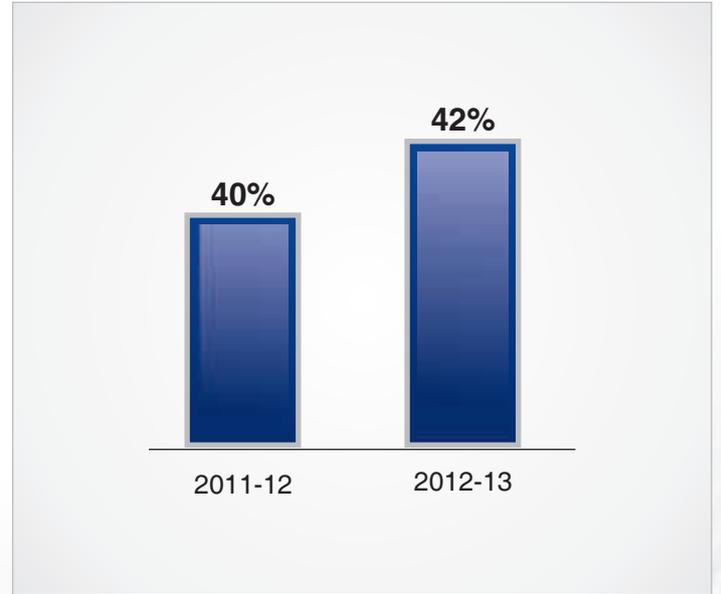
Vertical aligned solutions and accelerators
Outcome based solutions

Business Outcome Focus

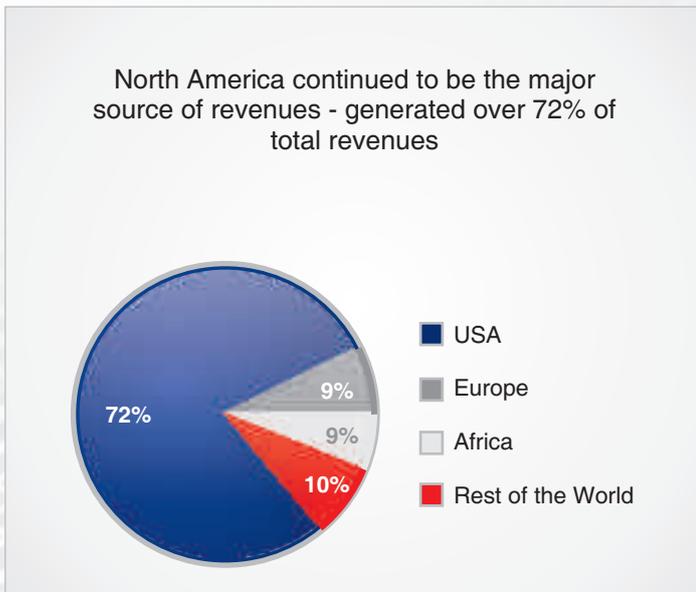
Million Dollar Clients



Top 10 Clients' Revenue (%)



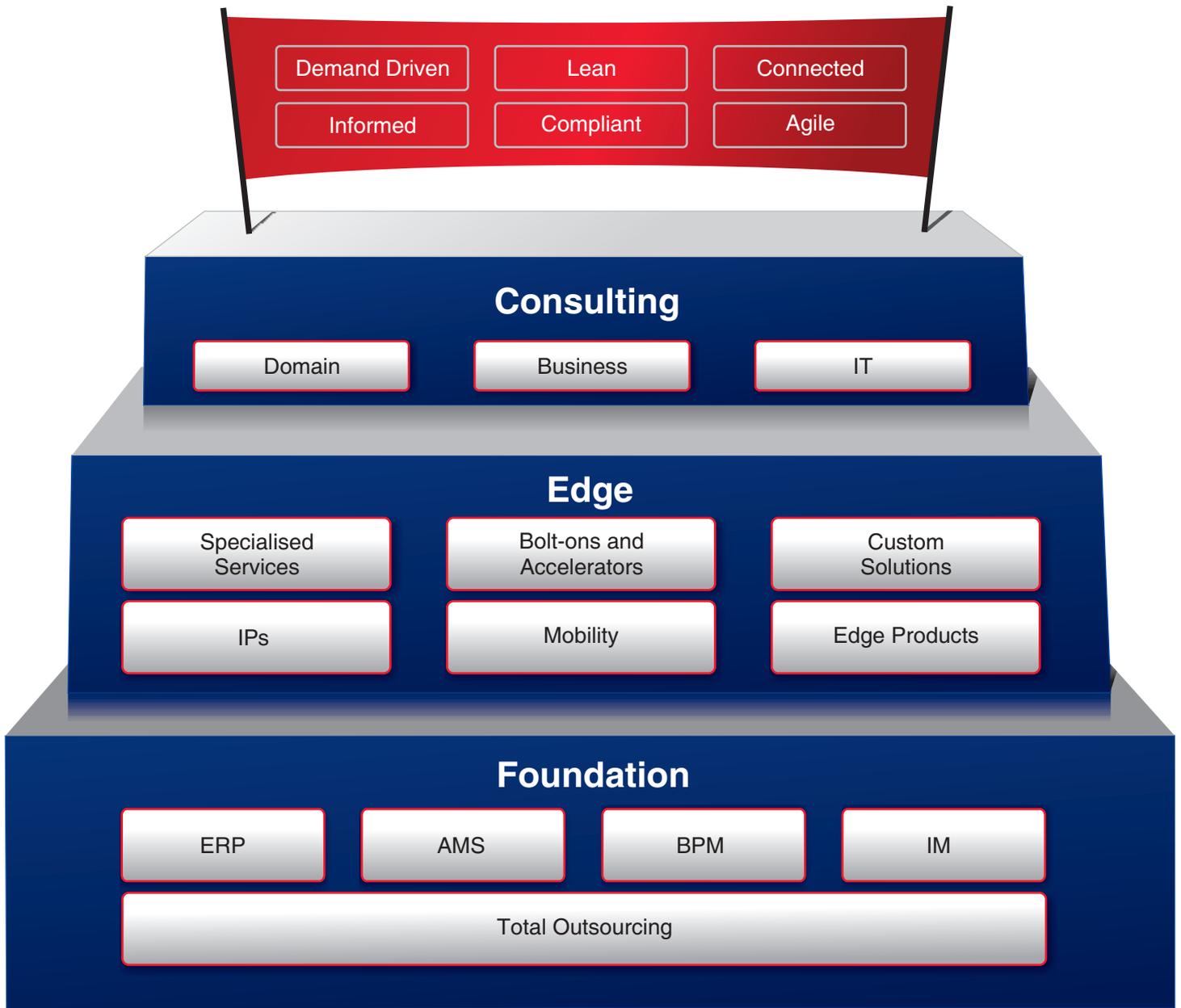
Revenue by Geography



Revenue by Industry



Crafted Value Chain



Zensar has formed a unique framework called the Crafted Value Chain that defines the Company's approach to industry segments of manufacturing, retail, insurance and healthcare. The framework represents a crisp proposition that is industry and geography relevant, leverages its established core capabilities and also incubates competencies for tomorrow. Zensar believes enterprises are looking towards being more demand driven and lean, to being better informed, better equipped to handle information and analytics, better connected, and more compliant to industry and security norms. Zensar believes that today's enterprises need to be much more agile and this Crafted Value Chain helps make that transformational leap. The focus is best summarised through a set of defined business propositions that leverage services, products and technologies to deliver an assurance of business benefits.

Sharper Industry Solutions, Enhanced Technology Capability and Improved Efficiency

Zensar innovations around redefining the future workplace in various industries include:

ZenTraceability, helps manufacturers identify failure points anywhere in the value chain

AutoZenics, a SaaS based ERP solution specially developed for SMBs in the auto ancillary manufacturing sector

ZenQuality, addresses quality challenges of the manufacturing industry, helping improve productivity and profit margins, for in plant, suppliers and customers

ZenPOSlite, a complete mobile retail point-of-sale solution integrated with back-end stores system applicable across all formats

IntelliZen, an integrated analytical solution with preconfigured KPIs providing a single window into shop-floor to top-floor intelligence

Mobile Applications for Health and Property Insurance, helps with online customer verification for health insurance and claim application for extended warranty business

Policy Administration System Modernization, develop accelerators in database migration, product configuration and source code analysis

ZenMobIn, a mobile management framework allows Insurers to connect any mobile device to its backend application seamlessly providing agility to offer new products and services at a much lower cost

ICD Converter and Analyzer (iCAn) an integrated product for the healthcare vertical which includes Mapping, Crosswalk, Document Update and Analysis. It converts ICD codes from 9-10 and vice versa

Meaningful Use Dashboard, a ready to use BI framework for healthcare providers ensuring all required data elements are captured for reporting on Meaningful Use incentive attestation claims, as well as a pre-built presentation layer that allows clinicians and administrative staff to keep track of MU objectives on a daily basis

ZenLife and ZenChem are comprehensive SAP All-in-One business solutions preconfigured for the Life Sciences and Chemical Industries

On the services front at Zensar, lending focus to improved productivity and efficiency in development and deployment are innovations that include:

Data Quality Auditor, a reusable module used to validate data provided by customers while implementing vertical solutions

Oracle Apps-Financial Consolidation and Statutory Compliance, a pre-built solution that provides accelerated implementation for Financial Consolidation and Statutory Reporting

Oracle Apps-Tender and Contract, a bolt-on solution helping bridge the gap between standard offerings in Projects Contract and Sourcing modules

nXchange, a hosted 'any-to-any format conversion' and document forwarding platform for B2B scenario with implementation opportunities across verticals

Zensar's Accelerated Development (ZAD) Framework, a wizard driven tool that provides developers a user friendly way to auto generate .Net code with a few mouse clicks

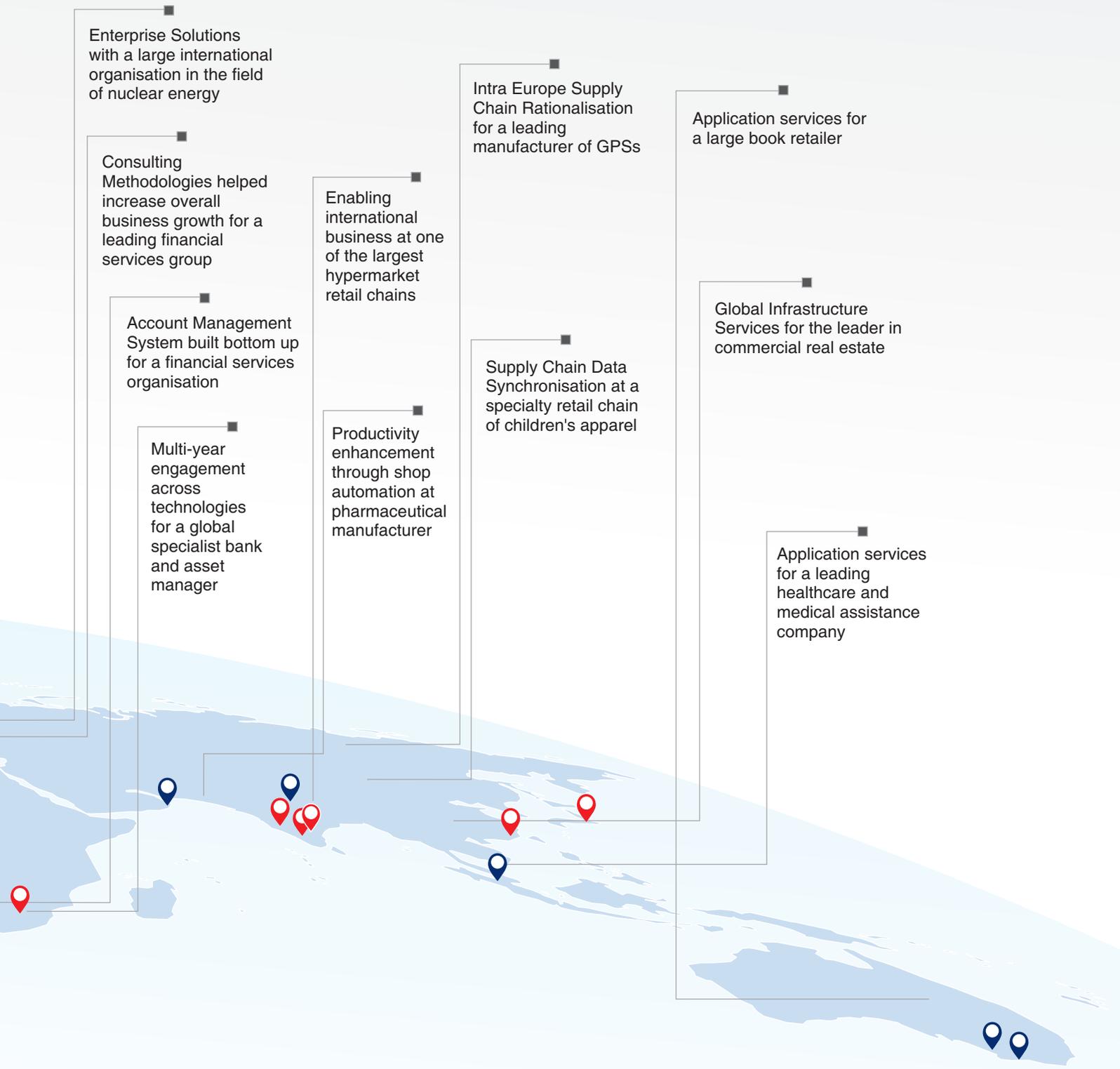
Zen MEAP (Mobile Enterprise Application Platform), a solution focused on optimising the mobile app development and deployment process

Mobile App for Zensar Sales Team, an app for enhanced sales productivity and efficiency

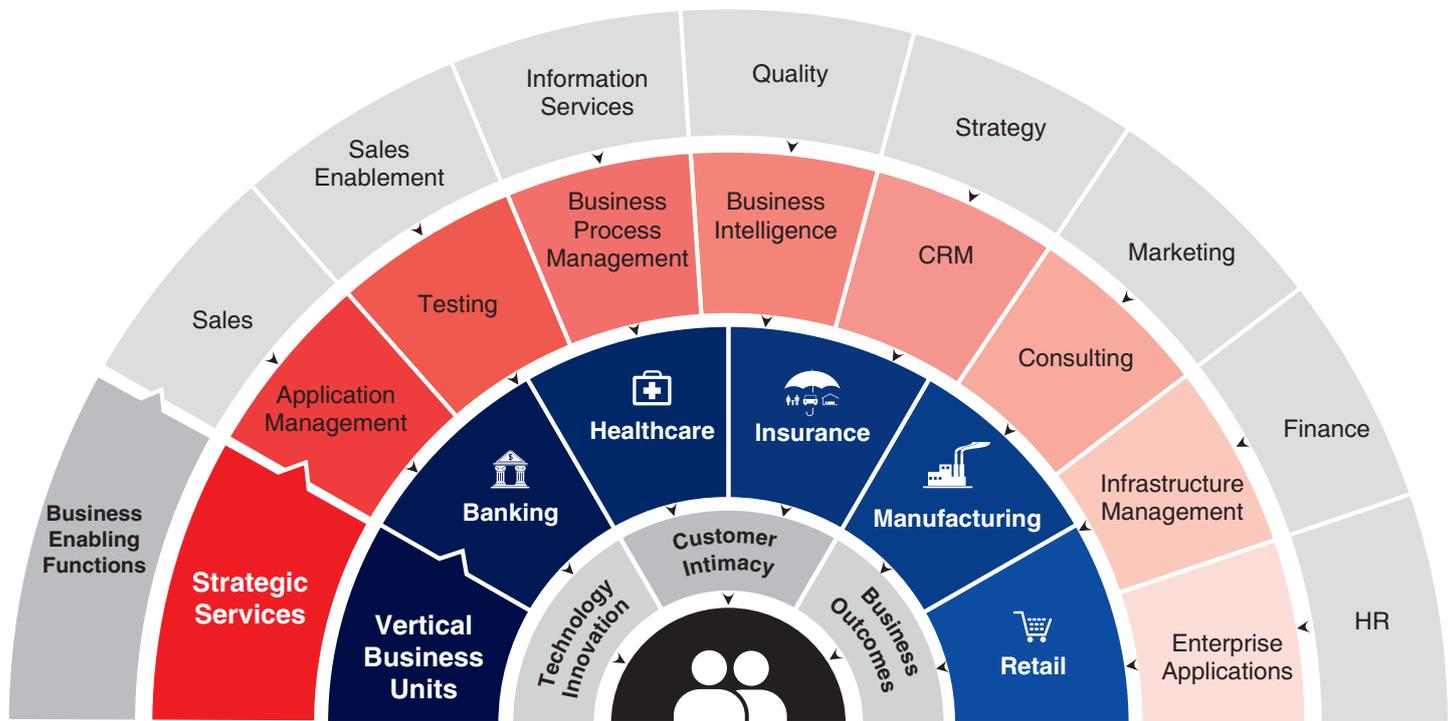
Global Presence: The Travelogue



*This is a creative pictorial illustration only, and may not indicate actual locations for each customer case



Customer Intimacy: The Zensar DNA



Zensar embodies its core value of customer sovereignty in every unit of the organisation.

The Company has been able to demonstrate time and again to its customers, that they matter. The Company has transitioned from customer-focused strategies to customer intimacy implying that the Company better understands and can even anticipate what customers want, how they want it, when they want it and most importantly, what eventually helps solve business problems for them. Zensar's ability has been to become a consistent, continuous partner with its customer over time. When customer intimacy is operating at its finest, the Company knows its customer's objectives and difficulties and is better able to provide optimal solutions. It invests time and effort in building trust, and has the willingness to engage

more, being in sync with their goals and challenges. And this intimacy is not restricted to the account management team, but everyone in the pecking order from senior management to delivery teams to new incumbents to management trainees, which truly epitomises the DNA of the organisation.

The success of Zensar's business truly lies in the relationships it holds with its customers - knowing their objectives, difficulties and ideas - which continuously feeds the working relationship. At Zensar, being customer focused is not a destination but a direction in which the Company has chosen to point its business.

Simplify Optimise Accelerate

Global economic conditions remain challenging, and growth may remain unevenly distributed across the world resulting in a continuously unyielding financial situation for IT organisations and sourcing. Organisations will continue to leverage outsourcing to reduce overall costs as they did in the previous year. Business users have become more demanding, needing more flexibility, more agility and more value from IT and their sourcing relationships. This demand has forced many organisations to increasingly leverage industrialised IT services, such as cloud services and other industrialized low-cost services. It also led them to increase their usage of offshore and project work to deliver new applications and growth, as well as value-oriented services.

The business priorities this year will be to increase enterprise growth, attract and retain new customers, create new products and services and expand into new markets and geographies. And on the operational side the primacy will be to deliver operational results, reduce enterprise costs, improve efficiency, improve IT applications and infrastructure while continuing to attract and retain talent.

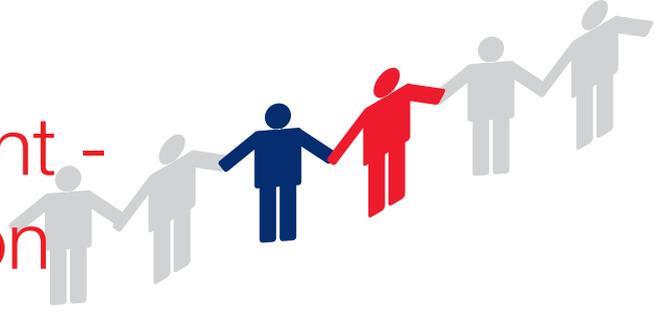
Zensar has built enablers for its customers to meet their business requirements and align their technology priorities accordingly - helping Simplify, Optimise and Accelerate the business.

It has structured itself to demystify industry challenges by helping businesses simplify the complex and ever growing product portfolio, and sourcing ecosystems. The need to integrate a complex ecosystem of contractual commitments and service providers, including traditional providers and pure cloud service providers, has been another complex hurdle to overcome.

Zensar has made investments in a comprehensive infrastructure management portfolio to help the client enterprise. Today's data centres can be complex environments with many islands of expensive, underutilized storage if not optimised and leveraged better.

With clear articulation of industry challenges for focused verticals of manufacturing, retail, insurance and healthcare, Zensar has built its verticalised model through business outcome alignment supported by technology innovations to help accelerate the enterprise with agility, delivering necessary competitive advantage.

Participative Management - Human Capital Innovation



This year Zensar has been acknowledged by the Dataquest Best Employer Survey for its exemplary human capital management, won the Asia Pacific HRM Congress Award in the CEO category, has been bestowed the National Award in Global HR Strategy at the World HRD Congress and has been acknowledged for Participatory Management and Leadership at the AIMA global forum for Human Capital Innovation.

Initiatives like the 'iZen' and 'Jugnu' have been hallmarks of these successes in Human Capital innovations at Zensar.

Zensar has a culture of 'Growth by Participative Management' as evident through the extremely successful



Vision Community initiative that has been running since the past twelve years. iZen (I make change happen) initiative is for enhanced people

engagement deployed through workshops and through action teams to proliferate the organisation with the mantra of individuals making change happen. 'Jugnu' furthers the iZen agenda through focus on individual passion for excellence.

iZen involves people engagement workshops, conducted by management team members for associates globally across various people managers in the regions for consistent people management practices at Zensar. The Management committed time to train and then later review the action plans that emanated through these workshops, and the results are evident with heightened engagement at Zensar at every level. iZen Action Teams are voluntary groups formed to drive the agenda around communication, work environment, fun at work, and rewards and

recognition. Over 400+ associates across locations participated in the iZen action teams to implement the new initiatives.

Furthering the iZen agenda this year is Jugnu, which translates to the firefly, and epitomises the 'Passion for Excellence' which is a core value at Zensar. The Jugnu initiative alludes to the inner glow in each of us, which often stays hidden at work. This movement is about rediscovering the JUGNU within and unleashing individual Passion for Excellence. Jugnu urges Zensar associates to follow their dreams, to bring their personalities to work including their passions and interests – thus achieving both self-actualisation as well as high standards of



Excellence. It taps the passion within individuals to start new initiatives that will make life better for one's own self and Zensar.

iZen and Jugnu are both a formal articulation of a philosophy that Zensar has believed in for years – that the best ideas, solutions and inputs come from Zensar's associates. Whether it be through Vision Communities, Every Body Meets, the Voice of Associates survey or more personalised platforms such as Pizza and Cokes; there have always been platforms for expressing oneself.

Global Outreach, Local Appeal

Social Innovation at Zensar

Zensar Foundation is a Public Charitable Trust supported by Zensar Technologies to facilitate social initiatives. The Trust believes in contributing to holistic and sustainable development of communities, particularly in the areas of Education, Health, Environment and Employability.

Community Development: In Pune, Zensar Foundation has adopted a part of a neighbouring community which has approximately 2000 men, women and children, and works on sustainability initiatives for the group. In Hyderabad, it is another neighbouring community with approximately the same population. The focus in these communities is on improved English and Computer skills via an extensive School Program, and also an attempt to reduce malnutrition and weekly health clinics and camps.



Green Agenda: Zensar is committed towards reducing the harmful impact on the environment, and is aware that businesses need to play a proactive role in terms of minimising one's own carbon footprint, and also in finding solutions for sustainability. Zensar's 'green agenda' is aimed at ensuring a better, healthier and safer tomorrow. Zensar Foundation has developed a Biodiversity Park with land contribution and infrastructure support from the Pune Municipal Corporation. The Udaan Biodiversity Park, at Viman Nagar, a locality near Zensar's Pune facilities, is a fusion of terrestrial, marine, and other aquatic ecosystems. The Udaan Park explores safeguard of our fragile ecosystems amidst urbanisation. 300 people visit this park each day, extending green initiatives to the homes and families of our associates and to the community at large multiplying the impact of these conservation efforts.



Participation: The Foundation also runs an Employability Program geared towards Hardware and Networking, leading to employability in the IT sector. Zensar Foundation has been touching over 3000 lives per year, for the past several years, and measures its success by the impact it makes and through the participation of its associates. This year the associate participation has nearly doubled in terms of hours spent in social activity.



Beyond Borders: Zensar has made concerted efforts in community development in India in all locations that the Company operates in and has been acknowledged for the deep entrenchment and localised appeal in all its initiatives. The Foundation has now extended its outreach in South Africa through multiple skill development initiatives. The Company has partnered with Tomorrow Trust of South Africa, a South African based non-profit organisation that supports orphaned and vulnerable children/youth to achieve their educational goals as part of an exit strategy from charity, to expand its employability training activities in South Africa. A number of programmes have been planned to extend the mutual goals of meaningful community involvement and empowerment in the fields of education and health related support in South Africa. These programmes would operate by the Black Economic Empowerment (BEE) code of the country.



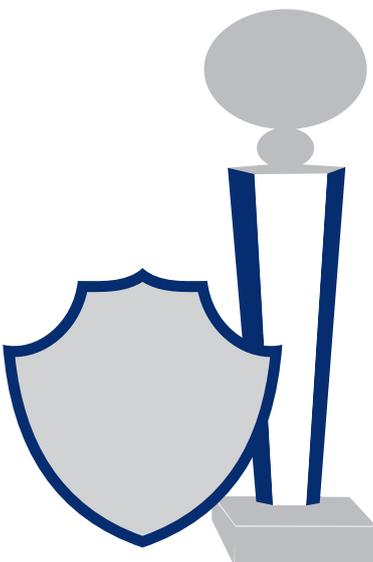
Expanding Horizons: After successfully training and enabling employment for 146 youth in South Africa through Zensar's Learnership Development Program, Zensar plans to expand the initiative through this partnership. The program will also be expanded in 2013-14 to other key regions of Zensar including UK and the US.



Awards and Recognition



- Zensar has moved up 6 places and is now at # 13, in the NASSCOM listing of software companies
- Zensar won the Porter Prize for the Best Strategic Management practices in the Information, Media and Telecom Industry 2012
- Zensar has been ranked Amongst Top 12 Indian Companies among top 100 outsourcing companies globally by IAOP (2012, 2011, 2010, 2009 and 2008)
- The Company has been acknowledged as one of the leading employers by the Dataquest Best employer survey for its exemplary human capital management
- Zensar won the Asia Pacific HRM Congress Award 2012 in the CEO of the year category, for contributions in leading the organisation through benchmark HR practices and exemplary leadership style
- The Company has also been recognised by a National Award in IT Excellence and Excellence in Global HR Strategy at the World HRD Congress, which recognises exemplary HR practices in talent management
- Zensar won the AIMA 4th Global Human Capital Innovation award for 'Participatory Management and Leadership'
- The Company was also the winner of the Green Organisation Award by MAIT - Manufacturers' Association for Information Technology
- Two cases studies, Innovation at Zensar and The Vision Community initiative are now a part of the regular curriculum at the Harvard Business School

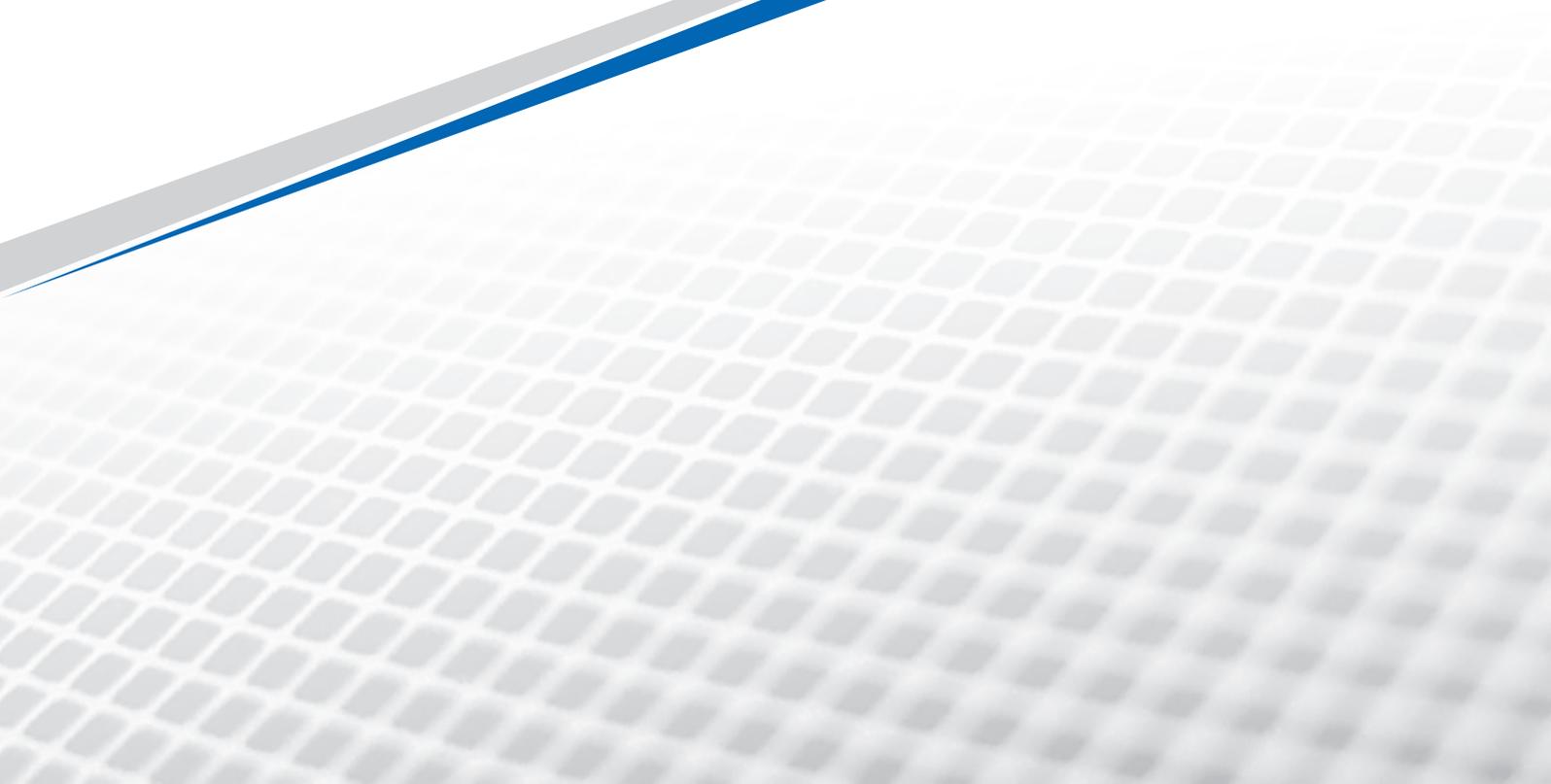




Director's
Report 2012-13

Corporate
Governance

Management
Discussion and Analysis



Directors' Report

Dear Shareholders,

Your Directors are pleased to present their 50th Annual Report together with the Audited Accounts for the year ended 31st March 2013.

FINANCIAL HIGHLIGHTS:

The Financial Results for the year are as under:

Zensar Technologies Limited

	(Rs. Crore)	
	Year ended 31st March 2013	Year ended 31st March 2012
Income from operations	825.07	700.17
Miscellaneous Income	47.24	40.49
Total	872.31	740.66
Profit Before Taxation	170.99	137.22
Profit After Taxation	121.53	94.55
Proposed Dividend	19.61	17.36
Transfer to General Reserves	100.00	80.00

Zensar Technologies and Subsidiaries (Consolidated)

	(Rs. Crore)	
	Year ended 31st March 2013	Year ended 31st March 2012
Income from operations	2114.52	1782.48
Miscellaneous Income	17.71	41.80
Total	2132.23	1824.28
Profit Before Taxation & Minority Interest	260.60	236.37
Profit After Taxation and before Minority Interest	174.53	158.71
Minority Interest	0	0
Profit After Taxation	174.53	158.71

FINANCIAL RESULTS

During the financial year 2012-13, your Company recorded total income of Rs. 872.31 Crore comprising Income from Software Development and Allied Services of Rs. 825.07 Crore, and other income of Rs. 47.24 Crore. The Company recorded a net profit of Rs. 121.53 Crore reflecting a growth of 29%.

On a consolidated basis, your Company has maintained steady growth with Total income of Rs. 2132.23 Crore comprising Income from Software Development and Allied Services of Rs. 2114.52 Crore and other income of Rs. 17.71 Crore. The Consolidated Profit after Taxation was Rs. 174.53 Crore reflecting an increase of 10%.

BUSINESS UPDATE

The volatility in the economic and business environment was a factor that the IT and Business Process Management industry has had to contend with through the recent financial year. Despite the challenges and uncertainty, the industry has managed to sustain its growth trajectory during the year. For FY 2013 the industry is expected to meet the lower end of its growth guidance and at least achieve a double digit growth. Industry association NASSCOM expects the sector's exports to grow between 12% and 14% in 2013-14 to \$ 87 Billion. This prediction is slightly better than the year gone by, which is estimated at \$ 75-77 Billion, but there still exists a huge challenge for companies in the year ahead.

In spite of this challenging economic milieu, your Company continued to maintain its good track record as one of the top global organisations in 2012-2013. Having achieved a ranking amongst the top 15 companies in the NASSCOM listing in April 2012, Zensar has moved to a more customer proximate model through its vertical strategy, and has tied its success to the customers' success, through business outcome and service level outcome based contracts. The process of verticalisation continued this year with the creation of sharper vertical service propositions for greater competitiveness in the market and this has now started reflecting in the financials. It was also a year of consolidation in terms of services, deeper entrenchment in emerging markets while keeping the focus on innovation and non-linearity. The Company has made significant movement to best in class Industry standards in operational efficiency through process standardisation and improved governance. The focus was on greater operational excellence through implementation of lean methods in delivery with metrics based reporting and tracking, keeping the focus and momentum on productivity, performance and profitability.

The Company has gathered rich experience from working with leaders in key verticals of Manufacturing, Retail, Banking Financial Services and Insurance, and has proven mature service delivery capabilities in core areas of Application Development, Support, Maintenance, Testing and Modernisation; Business Process Management; Infrastructure Management; Enterprise Solutions in Oracle and SAP; Business Intelligence and CRM. The Company has also envisaged leadership in new age areas of Social Media,

Mobility, Analytics and Cloud, now popularly known as of SMAC, and has made significant progress in terms of thought leadership, service proposition and client acquisition in this space by being at the forefront of technological advancements in these areas and investing in them for future growth. The Company has worked with leaders in chosen Verticals including Fortune 100 and FTSE 100 companies in mature markets of US, UK and Asia Pac, to leading companies even in emerging markets of South Africa, Benelux and Middle East. Utilizing its multi-shore methodology Zensar delivers best-in-class IT services through its global delivery centres including Westborough, MA; Slough, UK; Veenendaal, The Netherlands; Shanghai, China and Pune, Hyderabad and Bangalore in India.

Akibia, the Infrastructure Management firm that was acquired in November 2010 has now been fully integrated into Zensar as the Infrastructure Management Services (IMS) business unit. Several key executives have been appointed to further enhance and grow the Infrastructure Management Services business. This is a very important milestone in the journey of Zensar Technologies and Akibia, with Infrastructure Management today driving many of Zensar's large deals and powering the growth story of Zensar. As we enter fiscal year 2014, Zensar is well positioned to deliver to its clients a deeper breadth of services, including a new Total Infrastructure Outsourcing offering. Zensar partners with clients to holistically align IT programs and goals with enterprise strategy to deliver flexible solutions that drive business process as well as improve the availability, reliability and performance of Applications, Data centres, security and compliance, and end user computing infrastructure.

The application development, maintenance and testing business of Zensar which was always the largest revenue earner for the Company continued its dominance in this year's revenue mix. Traditional pricing models have given way to managed services. The proportion of managed services where Zensar managed service and business outcomes continues to move in an upward trajectory and your Company has all the methodologies and delivery frameworks to capitalise on this industry trend. The Company is also now modernising applications for its customers who are keen that their applications are increasingly Social, Mobile and Cloud enabled. As customers move their custom applications to Cloud platforms Zensar's strength in the SMAC areas will drive revenues going forwards.

Strong partnerships with OEMs like SAP, SFDC, Oracle and Microsoft have made your Company the one-stop-shop for delivering all technology needs of an enterprise. In the Oracle space, Zensar has evolved from an implementation partner of enterprise business solution to an Oracle Platinum Partner providing industry specific customised solutions to meet customer demands better, delivering to unique needs of the business. The Oracle practice at Zensar has been recognized

by Oracle and the analyst community for robust capabilities and strong customer references in the Oracle landscape.

With an SAP Gold Partner status, and acknowledged through the SAP Best Partner Award for Highest Revenue Generation for SAP in the MENA region; also awarded as Emerging Business Growing Partner by SAP India; and a growing SAP alliance footprint in the UK, your Company has positioned itself strongly for its SAP capability and leadership. Zensar's SAP practice also has preconfigured solutions for select verticals like Dairy, Pharma, Retail and Life Sciences. Your Company has also launched a centre of excellence for new areas like HANA with a complete learning and POC environment and Zensar is one of the first companies to be implementing HANA for one of the leading retailers based out of the US. The Company is also working on areas like Actionable Analytics, SAP Mobility and Manufacturing Integration Intelligence (MII). Zensar has also recently been certified for a partner centre of expertise (PCoE) helping provide enterprise support to customers globally.

Your Company has shown significant successes globally. The US region continued to be the growth driver for the organisation as has been traditionally. Europe and UK continue to grow, but with the economic downturn it has been relatively slower growth. Emerging territories of South Africa, Middle East, and Asia Pacific however have all been growing steadily, with South Africa clearly the star in growth terms. Your Company is one of the top three IT players in South Africa and is well recommended in the region by customers and industry analysts.

Zensar has been operating in South Africa since 2001 and since then, has not only looked at Africa as a market but an integrated part of its Global Delivery Platform. While bringing in the efficiencies of global skills and the seamless global delivery model, Zensar has put strong focus on developing local talent and empowerment of previously disadvantaged people. Zensar created its 'Learnership Development Program' which aims at training, transferring global knowledge and integrating local South African team with global teams via its near shore centre in Johannesburg, and is thus able to provide its customers a truly global delivery model. Today Zensar adds value and is proud to count the top 5 players in Banking, Insurance and Retail in South Africa as its customers. Zensar has also set up its operations in East Africa with Headquarters in Nairobi, Kenya.

Your Company has performed significantly well and has received accolades from various forums in the Industry. Zensar stands at # 13 in the NASSCOM ranking amongst top global leading IT companies; Dataquest, a leading national publication has ranked Zensar amongst the prominent organisations having moved up 20 places to # 39 this year. Dataquest also runs a Top Employers ranking and your Company stood at # 9 in this list, in the very first attempt. The management team of the organisation has also been

recognized for good leadership in respective areas. The Company's Chief Information Officer received the CIO of the Year Award from CMO Asia; the Chief Financial Officer received the CFO of the Year Award from IPE Corporate Excellence Awards -Finance Leadership. Your Company's CEO also received the CEO of the Year Award for Best HR Practices from World HRD Congress 2012. Your Company also received the CNBC International Trade Award this year for the sixth time, and most recently has also won the Porter Prize for the Best Strategic Management practices in the Information, Media and Telecom Industry.

DIVIDEND

Your Company had reported satisfactory profit levels in the first three quarters of the current financial year. In keeping with the Company's tradition of rewarding the shareholders, an interim dividend of Rs. 3.50/- per share was paid in the month of February, 2013.

Further, in view of your Company's profitable performance throughout the year, your Directors are pleased to recommend, for your approval, dividend at the rate of Rs. 4.50 per share on the Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2013. The Dividend, if approved by the shareholders in the ensuing Annual General Meeting would result in an outflow of Rs. 19.61 Crore plus Dividend Distribution Tax, Surcharge and Cess thereon. The Dividend would be paid to those shareholder whose names appear in the Register of Members on 09th July, 2013.

TRANSFER TO RESERVE

Your Directors propose to transfer a sum of Rs. 100 Crore to General Reserve.

FIXED DEPOSITS

Your Company does not have any Fixed Deposit Scheme.

DIRECTORS

Mr. H. V. Goenka, Mr. A. T. Vaswani and Mr. P. K. Choksey retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. Brief particulars of the Directors, their expertise in various functional areas are given in the notice convening the Annual General Meeting.

The Board of Directors recommends the re-appointment of Directors as mentioned above.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions relating to disclosure of details regarding energy consumption, both total and per unit of production are not applicable as the company is engaged in service sector and provides IT and IT related services.

Particulars prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, in respect of technology absorption are set out in 'Annexure A' to this report.

Particulars regarding Foreign Exchange earnings and expenditure during the year are given in Note 33 and Note 34 of Notes to Accounts respectively. Particulars regarding R & D expenditure during the year are given in Note 38 of Notes to Accounts.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that –

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) appropriate accounting policies have been selected and applied consistently and the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and the profit of the Company for the year ended 31st March 2013;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 are set out in 'Annexure B' to this report.

SUBSIDIARY COMPANIES

As per Section 212 of the Companies Act, 1956 (Act), the company will make available annual accounts of the subsidiary companies and the related detailed information to shareholders on demand. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholders at the registered office of the company and of the subsidiary companies concerned. Also, the company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand. Company has also given information relating to each of the subsidiary Company in the Annual Report in pursuance to Section 212 of the Act.

Consolidated Financial Statements of your Company along with its subsidiaries, prepared in accordance with the relevant Accounting Standards issued by The Institute of Chartered Accountants of India, forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company continues to benchmark itself with the best-of-the-breed practices as far as the corporate governance standards are concerned. Your Company has complied with regulations provided in clause 49 of the listing agreement it has entered into with the stock exchanges. The compliance report on the various requirements under the said clause along with the practicing Company Secretary's certification thereof is provided in the corporate governance section of this report. In terms of the Listing Agreement, the Management Discussion and Analysis Report is annexed and forms part of the Annual Report.

EMPLOYEES STOCK OPTION PLAN

Currently, the Company has two Employees Stock Option Schemes in force namely, "2002 Employees Stock Option Scheme" (2002 ESOP) and "2006 Employees Stock Option Scheme" (2006 ESOP) for granting Term based and performance based Stock Options to Employees.

In the financial year 2012-13, 68,722 equity shares were allotted under "2002 Employees Stock Option Scheme" and 1,05,904 numbers of equity shares were allotted under "2006 Employees Stock Option Scheme". The Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 in this respect are stated in Annexure C to this report.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a Certificate from the Auditors that they are qualified under Section 224(1B) of the Companies Act, 1956, to act as the Auditors of the Company, if re-appointed along with confirmation that have valid certificate issued by "Peer Review Board" of the Institute of Chartered Accountant of India (ICAI).

ACKNOWLEDGEMENTS

The Board places on record their appreciation of the contribution of Associates at all levels, customers, business and technology partners, vendors, investors, Government Authorities and all other stakeholders towards the performance of the Company during the year under review.

For and on behalf of the Board

H.V. Goenka

Chairman

Place: Mumbai

Dated: 22nd April 2013

Annexure A

PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. RESEARCH & DEVELOPMENT (R&D)

Your Company is pleased to report that Research and Development Program activities (program recognized by Department of Science and Industrial Research (DSIR), Department of Science and Technology, Government of India in September 2008) are on schedule in the following areas:

SMAC – Social, Mobility, Analytics and Cloud

While CloSoMo was the emerging trend over the last two years, SMAC is now becoming the new business reality. Mobile devices like smartphones and tablets have revolutionized the way we interact with other people and IT systems.

Your company has built significant capabilities in the field of “Big Data” to provide meaningful and actionable insights to management by using technologies such as Hadoop for analyzing the huge amounts of data generated by the convergence of social media, mobility and cloud.

Cloud Computing continues to be an important trend for our customers worldwide. While your company continues to help our customers leverage public cloud platforms such as Amazon Web Services (AWS) for hosting to migration of applications, your company is also carrying out R&D in areas of hybrid and private cloud based on various commercial and open source solutions. Hybrid clouds provide benefits of cloud computing whilst at the same time maximizing the enterprise's prevalent capital investments.

Your company continues to effectively use Facebook, LinkedIn, YouTube and Twitter to maintain an interactive presence on the web and engage with customers, employees and the public at large.

Your company has experience in developing mobility applications across the whole landscape of industries. Your company uses this experience to solve the problems frequently faced by customers. This experience is further enriched by research studies conducted in with collaborative alliances with Schools, Academics. Your company's labs provide a sophisticated R&D environment for serious research on real-world problems relating to Mobility.

Research in Mobility is classified under three heads:

Enterprise Integration – development of common framework which allows user to quickly get plugged into the enterprises

and bring the data to outside world in secured manner.

Mobile Enablement Platform – allows the quick development of Enterprise application and maintenance of the application during its life cycle.

Smart Solutions – (ZenPosLite®) - A PoS Platform on Mobile. ZenPosLite® is a mobile based point of sale platform for retail customer to provide the Billing, Inventory etc.

Zensar Solutions Market Place

With the advent of mobile technologies, app stores have gained a strong presence in the entire ecosystem that drives this technology space. Your company has built its own app store – Zensar Solutions Marketplace, based on Open Source technologies. This Marketplace is intended to provide a stable and secure web platform for Zensar's Technology and Vertical focused solutions.

Global Delivery Platform/ Solution Blueprint Development

Your Company conceptualized and built Solution BluePrint (SBP) – a Framework for automated software development, which continues to be a framework of choice for our associates in leveraging automation and model-driven approaches for delivering solutions to customers. The framework and tools therein continue to be enhanced to include new and innovative capabilities such as supporting capabilities of Java 1.5 viz. Generics and Annotations, Dynamic Annotation Profile for Java EE, Spring MVC, and Automatic Sequence Diagram Generation.

The innovative and patented features such as Real-time Collaboration and Model-to-model Transformation and Accelerators such as Test Scenario Identification have been instrumental in taking R&D efforts to the next level of maturity through the opportunity of building knowledge base/Solution Services.

Your company is happy to report that SBP community Edition version launched in 2009 continues to attract open source community enthusiasts in increasing numbers all through the year.

SOA (Service-Oriented Architecture) Technologies

Service-Oriented Architecture (SOA) is a key enabler for many enterprises, as well as for the emerging technologies including Cloud and Mobility.

Your company continues to focus on Service-oriented Analysis and Design-centric work, with a methodology driven solution and opportunity to create a toolkit to support the same. Your company's experience in Object-Oriented Design, Model-driven Approaches and Modeling Technologies through years of exploration is behind such innovative approaches.

Use of Open Source Technologies

Your company continues to develop capabilities and build & deliver solutions using Open Source Technologies to address changing business needs and continues to be a preferred choice for cost effective solutions. With growing confidence in adopting such technologies your company continues to leverage such technologies for the customer.

Your Company also continues to be a Solutions Member of the very popular Open Source Eclipse Foundation.

B. TECHNOLOGY ADOPTION AND ASSIMILATION

Development of IT Systems for internal use

Your Company continues to enhance IT systems for its own use in line with changing business needs. The integrated IT system is based on a mix of mature and stable applications to manage project and project related activities, key HR processes and new innovative portal – Zenlounge+ – for collaborative work, knowledge management, and blogs /discussion threads for associates.

Your company has progressed development and deployment of next generation IT systems for internal use that will facilitate higher automation and productivity to gear systems for One Billion dollar revenue mark.

Zenlounge+:

During this year, your Company Zensar launched a brand new social media and collaboration portal called Zenlounge+ for all its associates across the globe enabling real-time enhanced communication.

The portal is witness to an overwhelming response from associates. An enthusiastic associate wrote in a congratulatory note, “This is indeed such a user-friendly and dynamic interface, that allows not only for intuitive navigation but also lends more and more avenues for contribution.”

Innovation Council

Your company continues to identify and explore opportunities for Process and Technology Innovation through an institutionalized system of Innovation Council. This Council is empowered to manage Innovation from Concept to Delivery and create an ecosystem around Intellectual Property lead initiatives, through chosen Domain and Technology Practices setup.

In the past year, Zensar has initiated development of Intellectual Property in domains such as Insurance, Manufacturing, and Healthcare via Technology Practices in Oracle, SAP, Business Intelligence, Microsoft and others.

ANNEXURE B

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING A PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

Sr No.	Name Of employee	Age	Gross salary	Designation	Qualification	Total Experience - Years	Date of Joining	Details Of Previous Employer	
								Designation	Organisation name
1	Mr. Sanjay Sadashiv Marathe	57	10952557	Executive Vice President	BE(Electronic & telecommunication)	34	1/Apr/1985	Head-Microprocessor Division	ICA, Mumbai
2	Mr. Praveen Rajkumar Wadhwa*	46	5544229	Associate Vice President	BSC(Computer)	26	17/Feb/1992	Project Leader	Data Systems Services Pvt. Ltd
3	Mr. Shrinivas Ramkrishna Kolhapure*	43	1870808	Sr. Program Manager	BE(Computer)	20	21/Mar/1997	Analyst Programmer	Kale Consultant Pvt. Ltd
4	Dr. Ganesh Natarajan	55	39190036	Vice Chairman & CEO	BE(Mech.), P.G.(Ind Engg), Ph.d.	33	1/Mar/2001	Managing Director	Aptech Limited
5	Mr. Hiren Ramkrishna Kulkarni*	50	4988893	Sr. Vice President	BA (Economics/ Literature) & DIPLOMA(Marketing)	28	1/May/2001	Head of Woman's Portal	eRPG
6	Mr. Ajay Bhandari	44	6548761	Sr. Vice President	CA & ICWA	21	1/Apr/2004	Manager Systems	FASCEL Ltd
7	Mr. Yogesh Patgaonkar	43	6370291	Executive Vice President - HR	MMS(HR)	20	11/Jul/2011	Vice President - Group HR	Raychem - RPG
8	Mr. Samuel Kennedy Pappula*	38	1038287	Sr. Technical Specialist (SAP)	B.com	17	10/Oct/2000	System Admin and Hardware Tutor	BPS software

*Employed for part of the year

Notes:

- All appointments are contractual and subject to the Rules and Regulations of the Company in force from time to time.
- Remuneration as shown above includes salary, allowances, bonus, Company's contribution to the provident, gratuity and superannuation funds and perquisites value for ESOP exercised during the year and other perquisites values calculated as per Income Tax Rules wherever applicable.
- The above details are only for employees located in India.

By Order of the Board

H. V. Goenka
Chairman

Annexure C

Disclosures in compliance with clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended are set out below:

Sr. No.	Description		
1	Name of the Scheme	2002 Employees Stock Option Scheme	2006 Employees Stock Option Scheme
2	Total number of options to be granted under the plan	2,568,631	1,590,804
3	Options Granted during the year	Nil	3,18,000
4	Pricing formula	The Compensation Committee decides exercise price for the Stock Options based on the market price ie. the closing price on the Stock Exchange where trading volume is more on the previous day of the Compensation Committee Meeting held for granting of Stock Options. Compensation Committee may determine the Exercise Price at a premium or discount of a maximum of 20% on the market price.	The Compensation Committee shall determine the exercise price in respect of each grant of option. However, the exercise price shall be with premium or discount of a maximum of 20% on the market price as defined under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
5	Options vested as of 31st March 2013	263,854	634,368
6	Options exercised during the year	68,722	102,492
7	Total number of shares arising as a result of exercise of options till 31st March 2013	903,802	223,304
8	Options lapsed / cancelled during the year ¹	6,620	1,05,904
9	Variation of terms of options	Nil	Nil
10	Money realized by exercise of options during the year.	Rs. 5,047,912	Rs. 10,664,696
11	Total number of options in force at the end of the year	263,854	1,543,372

Sr. No.	Description		
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12	Employee-wise details of Stock Options granted to Senior Managerial Personnel as on 31st March 2013.	<p>Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan - 500000*; Mr. Parmod Bhalla – 100000*; Mr. Vivek Gupta – 21039*; Mr. Nitin Parab – 18476*; Mr. V. Balasubramanian – 19125*; Mr. S. Balasubramanian – 10,407*; Ms. Prameela Kalive - 1575*; Mr. Krishna Ramaswamy - 1575.</p> <p>*Of these, certain stock options have been exercised</p>	<p>Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan – 400000*; Mr. Vivek Gupta – 1,10,000; Mr. Nitin Parab – 110,000*; Mr. V. Balasubramanian – 60,000*; Mr. S Balasubramanian – 9,000*; Ms. Prameela Kalive – 6000*, Mr. Krishna Ramaswamy – 6000</p> <p>*Of these, certain stock options have been exercised</p>
13	Employees who were granted options amounting to 5% or more of the options granted during the year.	Nil	1. Ganesh Natarajan– 100,000
14	Employees who were granted options in any one year equal to or exceeding 1% of the issued capital of the Company at the time of grant.	<p>Dr. Ganesh Natarajan : 500000</p> <p>All these options have been exercised.</p>	Nil
15	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS 20)	Rs. 27.39	Rs. 27.39

Sr. No. Description

<p>16 Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and EPS of the company shall also be disclosed.</p>	<p>The Company calculates the Employee Compensation Cost using the intrinsic value of the Stock Options. The difference between the Employee Compensation Cost computed as per Intrinsic Value method and Fair Value Method is Rs 0.01Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is 0.01 Crore and Re. 0.001 respectively.</p>	<p>The Company calculates the Employee Compensation Cost using the intrinsic value of the Stock Options. The difference between the Employee Compensation Cost computed as per Intrinsic Value method and Fair Value Method is Rs 1.40 Crores for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is Rs 1.40 Crores and Re. 0.32 respectively.</p>
<p>17 Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date</p>	<p>Weighted average exercise price of the options is Rs. 36.81 Weighted average fair value of the options is Rs. 36.31</p>	<p>Weighted average exercise price of the options is Rs. 49.48 Weighted average fair value of the options is Rs. 76.52</p>
<p>18 Description of the method and significant assumptions used during the year to estimate the fair values of options:</p>	<p>The Company has used the Black Scholes Model for estimating the Fair Value of the options. The Company has applied the following assumptions while computing the fair value:</p> <ol style="list-style-type: none"> 1. Risk-free interest rate : 8.15 % 2. Expected life : 72 months 3. Weighted average of expected volatility : 47.70 % 4. Expected dividends : 2.61 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 270.01 	<p>The Company has used the Black Scholes Model for estimating the Fair Value of the options. The Company has applied the following assumptions while computing the fair value:</p> <ol style="list-style-type: none"> 1. Risk-free interest rate : 8.15 % 2. Expected life : 72 months 3. Weighted average of expected volatility : 47.70 % 4. Expected dividends : 2.61 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 270.01

¹As per the 2002 ESOP and 2006 ESOP, options lapse after completion of the exercise period, which is 10 years from the dates of respective vesting. If an option is cancelled on account of separation of the employee, without having been exercised, such cancelled option shall become available for future grant under the plan.

CORPORATE GOVERNANCE REPORT

The Company's Corporate Governance Philosophy

Corporate Governance

Corporate governance is about commitment to values and ethical business conduct. The guidelines and best practices of Corporate Governance have evolved over a period of time. It specifies how an organisation is managed and controlled. This generally includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the company is an important part of corporate governance. This improves understanding of the structure, activities and policies of the organization by investors and public. Consequently, the organization is able to attract and retain investors, and enhance the trust and confidence of the stakeholders.

Corporate Governance at ZENSAR:

Zensar's core values consist of the following:

- Customer Sovereignty
- Passion For Excellence
- Continuous Innovation
- Transparency and Integrity
- People Orientation
- Social Responsibility

These are the keystones on which the framework of Corporate Governance is based to make Zensar a socially responsible citizen of business Community. At Zensar, Our endeavor is to follow good governance in spirit than mere compliance with the code on Corporate Governance. Further, the Company also complies with the laws in all the countries in which it operates. At Zensar, we recognize that having a simple and transparent corporate structure driven solely by business needs will certainly bring in more transparency and will in turn satisfy the mandates of Corporate Governance.

A report, in line with the requirements of the Listing Agreement executed with Stock Exchanges for the year ended March 31, 2013 is given below:

1. Board of Directors

A. Size and Composition of Board

At Zensar, we believe that sound Corporate Governance is critical to enhance and retain investor trust. Our Board exercises its fiduciary responsibilities in its true spirit. The primary role of the Board is that of trusteeship to protect and enhance stakeholders' value through strategic supervision of the Company and its subsidiaries. Our Company is headed by an effective Board that exercises leadership, integrity and judgment in directing so as to achieve continuing prosperity and to act in the best interest of the Company. The Board plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This is reflected in our governance practices, under which we strive to maintain an active, informed and independent Board. It comprises combination of Executive and Non-Executive Directors which surpasses the regulatory yardstick requiring 50% of independent Directors on the Board. Each of whom adds value and brings independent view in the decision-making process.

The Board comprises of Ten Directors, one of which is an Executive Director and nine are Non-Executive Directors. The Company has a Non- Executive Chairman from Promoter Group.

B. Board Meetings

The Board of Directors of the Company met Four times during the Financial Year 2012-13 on 25th April, 2012, 25th July, 2012, 16th October, 2012 and 21st January, 2013.

Composition of the Board and other Directorship/Membership of Committees held as on 31st March, 2013 along with Attendance of Board Meeting/AGM during the year are given below:

Sr. No.	Name of Director	Category	Date of Appointment	Attendance in Board Meetings during 2012-13	Attendance in last AGM	Other Boards / Committees		
						Directorships*	Committee*	
							Member	Chairman
1	Mr. H.V. Goenka	Chairman Non Independent Non Executive Director	04.09.01	4	No	6	Nil	Nil
2	Dr. Ganesh Natarajan	Vice Chairman and Managing Director Non Independent	04.09.01	4	Yes	1	Nil	Nil
3	Mr. A.N. Agrawal	Non Independent Non- Executive Director	29.01.02	4	No	1	Nil	Nil
4	Mr. P.K. Choksey	Independent Non Executive Director	24.04.80	4	Yes	1	1	Nil
5	Mr. Venkatesh Kasturirangan	Independent Non Executive Director	28.01.08	4	Yes	1	Nil	Nil
6	Mr. John Levack	Independent Non Executive Director	16.01.03	4	Yes	1	1	0
7	Mr. P.K. Mohapatra	Independent Non Executive Director	31.01.01	4	Yes	7	1	Nil
8	Mr. A.T. Vaswani	Independent Non Executive Director	09.02.96	4	No	2	3	1
9	Mr. Niraj Bajaj	Independent Non Executive Director	21.10.10	2	No	10	1	Nil
10	Mr. Manish Dugar	Non Independent Non Executive Director	25.07.12	2	NA	Nil	Nil	Nil

* This number excludes the directorships / committee memberships held in Private Limited Companies, Companies registered under section 25 and membership of Committees other than Audit Committee and Shareholders' Grievance Committee.

2. Audit Committee

A. Composition

The composition of the Committee complies with the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. Audit Committee is comprised of 3 professional non-executive Independent Directors, viz, Mr. A. T. Vaswani, Mr. P. K. Choksey and Mr. P. K. Mohapatra. Mr. A. T. Vaswani, Independent Non-Executive Director is the Chairman of the Committee.

B. Meetings

During the Financial Year 2012-13, eight meetings of the Committee were held on 24th April, 2012, 19th June, 2012,

25th July, 2012, 24th September, 2012, 16th October, 2012, 10th January, 2013, 21st January, 2013 and 29th March, 2013.

The particulars of attendance at the Committee Meetings during the year are given in the table below:

Name	No. of Meetings Attended
Mr. A. T. Vaswani	8
Mr. P. K. Choksey	8
Mr. P. K. Mohapatra	7

The Chairman of the Audit Committee was not able to attend the last Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Audit Committee. The Committee meetings are also attended by the Chief Financial Officer, Statutory Auditors, and Internal Auditors. Other executives of the Company also attend the meeting as and when required.

C. Terms of Reference

The role, powers and functions of the Audit Committee are in conformity with Section 292A of the Companies Act, 1956 and guidelines stated in Clause 49 of the Listing Agreement.

The Committee, inter alia, performs the following functions:

1. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices, and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Discussion with internal auditors regarding any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

3. Compensation committee

A. Composition

The Compensation Committee is comprised of Mr. P. K. Mohapatra, Mr. Arvind Agrawal and Mr. John Levack. Mr. P. K. Mohapatra, Independent Non-Executive Director is the Chairman of the Committee.

B. Meetings

During the Financial Year 2012-13, three meeting of the Committee were held on 25th April, 2012, 25th July, 2012 and 16th October, 2012

The particulars of attendance at the Committee Meetings during the year are given in the table below:

Name	No. of Meetings Attended
Mr. P. K. Mohapatra	2
Mr. John Levack	3
Mr. Arvind Agrawal	3

The Terms of Reference of the Compensation Committee are as under:

1. Determining the remuneration packages for Executive Director, the direct reports to the Managing Director / Chief Executive Officer.
2. Determine the quantum of commission payable to Non-executive Directors.
3. Implementation of the Employees Stock Option Plan.
4. Allotment of shares consequent upon exercise of stock options.

Details of Remuneration of Executive Director

Dr. Ganesh Natarajan, Vice Chairman and Managing Director, is paid remuneration as per the terms recommended by the Compensation Committee, approved by the Board of Directors and Shareholders of the Company.

The remuneration paid to Dr. Ganesh Natarajan during Financial Year 2012-13 was as follows:

(Amount in Rs. Lakhs)

(A) Salary	54.89
(B) Allowances	122.36
(C) Annual Performance Incentive	194.78

Perquisites such as Medical reimbursement, Leave Travel Concession, club fees, Credit card subscription, hard furnishing allowance, hospitalization and personal accident insurance are provided as per resolution passed by the Compensation Committee of the board of Directors of the Company held on 25th July, 2012 and Company policy.

In the year 2006, Dr. Ganesh Natarajan was granted 2,00,000 nos. of performance based stock options under the "2006 Employee Stock Option Scheme". Consequent to issue of Bonus shares in 1:1 ratio, Compensation Committee of the Board of Directors approved the adjustment in the exercise price and numbers of the outstanding stock options under the Stock Option Schemes with a view to retain ESOP value. Accordingly, with the approval of stock exchanges, number of outstanding stock options in both the schemes were increased by 100% and exercise price for each grant was reduced by 50%. As a result, as on the date of this report total outstanding options held by Dr. Ganesh Natarajan are 3,18,800. Till date Dr. Ganesh Natarajan has exercised 70,000 Stock Options under the ESOP 2006 Scheme.

As on 31st March, 2013, Dr. Ganesh Natarajan holds 6,27,058 Equity Shares of the Company.

Details of Remuneration of Non Executive Directors

Non-Executive Directors are paid sitting fees for attending the meetings of the Board/ Committee within the limits as prescribed under the Companies Act, 1956. The Non-Executive Directors are paid sitting fees of Rs 20,000/- for each meeting of the Board, Rs. 10,000/- for each meeting of Audit Committee and Rs. 5,000/- for each meeting of Compensation Committee, attended by them.

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration by way of Commission if the Company authorize such payment by passing a Special Resolution. Members of the Company at the Annual General Meeting held on 20th July, 2011 have approved payment of Remuneration for a period of Five years to Non-Executive Directors by way of Commission at a sum not exceeding one percent of Company's net profit.

During the year under review, apart from the Sitting Fees paid for attending the meetings of the Board and the Committees, the Non-Executive Directors have been paid a Commission calculated under Section 198 and 309 of the Companies Act, 1956 after taking into account the qualifications, experience, time spent on strategic matters and contribution to the company. The said Commission was duly recommended by the Compensation Committee and approved by the Board of Directors.

Remuneration to Non-Executive Directors.

Sr. No.	Name of the Director	Sitting Fees paid during 2012 – 13 (In rupees)	Commission Paid for the year 2011-12 (In Rupees)
1.	Mr. H. V. Goenka	80,000	1,26,00,000
2.	Mr. P.K. Choksey	1,60,000	3,00,000
3.	Mr. Venkatesh Kasturirangan	80,000	3,00,000
4.	Mr. John Levack	95,000	3,00,000
5.	Mr. P.K. Mohapatra	1,60,000	3,00,000
6.	Mr. A.T. Vaswani	1,60,000	3,00,000
7.	Mr. Arvind Agrawal	95,000	-
8.	Mr. Niraj Bajaj	40,000	3,00,000
9.	Mr. Manish Dugar	40,000	-

Shareholding of Non-executive Directors

Mr. A. T. Vaswani and Mr. P. K. Choksey, the Non-Executive Directors, hold 9000 and 800 nos. of equity shares of Rs. 10/- each respectively of the Company.

4. Investor's Grievance and Share Transfer Committee

A. Composition

The Investors' Grievance and Share Transfer Committee is comprised of Mr. A. T. Vaswani, Mr. P. K. Choksey and Dr. Ganesh Natarajan. Mr. A. T. Vaswani Independent Non-Executive Director is the Chairman of the Committee.

The Committee meets at regular intervals in order to facilitate prompt and effective redressal of shareholders' complaints. The Company in coordination with Registrars and Share Transfer Agent takes all necessary steps for prompt resolution of all shareholder complaints and the Committee periodically reviews the reports of the same. With the intention of servicing the shareholders more expeditiously, the Committee has delegated the authority to approve transfers and transmissions up to 500 shares per transaction identified by a separate transfer number to Mr. S. Balasubramaniam, Chief Financial Officer and/or Mr. Nilesh Limaye, Company Secretary.

Mr. Nilesh Limaye, Company Secretary is designated as a Compliance Officer.

B. Meetings

During the Financial Year 2012-13, twelve Investor's Grievance and Share Transfer Committee meetings were held on 25th April, 2012, 29th May, 2012, 28th June, 2012, 25th

July, 2012, 29th August, 2012, 27th September, 2012, 26th October, 2012, 23rd November, 2012, 28th December, 2012, 21st January, 2013, 28th February, 2013 and 29th March, 2013.

The particulars of attendance at the Committee Meetings during the year are given in the table below:

Name	No. of Meetings Attended
Mr. A. T. Vaswani	12
Mr. P. K. Choksey	12
Dr. Ganesh Natarajan	10

C. Terms of Reference

The Terms of Reference of the Investors' Grievance and Share Transfer Committee envisage the following:

- 1 Dealing with matters relating to share / debenture transfers.

- 2 Reviewing the system of dealing with and responding to correspondence from shareholders and debenture holders.
- 3 Reviewing and dealing with complaints and responses to letters received from Stock Exchanges, SEBI and Department of Company Affairs.

5. Code of Conduct

The Board of Directors of the Company has laid down a Code of Conduct for all its Members and Senior Management personnel of the Company. This Code of Conduct is uploaded on Company's website www.zensar.com. The Directors and Senior Management have affirmed their compliance with the Code of Conduct for the Financial Year 2012-13.

A declaration from the Vice Chairman and Managing Director confirming the above is annexed to this report

6. Details of previous Annual General Meetings and special resolutions passed at such Annual General Meetings:

Particulars	Financial Year 2009-10	Financial Year 2010-11	Financial Year 2011-12
Date and Time	13th July, 2010 at 12.00 Noon	20th July, 2011 at 12.00 Noon	24th July, 2012 at 12.00 Noon
Venue	Registered Office of the Company at Zensar Knowledge Park, Plot # 4, Kharadi MIDC, Off Nagar Road, Pune 411014	Registered Office of the Company at Zensar Knowledge Park, Plot # 4, Kharadi MIDC, Off Nagar Road, Pune 411014	Registered Office of the Company at Zensar Knowledge Park, Plot # 4, Kharadi MIDC, Off Nagar Road, Pune 411014

The following are special resolutions passed by shareholders of the Company at the previous three Annual General Meetings:

- (i) In the Annual General Meeting held on 13th July, 2010.

- (a) Alteration in Articles of Association.

- (ii) In the Annual General Meeting held on 20th July, 2011

- (a) Payment of Commission to Non Executive Directors.

- (iii) In the Annual General Meeting held on 24th July, 2012

- (a) Amendment to ESOP Scheme 2006

7. Disclosures

A. Related Party Transactions

The transactions between the Company and the Management, Directors or their relatives are disclosed in the Note No 27 of the Annual Accounts in compliance with Accounting Standard 18 relating to "Related Party Disclosures". There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

B. Statutory Compliance, Penalties and Strictures

There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

C. Disclosure relating to Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.

The Company has not officially implemented a Whistle Blower Policy. However, all Associates of the Company are free to access the higher Management or Audit Committee of the Company.

D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

The Company has complied with all mandatory requirements laid down by the Clause 49 of the Listing Agreement. The Company has also complied with some of the Non Mandatory requirements such as forming of the Compensation Committee and updating shareholders about the financial performance of the Company including summary of the significant events on quarterly basis.

8. Means of Communication

- The quarterly, half-yearly and Annual Financial Results are published in widely circulated newspapers such as Financial Express, Loksatta, etc. in terms of Clause 41 of the Listing Agreement.

- The Company organizes press meets / Analyst's meets to apprise and make public the information relating to the Company's working and future outlook.
- The Financial Results and presentations made to institutional investors or analysts are displayed on the Company's website www.zensar.com.
- The Company's website is updated periodically to include information on new developments and business opportunities of the Company.
- The Company has the practice of mailing quarterly Newsletter to the Company's shareholders. The shareholders are kept informed about important developments in the Company.
- The investors can contact the Company on the email id investor@zensar.com.
- Management discussion and analysis forms part of this Annual Report.
- The Company has as per Green initiatives taken by Ministry of Corporate Affairs, invited the members to register their e mail addresses with the Company so that all communications / documents including the Notice calling the Annual General Meeting and other General Meeting of the members along with explanatory statement(s) thereto, Balance Sheets, Director's reports, Auditor's Reports etc. for the financial year 2010-11 and thereafter, can be sent to them in electronic mode.

9. General Shareholder information

1. **Annual General Meeting:** The Annual General Meeting of the Company will be held on 16th July, 2013, at the registered office of the Company.
2. **Financial Year:** 1st April to 31st March
3. **Book Closure Dates:** The Company's Register of Members and Share Transfer Books will remain closed for the purpose of dividend from 9th July, 2013 to 16th July, 2013 (both days inclusive).
4. **Dividend payment:** The dividend recommended by Directors, on approval by the members at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the Company's Register of Members as on 9th July, 2013.

5. Financial calendar (tentative and subject to change)

Event	Due Date
Financial reporting for the quarter ending 30th June, 2013	14th August, 2013
Financial reporting for the quarter ending 30th September, 2013	15th November, 2013
Financial reporting for the quarter ending 31st December, 2013	15th February, 2014
Financial reporting for the quarter ending 31st March, 2014	30th May, 2014 (Audited)
Annual General Meeting for the year ending 31st March, 2014	30th September, 2014

6. Listing on Stock Exchanges:

The Company's Equity Shares are listed on the following Stock Exchanges:

- The Bombay Stock Exchange Limited, Phiroze JeeJeebhoy Towers Dalal Street Mumbai 400 001. (BSE)
- National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex Bandra (E), Mumbai 400 051 (NSE)

Stock Code:

BSE	504067
NSE	ZENSARTECH
ISIN in NSDL and CDSL	INE520A01019

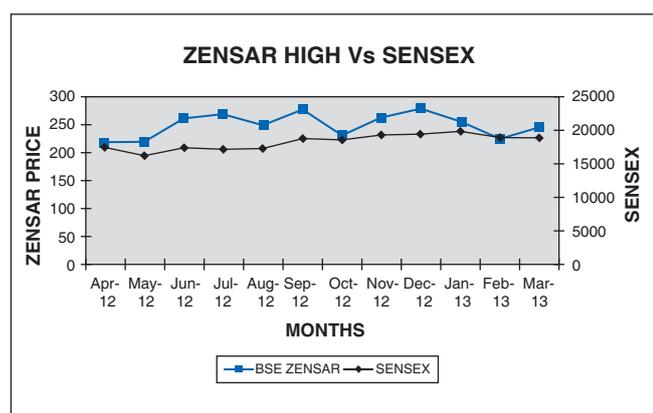
Listing fees have been paid for the year 2013-14.

7. Market Price Data: High/ low, Number of shares traded during each month in the last financial year:

Period	Bombay Stock Exchange Limited					National Stock Exchange of India Limited				
	High Rs.	Low Rs.	Close Rs.	Total Traded Quantity	Sensex	High Rs.	Low Rs.	Close Rs.	Total Traded Quantity	Nifty
Apr -2012	242.00	178.50	217.75	2060720	17318.81	242.00	178.00	218.05	4310643	5248.15
May-2012	227.00	195.55	220.35	337462	16218.53	227.00	195.55	220.35	772998	4924.25
June -2012	265.9	216.00	260.55	427578	17429.98	266.10	215.30	260.15	1008240	5278.9
July -2012	295.65	252.00	268.65	465224	17236.18	288.00	250.15	268.90	1511977	5229.00
Aug-2012	283.85	245.65	249.55	260337	17429.56	283.65	246.15	246.45	823898	5258.50
Sep -2012	288.00	244.05	277.45	195169	18762.74	289.50	246.00	278.00	768144	5703.30
Oct -2012	302.45	229.05	230.55	218987	18505.38	301.90	228.00	230.25	972511	5619.70
Nov -2012	263.00	231.75	261.50	130653	19339.90	269.70	231.10	260.65	335906	5879.85
Dec-2012	280.90	255.00	279.55	106701	19426.71	281.85	255.55	281.00	431877	5905.10
Jan -2013	296.00	245.00	254.75	161799	19894.98	295.50	237.00	253.65	481324	6034.75
Feb-2013	258.80	219.00	225.05	114380	18861.54	258.95	218.50	225.10	195734	5693.05
Mar -2013	251.90	221.50	244.50	62499	18835.77	251.30	222.00	242.55	221743	5682.55

Source – Websites Bombay Stock Exchange Ltd. (www.bseindia.com) and The National Stock Exchange of India Ltd. (www.nseindia.com)

A chart showing Share Price of the Company at Bombay Stock Exchange against SENSEX during the year 2012 - 13:



8. Registrar and Share Transfer Agent- M/s. Sharepro Services (India) Pvt. Ltd, is acting as the Registrar and Share Transfer Agents for the shares of the Company held in both physical and electronic modes. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Share Registrar and Transfer Agents at the address given below:-

Sharepro Services India Pvt Ltd
13 A B Samhita Warehousing Complex
Off. Andheri Kurla Road
Sakinaka Telephone Exchange Lane
Sakinaka, Andheri East
Mumbai 400 072

The details of the concerned person in Sharepro Services (India) Pvt. Limited are as under:-

Name	Telephone no.	E-mail ID	Fax No.
K. G. Abraham	(022) 67720300 (022) 67720400	sharepro@vsnl.com	(022) 28591568

9. Share Transfer System: To expedite the transfer in physical mode, authority has been delegated to the Investors' Grievance and Share Transfer Committee of the Board. The Committee considers requests for transfers, transmission of shares, issue of duplicate certificates, issue of certificates on split/consolidation/renewal etc. and the same are processed and delivered within 15 days of lodgment if the documents are complete in all respects.

In compliance with the listing Guidelines, every six months, the share transfer system is audited by a practicing Company Secretary and a certificate to that effect is issued by him. Complaints identified and reported during the Financial Year 2012-13 are as follows:-

Nature of Complaint	2012-13	
	Received	Attended to
Non – receipt of share certificates	33	33
Letters from Stock Exchanges, SEBI etc.	3	3
Non-receipt of Dividend / Debenture interest / Redemption warrants	49	49
TOTAL	85	85

10 Distribution Schedule:

As of 31st March, 2013 the distribution of the Company's shareholding was as follows:

No. of equity Shares held	As on 31st March, 2013			
	No. of Share holders	% of Share holders	No. of Shares held	% of Share-holding
1-500	19492	91.86	2260247	5.19
501-1000	979	4.614	719522	1.65
1001-2000	391	1.84	573311	1.32
2001-3000	119	0.56	308840	0.71
3001-4000	52	0.25	192065	0.44
4001-5000	35	0.17	160687	0.37
5001-10000	77	0.36	533907	1.23
10001 & above	74	0.35	38832409	89.10
Total	21219	100.00	43580988	100.00

11. Dematerialization of shares and liquidity:

The shares of the Company are in compulsory dematerialised segment and are available for trading system of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL). The status of dematerialization of shares as on 31st March, 2013 is as under:

Particulars	No. of shares	% of total capital issued
Held in dematerialized form in CDSL	1303712	2.99
Held in dematerialized form in NSDL	41492203	95.21
Physical	785073	1.80
Total	43580988	100.00

12. Shareholding pattern:

Details of Shareholding as on 31st March, 2013 was as under:

Category	As on 31st March, 2013			
	No. of Share holders	% Share holders	No. of Shares held	% Share holding
Promoters	7	0.03	21075804	48.36
Mutual Funds, Financial Institutions, Banks Insurance Companies & FIs	62	0.30	5242775	12.03
Individual Shareholders	20436	96.31	5798748	13.31
Bodies Corporate	406	1.91	899112	2.06
NRI's OCBs	308	1.45	10564549	24.24
Total	21219	100.00	43580988	100.00

13. Outstanding GDRs/ADRs/ Warrants or any Convertible instruments:

As of 31st March 2013, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company except Stock Options granted under the 2002 Employees Stock Option Scheme and the 2006 Employees Stock Option Scheme, details of which have been disclosed in the Directors' Report.

14. Nomination:

Members can avail of nomination facility. Blank nomination forms will be supplied on request which is also available on the website of the Company under the Investor Section.

15. Address for Communication

Mr. Nilesh Limaye
Company Secretary
Zensar Technologies Ltd.
Zensar Knowledge Park,
Kharadi, Plot # 4, MIDC,
Off Nagar Road,
Pune 411 014, India.
Phone No. (020) 66074000,
Fax No: (020) 66074433
Email: investor@zensar.com

Code of Conduct

In tune with the corporate philosophy, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management of the Company in terms of Clause 49 of the Listing Agreement. The Code of Conduct is displayed at Company's Website.

I hereby confirm that the Company has obtained from all members of the Board and Senior Management personnel, affirmation that they have complied with the Code of Conduct for the Financial Year 2012-13.

Dr. Ganesh Natarajan

Vice Chairman and Managing Director

Mumbai

Dated 22nd April, 2013

CEO/CFO CERTIFICATION

We, Dr. Ganesh Natarajan, Vice Chairman and Managing Director and Mr. S. Balasubramaniam, Chief Financial Officer of Zensar Technologies Ltd. hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March 2013 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ganesh Natarajan

Vice Chairman and Managing Director

S. Balasubramaniam

Chief Financial Officer

Practicing Company Secretary's Certificate

To,
The Members of Zensar Technologies Limited

We have examined the compliance of conditions of corporate governance, by Zensar Technologies Limited, for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that as per the records maintained, no investor grievances against the Company are pending for a period exceeding one month before shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

Pune
Dated 22nd April, 2013

For **S. V. Deulkar & Co.**
Company Secretaries.

S. V. Deulkar
Proprietor.
F.C.S. 1321 C.P. No. 965

MANAGEMENT DISCUSSION AND ANALYSIS

Zensar Technologies is a technology partner of choice for global organisations looking to strategically transform, grow, and lead in today's challenging business environment. Backed by a strong track-record of innovation, 6500 + associates and a footprint in more than 20 global locations, Zensar's comprehensive range of software services and solutions enable its 400+ forward-looking customers to cross new thresholds of business performance. Zensar helps them simplify, optimise and accelerate their IT landscape helping them transform their businesses. The Company given its growth in recent times has moved up the NASSCOM listing of Software Service Companies in India by 6 places to # 13 this year. This is reiterated in the Porter's Prize for Best Strategic Management in the Information, Media and Telecom Industries that has been bestowed upon the Company. A noted publication, Dataquest in its Top 200 listing has rated Zensar 20 notches higher in their industry rankings of April 2012.

Geographic Spread

Zensar operates in the US, Europe, Africa, Middle East, Singapore and Australia regions and has delivery centres in India (Pune, Hyderabad and Bangalore), China, Japan, UK, Amsterdam and US (Westborough).

Services and Capability

Zensar is the world's first enterprise-wide SEI CMM Level 5 Company. The Company has a services portfolio that ranges from the traditional to the transformational - across service lines of Management Consulting, Business Application Services, Enterprise Solutions, Enterprise Collaboration Services, Testing and Assurance Services, BPM and Infrastructure Management Services. Zensar's experience across industries of Retail, Manufacturing, Insurance, Banking, Healthcare and others translate into a differentiated value proposition and faster time-to-market for clients. Our capability in infrastructure-oriented services ranges from remote infrastructure management to end-user computing to data centre services and security and compliance. Zensar is now leading the way in powering next-generation enterprises with its Social Media, Mobility, Analytics and Cloud solutions.

The Company has been recognized for its exceptional service capabilities and industry-leading solutions, and has bagged prestigious awards in areas such as R&D, people practices, CSR programs and sustainability initiatives. Zensar's Corporate Social Responsibility programs focus on creating sustainable development and livelihood for local communities.

Innovation and Client Engagement

At Zensar, Innovation is seen as its clear differentiator, coupled with its focus on deep, long-lasting client relationships, and strong domain expertise drives every facet of the Company's day-to-day operation. This focus is translated into strategic business value for the Company and into consistent performance. Your Company believes in leveraging the power of innovation to seize new opportunities.

The culture at Zensar is open and the management encourages people to question status quo. The associates are encouraged to challenge opinions and to come up with innovative ideas for improvement of strategy, people practices or customer delight. Zensar has been recognised for Participative Management. The Company encourages diversity and the different perspectives that emanate from Zensar's world culture - diversity of gender, nationality, background, education make for a healthy heterogeneity and yet a oneness of culture. The Company's Global Delivery Model, defined by robust service capabilities and the ability to source best talent from across the world, and is backed by its 24 X 7 X 365 support. The result: Superior value for clients.

Clients and Partners

Zensar enjoys enduring relationships with global leaders in its key industry verticals of Manufacturing, Retail, Banking and Insurance, and Healthcare. Zensar has evolved from an implementation partner of enterprise business solutions to a Platinum Partner in the Oracle® Partner Network providing customized solutions to meet industry demands better. The Company has also been recognized by SAP as a Gold Partner.

Current Strength and Future Projections

With a strong focus on continuous innovation, customer sovereignty and people orientation, Zensar has been able to demonstrate extraordinary growth and excellence in business results. In the past year, the Company has been restructured to provide specialised vertical solutions to global corporations across the world. The solutions and domain expertise has helped Zensar generate revenues from the existing customer base and add new customers to the vertical portfolios. The Company's expansion into new age technologies, Social Media, Mobility, Analytics and Cloud Computing are expected to provide significant avenues for growth.

Zensar also rolled out its new and focused verticalised innovative solution strategy during the year and integrated the onsite Data Centre and Information Security services of its acquired company, Akibia with its Remote Infrastructure Management service line. These moves are in line with the Company's long-term strategy of building specific offerings across various lines of business thus embarking on an ambitious plan to be the next generation global industry player.

The strength of Zensar is the energy of our teams. Focused HR initiatives have contained attrition at a low and the motivation levels of teams at a high. The Company launched the iZen initiative to instill higher leadership capabilities in all our managers and will ensure that the capabilities and motivation of our associates remains the strength of Zensar in all geographies.

Zensar has been chosen by SAP, Oracle, Microsoft and Google, as their partner in many key markets and the organisation is in process of redefining the strategic

imperatives for our business in the years ahead and looks to the future with great confidence. We are on track to become a significant player in both Infrastructure Management and Application Services globally and have seen excellent business in the USA, South Africa and Middle East reflecting the inherent strength of our new Vertical go-to-market strategy. Additionally, in this year Zensar received accolades from all segments of the industry– the Company retained its position amongst India's top 20 software companies by NASSCOM and was also listed in the 2011 Global Service 100 and IAOP Global Outsourcing 100 list.

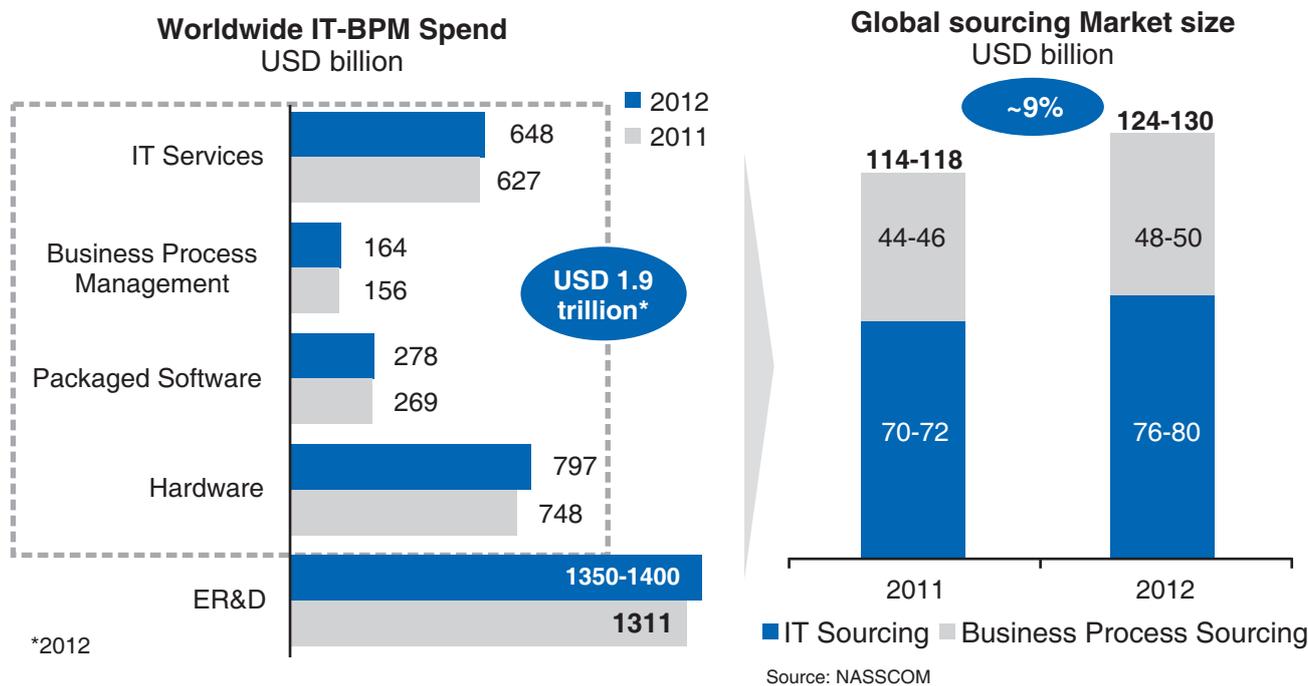
Industry Outlook 2012 – 13

In the face of a volatile economic environment, 2012 recorded a steady growth for technology and related services sector, with worldwide spending of USD 1.9 Trillion and a growth rate of 4.8 percent over 2011. BPM services with 4.9 percent (slightly above industry average) contributed majorly to the growth, followed by IT services and packaged software each with 3.3 percent growth. IT, BPM services and software products continued to lead, accounting for over USD 1 Trillion which is 58 per cent of the total IT spend. IT hardware with growth rate of near 7 percent touched USD 797 Billion and accounted for the remaining 42 percent of the worldwide technology spend in 2012.

In line with growth in global IT spend, the global sourcing market also grew to USD 124-130 Billion, showing growth of 9 percent over 2011 which is nearly twice the growth of global IT spend. APAC spend grew 6 percent, nearly 1.6 times faster than mature geographies. IT spends of Americas remained steady at 5 percent and EMEA recorded a minimal growth of 1 percent over 2011. The impact was also visible on the vertical spending with emerging verticals driving incremental growth in 2012. While BFSI and manufacturing segment remained the two largest verticals in terms of total share in IT spending with more than 40 percent share, emerging verticals like healthcare, retail, government and utilities contributed 30 per cent of total IT spend in 2012.

Lingering concerns about the global economy also impacted contracts demonstrating volume decline of nearly 13 percent, however the Average Contract Value (ACV) remained fairly steady at USD 21 Billion largely due to a number of mega-deals in BPM. In terms of regional contracts, APAC was the sole market to have registered significant growth over 2011, with near 55 percent (value terms) and increased its share in total contract value to 15 percent. The EMEA contracts declined 13 percent and the Americas by about 2.5 percent.

Global sourcing continues to outperform IT-BPM spend



The Indian IT-BPM Industry Perspective

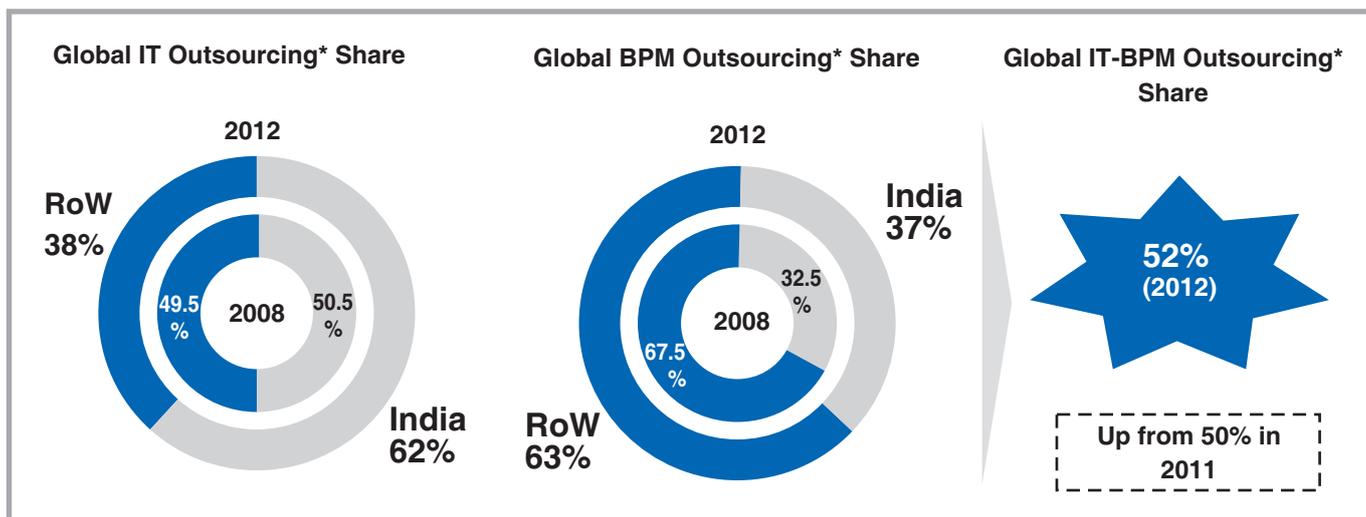
The Indian IT-BPM industry has exhibited rapid evolution in terms of expanding their vertical and geographic markets, attracted new customer segments, transformed from technology partners to strategic business partners imbining a shared vision, offering considerably wider spectrum of services over the years. Growth has been both organic and inorganic, resulting in the emergence of the first Indian MNCs

with over 580 global centres in over 75 countries delivering IT-BPM services. At the same time there has been no let down in focus on operational efficiencies. Global in-house centres continue to evolve to higher value added roles further cementing India's premier position in the global sourcing landscape, accounting for 52 percent of the market in 2012, up from 50 percent in 2011.

The industry today though is at crossroads – behind lies a scintillating era of exponential growth and global recognition, the future though looks markedly different. The first USD 100 Billion was largely a labour arbitrage play; the next USD 100 billion will be a combination of higher value services and increasingly non-linear play, in addition to a further extension of the cost proposition. Today, the Indian IT-BPM industry has already begun moving from enterprise services to providing

'enterprising solutions'. These are not standard lift and shift solutions, and key to this world is a high degree of proactiveness, maturity, business understanding and entrepreneurship. Our clients today expect the industry to tell them what is best, suggest changes, improve and replace existing workflows. Today, the service provider has to be a lot more enterprising, display entrepreneurship to ensure a service delivery is IP driven and productized.

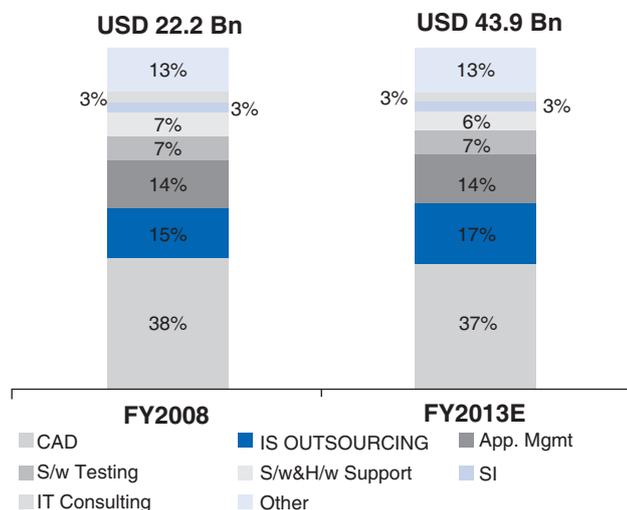
India: Dominant share in global IT-BPM sourcing market



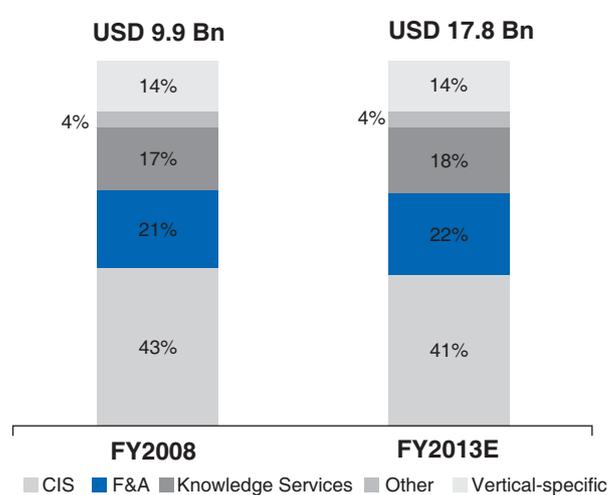
*IT outsourcing numbers exclude ER&D; hence, not comparable with previous years Source: Everest Research, NASSCOM

IT services driven by IS outsourcing; BPM – by strong platform play and analytics

IT Services¹ Exports by Service Line



BPM² Exports by Service Line



Source: NASSCOM

Opportunities and Threats

In spite of a challenging economic milieu, your Company continued to maintain its good track record and position as one of the top global organisations in 2012-2013. This was the year of sharper verticalisation and crafting of service propositions for greater competitiveness in the market. It was a year of consolidation in terms of services, deeper entrenchment in emerging markets while keeping the focus on innovation and

non-linearity. Zensar has moved to a more enhanced and customer proximal model through its vertical strategy and tied its success to the customers' success, through greater risk-reward sharing, service level outcome based contracts, and business outcome based engagements. The year was also a significant landmark in terms of creating value for customers by way of greater operational efficiencies through lean initiatives and programmes institutionalised for heightened delivery excellence with metrics based reporting and tracking,

keeping the focus and momentum on productivity and performance. The opportunity ahead is immense with the increase in internet usage and connection speed, technology innovation and business model disruption continuing to evolve. There is an evident shift in pricing models as customers seek to go beyond the traditional labour pricing models to outcome-based solutions and gain-share pricing. As vendors continue to leverage the availability of global talent, tax breaks offered by various countries and by their presence across the globe, customers will reap the benefits from the global flexible delivery capability and multi-shore offering. However, these opportunities will also bring along with it added set of risks in terms of increased protectionism and regulatory control from sourcing markets and increased competition from new and emerging countries. There is also an increasing trend towards the use of local talent, as concerns of keeping jobs locally increase and regulations in key industries that require more locally based service delivery increases.

Verticalised Solutioning

Zensar was restructured around the verticals of Manufacturing, Insurance, Banking and Financial Services, Retail and Healthcare to develop and deliver end-to-end services keeping the customer's need as focus. These verticalised business units now act as a hub of innovation and development of proof of concept solutions for specific verticals and sub-verticals. Over the last year, the Company has created propositions around the crafted ecosystem of each vertical addressing specific business requirements and expected outcomes in each of the industry areas. Manufacturing and Retail continues to drive over 60% of the business in Zensar while Insurance as an emerging vertical continues to record fast growth with demonstrated success.

Service lines

Zensar has emerged as a full service player for offering traditional services like application development and maintenance to testing, infrastructure, consulting and system integration, as also a niche provider for offering end-to-end services in particular verticals and customer segments. The Company's expansion into Cloud Computing, Mobility and Social Media Consulting Services and Analytics has provided for significant opportunities for revenue growth and customer entrenchment. Further developments were also made in its core services ranging from Applications Development and Maintenance, Enterprise Services including Package Implementations and Business Intelligence, Transaction Processing, Testing and Infrastructure Management. These services have not only brought about end-to-end process improvements and business benefits for clients ranging from the Fortune 100 and FTSE 100 in US, UK and Asia to companies in South Africa and the Middle East but have also helped in creating deep intellectual capital.

With the successful integration of Akibia, Zensar has emerged as a complete infrastructure management provider supporting the entire spectrum of services. The Company has gained multi shore capabilities in Infrastructure Management and in

the past 12 months, has augmented its global footprint with customers in diverse fields as navigation systems, software manufacturing, hospitality, video game publishing and prescription generic drugs in addition to the core verticals of Banking, Insurance, Manufacturing, Retail and Healthcare. Zensar Akibia has also been selected as a preferred infrastructure management partner for one of the leading manufacturing companies in the USA. The practice continues to maintain a healthy pipeline across territories and verticals for their independent services while exploring synergies with the new services.

Enhanced Partnership

Zensar today is a key global service integrator and has dedicated centres of excellence built to design and implement solutions that employ a broad portfolio of technologies. This capability lends additional focus on creating next-generation solutions that enable new thresholds of business performance by leveraging cloud delivery models and technologies. Zensar is helping customers create optimised levels of business performance, through assessment, advisory services as well as application integration and migration services through platforms such as force.com, Google Apps Engine (GAE) and Microsoft Azure. The Cloud Services Charter in the organisation will enable our customers redefine the way they deliver value to their customers. Zensar entered into a strategic alliance with Google earlier to address the emerging market demand for next generation collaboration solution for the benefit of all its Indian and global customers. This partnership is expected to not only enhance collaboration but will also empower Zensar's associates in providing more choice and flexibility in where, when and how they choose to do their work.

Zensar is also a recognized leader in Oracle deployments, having executed a number of joint implementation projects with Oracle worldwide. The Company provides a broad set of Oracle specialisations with a large number of certified Oracle specialists. Currently a Platinum Partner, the Company is already moving towards enhancing their position as a leading expert in Oracle technologies by becoming a Diamond Partner.

With an SAP Gold Partner status, and acknowledged through the SAP Best Partner Award for Highest Revenue Generation for SAP in the MENA region; also awarded as Emerging Business Growing Partner by SAP India; and a growing SAP alliance footprint in the UK, your Company has positioned itself strongly for its SAP capability and leadership. Zensar's SAP practice also has preconfigured solutions for select verticals like Dairy, Pharma, Retail and Life Sciences. Your Company has also launched a centre of excellence for new areas like HANA with a complete learning and POC environment and Zensar is one of the first companies to be implementing HANA for one of the leading retailers based out of the US. The Company is also working on areas like Actionable Analytics, SAP Mobility and Manufacturing Integration Intelligence (MII). Zensar has also recently been certified for a partner centre of expertise (PCoE) helping provide enterprise support to customers globally.

Geographic Focus

Your Company has shown significant successes globally. The US region continued to be the growth driver for the organisation as has been traditionally. Europe and UK continue to grow, but being impacted by the economic downturn it is relatively slower growth. Emerging territories of South Africa, Middle East, and Asia Pacific however have all been growing steadily, with South Africa clearly the star in growth terms. Your Company is one of the top three IT players in South Africa and is well recommended in the region by customers and industry analysts.

Zensar has been operating in South Africa since 2001 and since then, has not only looked at Africa as a market but an integrated part of its Global Delivery Platform. While bringing in the efficiencies of global skills and the seamless global delivery model, Zensar has put strong focus on developing local talent and empowerment of previously disadvantaged people. Zensar created its 'Learnership Development Program' which aims at training, transferring global knowledge and integrating local South African team with global teams via its near shore center in Johannesburg, and is thus able to provide its customers a truly global delivery model. Today, Zensar is servicing its customers in industry verticals like Financial Services, Retail, Manufacturing and Public Sector. Zensar has also set up its operations in East Africa with Headquarters in Nairobi, Kenya.

Future Outlook

The global economy is set to improve 2013 onwards, with global GDP expected to increase by 3.5 percent in 2013 and further by 4.1 percent in 2014. Simultaneously, the growing importance of the BRIC economies in world trade means that these markets are maturing from just being sources of cheap labour to sources of innovation. Five major technology changes are expected to open new opportunities for service providers – smart computing that are expected to drive industry-specific solutions, Software-as-a-Service (SaaS) to play a dominant role, social technologies empowering all elements of an industry's value chain including suppliers, employees, customers, and business partners, mobility lending access to anytime, anywhere information and analytics giving real-time intelligence. Another mega trend is around buyers of technology - the expanding role of IT means that the stakeholder has expanded beyond CIOs; employees now are influencing corporate tech adoption and IT's role is also shifting from a reactive back-end support operation to a proactive enabler of innovation.

Continued Focus on Optimal Cost Efficiency

Zensar ramped up its focus on operational efficiency and moved into the 'Industry Best in Class' category on key operational metrics through its Organisational Excellence program. A number of initiatives were taken up to create higher productivity, improved resource fulfillment, maximised utilisation and enhanced fresher deployment. This was done through institutionalizing industry best practices in these areas. Zensar also implemented Lean Delivery Practices and

has been acknowledged for rigorous and effective implementation of these practices and won the Indizen award this year.

Unique Customer Centricity

The Company has been able to deliver continuous value to customers through its unique customer-centric approach. This approach has been further strengthened by enhancing the organisation design; focus on deeper verticalisation and enriching the Company's capability to deliver and manage high-end complex engagements. The Company has grown multifold but has always kept its focus around the customer engrained as part of the culture.

Diversification

Zensar realizes that the future is beyond services and that it will be a combination of services, solutions and platforms. Zensar has invested in building platforms to drive future growth opportunities and will continue to focus on these initiatives as it gains further depth in its verticalised approach. These domain solutions and technology platforms will offer improved revenue leverage versus talent employed in the organisation and will also significantly increase the intellectual property base.

Transformation

Zensar with its decade-long experience, mature service capabilities, presence in key verticals, global footprint and high caliber talent pool has ventured into new and emerging services like Cloud, Social Media and Mobility and vertical like Healthcare. At the same time the Company has maintained its stronghold over traditional core services. The untapped opportunities in the new services are expected to drive the next phase of growth for the organisation.

SEGMENT-WISE PERFORMANCE

For the financial year under consideration, your Company has reported results of the Segments viz. Application Management Services (AMS) and Infrastructure Management Services (IMS).

Secondary segmental reporting is done on the basis of geographical location of clients.

The performance of these segments has been separately reported in Note no. 31 of the Consolidated Financial statements of the Company.

INTERNAL CONTROL

Compliance with best of the breed practices and regular management oversight make the internal controls at Zensar strong. Rigorous testing of the internal controls is one of the strengths of the organization. Strong internal controls minimize the risk of frauds by introducing effective checks and balances into the financial system. Zensar's Audit Committee along with Management oversees financial controls and their implementation on a regular basis. The Audit Committee meetings, reviews and verification of controls ensure that the Terms of Reference given by the Board of Directors are adhered to. The internal audit is carried out by one of the

leading audit and risk advisory firms, along with the key management personnel.

TALENT MANAGEMENT

At Zensar, our focus is to continue developing individual and team competencies and capabilities for driving operational excellence and building a high performance organization. Hence our Talent Management programme is focused on Talent Acquisition, Development and Retention.

Industry recognition for Zensar's Talent Management practices:

- Zensar was amongst the DQ Top 10 Best Employers in the DQ-CMR Best Employers Survey 2012
- Zensar was a joint winner of the AIMA 4th Global Innovation Award 2013 in the HR Category. The Award has been given in recognition of innovative practices in Participatory Management and Leadership, as evidenced through the iZen and JUGNU initiatives (please read below).
- It is a matter of pride that one of our youngest HR leaders was ranked amongst India's top 25 Young HR professionals in a national level initiative conducted by "People Matters" magazine.

Some key metrics from last year:

- Our retention rate stood at 88.1% for this year
- Our critical talent retention has stood at 97.2%. Critical talent base includes 8% - 10% of the total population of Zensar.

The following is a summary of our key talent management initiatives:

Organization Development

iZen:

Voice of Associates (VOA), a survey amongst Zensarians, is one of the key inputs for the Talent Management agenda at Zensar. VOA is conducted by a third party agency. Based on the VOA, the following actions were taken:

1. Management council discussed the results of VOA and decided on the direction to be taken.
2. It was decided to continue the iZen Engagement Workshops which had started the previous year. These are meant for People Managers.
3. In addition, build a platform for individual Zensarians to contribute to Zensar by leveraging their Passion for Excellence
4. To achieve the above, 'Jugnu: Passion for Excellence – Ignited' was launched

iZen People Engagement workshops:

In 2011-12, one of the leading consulting companies was assigned to design an interactive workshop for people managers. Based on a few initial workshops and revised design, the following actions were taken:

1. The Senior Management team, as well as HR council members were trained in a Train-the-trainer workshop to roll out this program globally.

2. Workshops were conducted for managers across USA, UK, India and South Africa from the point of view of consistent people management practices.
3. Workshops were followed up by management review to ensure that the action plans agreed during the workshops were implemented
4. 340 Managers starting from the top were covered through the workshop and the response was very positive
5. Managers took concrete actions to connect with their teams and develop the team members post the workshop.

The same workshops were continued in 2012-13, bringing the coverage to 500 People Managers globally. The actions to be taken post the workshop continue being focused on, thus building connected teams across Zensar.

JUGNU: Passion for Excellence – Ignited

JUGNU is a platform that facilitates individual contribution by Zensarians, by following their passions, though within the context of organizational relevance. This is done through the mode of Excellence Workshops. Following are the key tenets of the Excellence Workshops:

1. They are held separately for each Business Unit
2. They follow a spirit of Appreciative Inquiry that is, a discovery of what is Excellence in themselves and the BU, and then creating a common dream, owned by the members of the BU
3. This is followed by an ideation session wherein people decide which part of the dream they would like to contribute to, and like-minded communities get formed (Action Teams)
4. The Excellence Workshops are co-facilitated by the BU Head and the HR team of that BU

The workshops are followed by Excellence Circles, which are sharing sessions for each Action Team to share progress on their chosen initiative. These too, are hosted by the BU head.

6 Excellence workshops have been held so far and all key BUs will be covered by end-May.

Other ongoing initiatives

- Electronic Development Centers (eDCs) to assess and develop managers and leaders.
- Performance Planning and Evaluation process
- Regular classroom/ classroom-plus-eLearning trainings

Organization and Management Review

(OMR) is our comprehensive process to review the

organization structure and key people development processes and ensure alignment to the overall strategy of the Company. The process is also used to identify critical positions and resources in the organization and draw up comprehensive succession plans for each critical position and career plans for all high potential associates.

Campus Hiring

Zensar has built a very strong partnership with Academia to collaborate in nurturing fresh talent. The 2012-13 Campus drives were held in 7 cities of 3 states in which 43 colleges were covered. Candidates were selected through a rigorous process including Automated Testing.

Talent Engagement

Building highly engaged talent teams is the focus for all our Talent Management initiatives. Our 5 F (Flexible, Fast, Focused, Friendly, Fun) culture of balancing business requirements with people priorities helps us sustain a high energy and high performance work culture for the organization.

There are many fun, team bonding activities that are held through the year for instance the annual cultural fest, 'Vividha', celebration of festivals, participation in inter-IT and intra-Zensar sports events, and many contests and games.

The Associate Relations function in Zensar is unique and has been established to provide Zensarians with "one face" for any HR related issues. The Associate Relations team proactively addresses issues and concerns of associates and brings them to the notice of the management for effective resolution.

Work Life Balance: Zensar has been constantly striving to provide opportunities for associates to strike the right balance between professional and personal aspirations & interests. Our 'Time Off Scheme', the on-campus Child Care Center, the Zensar Fun Zone and our on-campus Medical Center and Counsellor facility are some of the initiatives in that direction.

Work from Home: With a focus on tapping into larger talent pools, providing scalable work models without incurring high infrastructure cost and at the same time taking care of work life balance needs of an associate, the organization has put in place a Work from Home policy.

Rewards & Recognition

This is a continuous effort to recognize and reward performance, passion and commitment at Zensar. Our rewards and recognition process ensures Zensar recognizes associate contribution to organizational growth at all levels. The rewards scheme range from on the spot rewards to Quarterly project awards and last but not the least recognition of excellence through the Annual Excellence Awards.

This year, in an effort to have a fully transparent and credible system for recognition through spot awards, ZenPoints was launched. The cue for this was taken from the feedback received in the Voice of Associates Survey, referred to earlier. ZenPoints is a program to applaud the effort of Zensarians, who go an extra mile to demonstrate Zensar core values and strive to make Zensar a better place. ZenPoints was implemented in order to:

- Have a transparent rewards & recognition program
- Ensure that associates' contribution to Zensar gets recognized

- Empower Managers to applaud their team members spontaneously and without any approval process

Open Culture: Thriving on Transparency and Openness

Zensar provides multiple platforms at all levels to bring the associates and management teams together to share perspectives, views and thoughts on all aspects of working together through initiatives such as Everybody Meetings (EBM), informal meets called the Pizza and Coke meetings which afford an opportunity to meet senior managers, and other open forums. Close to 100 EBMs were held across the globe.

In addition, Zensar has a very vibrant platform for virtual collaboration – our Intranet called ZenLounge is actively used by our associates for sharing views, technical collaboration as well as information sharing. This year the next level of ZenLounge was launched, called ZenLounge+. This is a collaborative platform combining the power of social networking, content collaboration, and real time enhanced communication.

Diversity and Inclusion (D&I)

Zensar has been constantly striving to build a diverse and inclusive work culture that respects and thrives on diversity in gender, age, nationality, race and capability.

The unique Vision Community is one of our key D&I initiatives where cross-functional teams across the levels in the organization contribute to the strategy building exercise of the organization.

WE (Women for Excellence) is another key D&I initiative for us to help foster leadership in the women associates and encourage them to break their internal glass ceilings and work to realize their true potential.

Additionally, in order to enhance the participation of associates in the Strategic Decision making process of the organization, the following boards have been set up: Shadow Executive Board, Women Executive Board and D&I Council. The composition of these Boards is cross functional and each Board is led by a member of the Strategy Council.

Corporate Social Responsibility

At Zensar, we believe in creating an inclusive society within and around us and strive to make a positive contribution to underprivileged communities by supporting a wide range of socio-economic, educational, health and environment initiatives, many of which are driven by active participation from our people. The Zensar Foundation has been implementing these initiatives for over six years. In 2012-13, it has both consolidated its operations as well as started a few significant initiatives which make it a more comprehensive model. Zensar Foundation's area of operations covers education for children in the subjects of English and Computer literacy, health initiatives in the local communities that it has adopted, skill enhancement and development among youth to make them employable, as well as organization level environment sustainability initiatives.

Some of the highlights of 2012-13 have been:

1. Development and maintenance of a 2-acre Biodiversity Park in Viman Nagar, Pune, in partnership with PMC
2. First year of operations of the English teaching Center housed within the Pune Zensar campus. This is a pilot program for 48 underprivileged children from ChandanNagar community, to learn English vis blended learning – that is, partly through digital applications and partly through classroom teaching. The program will be scaled into ChandanNagar Municipal school on the basis of learnings from this pilot programme
3. First year of operations for the English program 'Akshar' in Hyderabad, across 4 schools. This runs in the Municipal schools as part of the curriculum
4. Contribution in CSR activities by close to 20% of associates in Pune and Hyderabad.

FINANCIAL MANAGEMENT

Accounting principles consistently used in the preparation of financial statements are also consistently applied to record income and expenditure in individual segments.

1. REVENUE

Revenue for the year ended 31st March 2013 is as under:

A. BY SEGMENTS

SEGMENT	Rs. Crores	
	2012-2013	2011-2012
Application Management Services	1405.88	1,099.96
Infrastructure Management Services	708.64	682.52
Total	2,114.52	1,782.48

B. BY GEOGRAPHY

Geography	Rs. Crores	
	2012-2013	2011-2012
United States of America	1,532.18	1,279.18
United Kingdom	182.96	173.46
Rest of the World	399.37	329.83
Total	2,114.52	1,782.48

C. BY LOCATION

Location	2012-2013	2011-2012
Onsite	70%	71%
Offshore	30%	29%

2. OTHER INCOME

Other Income comprises dividends from mutual fund investments, interest on bank deposits, profit on sale of investments and others. Other income during the current year was Rs. 17.71 Crores as against Rs. 41.80 Crores in the previous year.

3. SHARE CAPITAL

During the year, the Company has allotted 1,71,214 equity shares of Rs 10 each, fully paid up, pursuant to exercise of stock options under the "2002 ESOP" and "2006 ESOP" schemes. The subscribed Equity Share Capital as at 31st March, 2013 was 4,35,80,988 Equity Shares of Rs. 10 each. As of 31st March, 2013 the Stock Options outstanding were 18,07,226.

4. RESERVES AND SURPLUS

The Company's reserves and surplus as on 31st March 2013 were Rs. 685.32 Crores as against Rs. 532.51 Crores in 2011-12.

5. SECURED LOAN

As of 31st March 2013, secured loans outstanding was Rs. 195.44 Crores as against Rs. 244.22 Crores outstanding as of 31st March 2012

6. FIXED ASSETS

There was an increase in Gross Block of Fixed Assets by Rs. 10.72 Crores; Capital work-in-progress of Rs. 77.19 Lakhs.

7. RETURN ON CAPITAL EMPLOYED

The return on capital employed (ROCE) for the year 2012-13 is 29.27%.

8. DEBTORS

The position of outstanding debtors was:

	As at 31st March, 2013	As at 31st March, 2012
Outstanding for less than six months	335.93	290.93
Outstanding for more than six months	20.06	18.59
Provision for doubtful debts	(20.59)	(18.45)
Total Sundry Debtors	335.41	291.07

9. CASH AND BANK BALANCES

The Cash and Bank Balances represent the Company's balances in banks in India and overseas. The Company also retains funds in the Exchange Earners Foreign Currency (EEFC) account in India, which is mainly used to meet the remittance requirements of the Company's branches and also for travel purposes. The Company possessed cash and bank balances (India and overseas) of Rs. 142.04 Crores as on 31st March, 2013.

10. OTHER CURRENT ASSETS

Other Current Assets of Rs. 93.74 Crores consist mainly of accrued income i.e. where services have been rendered as per contract but the client has not been billed as on 31st March 2013.

11. LOANS AND ADVANCES

The Loans and Advances largely comprise advances recoverable in cash or in kind for value to be received amounting to Rs. 268.50 Crores as on 31st March, 2013 (Previous year: Rs. 247.89 Crores), against which a provision for doubtful advances is Nil (Previous year Rs. 0.19 Crores).

12. CURRENT LIABILITIES & PROVISIONS

Current liabilities amounting to Rs. 382.16 Crores (Previous year Rs. 440.24 Crores) represent payments due to suppliers and advances from customers. Provisions consist mainly of accrual for expenses and provision for tax and dividend.

13. PROVISION FOR TAXATION

The Company's income-tax expense is Rs. 86.07 Crores (Previous year Rs. 77.65 Crores).

14. CONTINGENT LIABILITIES

Contingent Liabilities have been disclosed in Note 31 in the "Notes to the Accounts".

RISK MANAGEMENT

Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risks can come from various avenues like financial markets, project failures, legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attacks from an adversary. The essence of risk management lies in maximizing areas of control over outcome and minimizing areas where the Company has no control over outcome. Risk Management is a dynamic process which should constantly be able to identify all the emerging risks and propose solutions to manage these. The risk perception also constantly varies depending on the size of the business, business segment, location, scale of business. In these challenging business conditions, the Company constantly strives to identify areas of potential risks, understand the risks, devise a system to mitigate and manage the risks.

Risk management is an integral part of the charter of the Board of Directors at Zensar. Your company has set up a Risk Management Council which is responsible for monitoring risk levels on various parameters and/or suggesting measures to address the same. This council works in consultation with the Board of Directors, Audit committee, Management Council Members, Functional and Country heads. The Risk Council has a devised Risk Management Process which is reviewed periodically in the changing economic scenario and industry conditions. It essentially identifies risks by collating information on new and existing risks and also effective mitigation of such risks. The risk management framework at Zensar is as follows:

Risk Identification:

The company identifies internal and external risk factors in the context of organizational strategy. The objective of Risk Identification is to identify all possible risks to which the

company is exposed to, in a timely and proactive manner. Risk Identification methods at Zensar has the following attributes:

1. Examination of all areas of the project in a systematic manner.
2. Being proactive rather than reactive
3. Synthesize risk information from all available sources of risk information.

Risk Assessment:

Once risks have been identified, they are assessed as to their potential severity of loss and to the probability of occurrence.

Risk Prioritization:

The objective of Risk Prioritization is to prioritize the identified risks for mitigation. Both qualitative and quantitative methods can be used to categorize the risks as to their relative severity and potential impact on the company as a whole. To effectively compare identified risks, and to provide a proactive perspective, the risk prioritization method in your company considers the following factors:

- probability of the risk occurring
- consequence of the risk
- cost and resources required to mitigate the risk.

Mitigation Plan:

The Risk Council has designed Risk Mitigation Plan and the same is reviewed periodically.

Monitoring of Risks:

Regular risk monitoring provides management and the Board with assurance that established controls and risk mitigation policies are functioning properly.

Your Company also periodically evaluates its risk bearing capacity and accordingly selects appropriate risk management strategies. The Company sets up processes and internal control measures to mitigate risks. Further, Risks are periodically evaluated to ascertain applicability to changing business scenarios.

Certain risks to which the Company is exposed are listed below:

Client Risk

Excessive exposure to a few clients could impact the Company's revenues and profitability in case of loss of these clients or a significant downsizing of projects given to the Company by these clients.

Risk Mitigation

The Company has been engaged in long-term relationships with its major customers thus mitigating the risk of inconsistent revenues. The Company also, on a periodical basis, updates its clients' credit risk assessment.

Vertical Risk

Zensar may be excessively dependent on select verticals. A downturn in the fortunes of clients in this group or a reduction in their IT spending / budgets, would adversely affect Zensar's own profitability.

Risk Mitigation

Zensar provides solutions to a wide range of verticals spanning across banking & finance, retail, manufacturing, distribution, telecom and utilities segments. Zensar has prudently selected these verticals on the basis of their rapid growth and the critical dependence of these verticals on IT solutions to increase their respective business efficiency. The Company has adequately distributed its business across verticals to mitigate any risk through such exposure.

New Customer Segments

Zensar's capability to execute projects in new customer segments could adversely affect its delivery capabilities due to lack of expertise or domain knowledge.

Risk Mitigation

The Company's ability to execute new projects stems from its strong Research and thorough analysis of the project requirements. Your Company has a policy of doing a meticulous due diligence, advanced studies and thorough research for every project that it undertakes, especially in new customer segments. Risks and potential problem areas peculiar to that segment are first identified; analyzed and alternate solutions to the same are found even before venturing into a new segment.

Geographical Concentration Risk

A high geographical concentration of business could be a risk especially in the event of political and economic instability in the target markets.

Risk Mitigation

The Company is present in the largest IT economies in the world (US, Europe, Japan), which are expected to be least affected even in the event of a slowdown. To cap its geographic risk, Zensar intends to strengthen its presence across other regions like South East Asia, Middle East to name a few.

Technology Obsolescence Risk

The Company's ability to remain competitive depends on the ability to adapt to changing technology. Zensar may also have invested in certain technologies, which may become obsolete in the future.

Risk Mitigation

The Company continuously updates itself in terms of various emerging technologies and trains its resources suitably.

Client Liability Risk

A Client Liability Risk arises in the advent of the failure or deficiency in services rendered to a particular client. Any such deficiency could result in a claim for substantial damages against Zensar.

Risk Mitigation

Zensar pays adequate attention to the negotiation and documentation of contracts wherein an effort is made to limit

the contractual liability for damages arising out of negligent acts, errors, mistakes or omissions in service delivery.

International Exposure Risk

A limited experience in facilities outside India could result in regulatory, export, visa and tax complications, leading to a possible non-compliance of local laws and contractual obligations.

Risk Mitigation

Zensar understands the local country environments systematically which has helped reduce the related risks. Besides, the Company works with local partners, which enables better understanding of the nuances of the respective territories.

Human Resource Risk

A software company has to give special emphasis on its employees given the nature of business. Poor job satisfaction can lead to low productivity, discontent and subsequently attrition in human resources, which could drain valuable knowledge and customer experience and, hence, potentially have an adverse impact on revenues.

Risk Mitigation

The Company continuously creates and maintains a pool of world-class resources by recruiting best talents from leading colleges and from within the industry, imparting efficient and effective training and facilities, blending them into productive resources by creating challenging opportunities on projects. Zensar manages the careers of its employees in order to groom them to assume bigger responsibilities. Zensar's systems measure competencies and create a transparent performance-led incentive system. A number of initiatives have also been taken to make Zensar a fun place to work in.

Foreign Currencies Risk

As the Company's revenues are in Foreign Currencies and expenses are incurred in Rupees, there is an inherent foreign currency exposure, which could impact revenues as well as profitability. Volatility in the currency market may have a further potential impact on the Company.

Risk Mitigation

The Company has an active treasury department which constantly monitors the foreign currency exposures and takes suitable measures to address this risk.

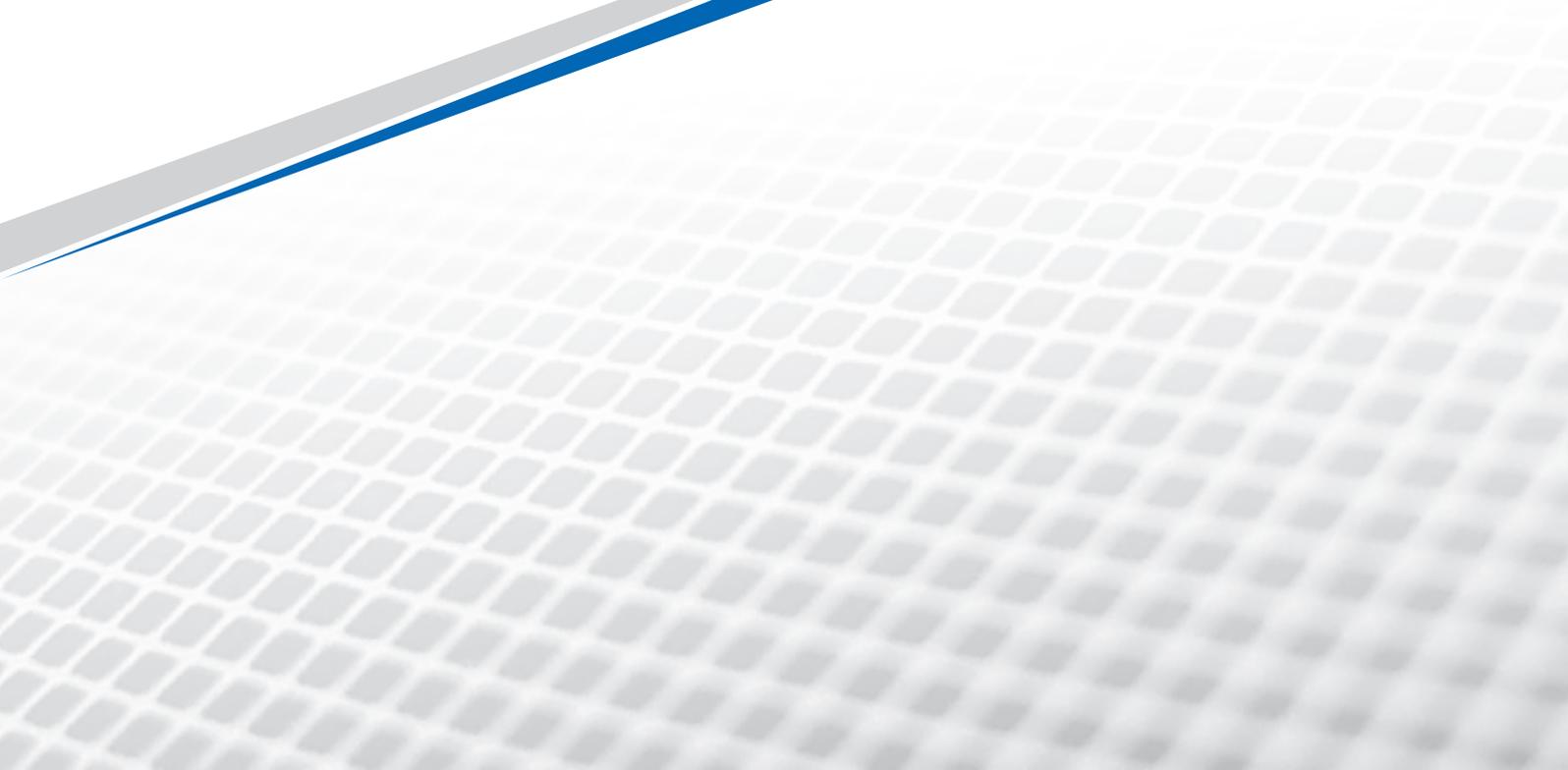
CAUTIONARY STATEMENT

This Report to the Shareholders is in compliance with the Corporate Governance Standard incorporated in the Listing Agreement with the Stock Exchanges and as such cannot be construed as holding out for any forecasts, projections, expectations, invitations, offers, etc. within the meaning of applicable securities laws and regulations. This Report furnishes information as laid down within the different headings provided under the sub-head Management Discussion and Analysis to meet the Listing Agreement requirements.





Financial Statements



Independent Auditors' Report To the Members of Zensar Technologies Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Zensar Technologies Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, 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

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing 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.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Price Waterhouse**

Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number 48125

Place: Pune

Date: April 22, 2013

Annexure to Auditors' Report

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Zensar Technologies Limited on the financial statements as of and for the year ended March 31, 2013

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- ii. (a) The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 4(ii) of the said Order are not applicable to the Company.
- iii. (a) The Company has granted unsecured loans, to two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to Rs. 1,232.12 Lakhs and Rs. 1,214.16 Lakhs, respectively. The Company has not granted any secured/ unsecured loans to firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loans, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, and service tax as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Sales Tax	1.96	Financial Year 1996-97 to 1997-98	Andhra Pradesh High Court
Income Tax Act	Income Tax	7.94	Assessment Year 2006-07	Assessing Officer
Income Tax Act	Income Tax	1.81	Assessment Year 2007-08	Assistant Commissioner of Income Tax
Income Tax Act	Income Tax	41.27	Assessment Year 2009-10	Deputy Commissioner of Income Tax
Income Tax Act	Income Tax	0.09	Assessment Year 2007-08	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	1.13	Assessment Year 2008-09	Income Tax Appellate Tribunal
Income Tax Act	Income Tax	294.74*	Assessment Year 2011-12	Assistant Commissioner of Income Tax
Wealth Tax Act	Wealth Tax	19.19	Assessment Year 2004-05	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	9.57	Financial Year 2005-06	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Service Tax	3.44	Financial Year 2005-06	Commissioner Custom, Central Excise and Service Tax (Appeals)

* The rectification application has been filed by the Company for rectification of the intimation.

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Jeetendra Mirchandani
Partner
Membership Number 48125

Place: Pune
Date: April 22, 2013

ZENSAR TECHNOLOGIES LIMITED

Balance Sheet as at 31st March, 2013

	Note	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	4358.10	4340.98
Reserves and Surplus	4	46537.48	37402.56
		50895.58	41743.54
NON-CURRENT LIABILITIES			
Long-term borrowings	5	317.86	271.75
Long-term provisions	6	801.05	860.95
		1118.91	1132.70
CURRENT LIABILITIES			
Trade Payables	7	2324.64	2375.01
Other current liabilities	8	4083.54	5456.17
Short-term provisions	9	2709.91	3231.62
		9118.09	11062.80
Total		61132.58	53939.04
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible assets	10	7907.96	8602.81
Intangible assets	11	643.92	585.42
Capital work-in-progress		77.20	-
Intangible assets under development		169.15	270.67
		8798.23	9458.90
Non-current investments	12	1091.32	934.99
Deferred Tax Asset	13	1242.27	1171.31
Long-term loans and advances	14	1722.45	2310.53
		12854.27	13875.73
CURRENT ASSETS			
Current Investments	15	4173.66	4681.81
Trade Receivables	16	23070.95	21689.83
Cash and Bank Balances	17	5342.00	3788.29
Short-term loans and advances	18	5110.67	5288.76
Other current assets	19	10581.03	4614.62
		48278.31	40063.31
Total		61132.58	53939.04
Summary of Significant Accounting Policies	2		

The notes are an integral part of these financial statements

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

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

For and on behalf of the Board

Jeetendra Mirchandani
Partner
Membership No. 48125

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 22, 2013

Place : Mumbai
Date : April 22, 2013

STATEMENT OF PROFIT AND LOSS

for the year ended on 31st March, 2013

	Note	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
Revenue from operations			
Software development and allied services		79175.38	67468.91
Sale of Licenses for Software Applications		3331.94	2547.80
Other Operating Revenue	20	1259.23	1257.59
		83766.55	71274.30
Other income	21	3464.94	2791.29
Total Revenue		87231.49	74065.59
Expenses:			
Employee benefits expense	22	45736.48	41136.40
Other expenses	23	21622.89	16598.56
Depreciation and amortization expense	10 and 11	2685.62	2505.08
Finance costs	24	87.84	103.38
Total Expenses		70132.83	60343.42
Profit before taxation		17098.66	13722.17
Tax Expense [See Note 2(q)]			
- Current Tax		5017.01	4436.21
- Deferred Tax		(70.96)	(169.00)
Profit for the year		12152.61	9454.96
Earnings Per Equity Share		Rs.	Rs.
[Face Value: Rs.10 (See Note 25)]			
- Basic		27.93	21.79
- Diluted		27.39	21.55
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.			

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

Jeetendra Mirchandani
Partner
Membership No. 48125

Place : Pune
Date : April 22, 2013

For and on behalf of the Board

H.V. Goenka
Chairman

S. Balasubramaniam
Chief Financial Officer

Place : Mumbai
Date : April 22, 2013

Ganesh Natarajan
Vice Chairman &
Managing Director

Nilesh Limaye
Company Secretary

CASH FLOW STATEMENT for the year ended on 31st March, 2013

(Rs. in lakhs)

	Year ended	
	March 31, 2013	March 31, 2012
A. Cash Flow from Operating Activities :		
Profit before taxation	17098.66	13722.17
Adjustments for		
Depreciation and amortisation	2685.62	2505.08
Dividend Income	(1795.78)	(471.32)
Interest Expense	87.84	103.38
(Profit) / Loss on sale of investments (net)	(33.78)	(0.23)
Interest Income	(193.35)	(186.83)
(Profit) / Loss on sale of tangible assets (net)	10.64	(4.59)
Employee stock compensation expense	27.90	6.62
Provision for doubtful debts	288.32	(73.17)
Provision for doubtful loans and advances	201.27	433.86
	1278.68	2312.80
Operating Profit before Working Capital Changes	18377.34	16034.97
Changes in Working Capital:		
(Increase)/Decrease in long term loans and advances	(116.76)	(459.51)
(Increase)/Decrease in trade receivables	(1768.86)	(7263.32)
(Increase)/Decrease in short-term loans and advances	129.67	(454.33)
(Increase)/Decrease in other current assets	(6321.69)	90.79
Increase/(Decrease) in long term provisions	(63.46)	150.14
Increase/(Decrease) in trade payables	(53.37)	1157.67
Increase/(Decrease) in other current liabilities	(551.45)	228.64
Increase/(Decrease) in short-term provisions	(259.11)	164.61
	(9005.03)	(6385.31)
Cash generated from Operations	9372.31	9649.66
Taxes Paid (net of refunds)	(4434.80)	(2231.43)
	(4434.80)	(2231.43)
Net Cash generated from Operating activities (A)	4937.51	7418.23
B. Cash Flow from Investing Activities		
Purchase of tangible/intangible assets including capital work in progress	(2050.24)	(2065.46)
Sale of tangible assets	13.09	29.96
Investment in subsidiaries	(156.33)	(226.41)
Purchase of current investments	(27603.74)	(25847.92)
Sale of current investments	28145.67	23630.15
Interest Income	193.35	186.83
Dividend Income	1795.78	471.32
Net Cash from Investing Activities (B)	337.58	(3821.53)

CASH FLOW STATEMENT for the year ended on 31st March, 2013 (Contd.)

(Rs. in lakhs)

	Year ended	
	March 31, 2013	March 31, 2012
C. Cash Flow from Financing Activities		
Proceeds from share allotment under Employee Stock Option Schemes	157.12	95.24
Interest paid	(87.84)	(103.38)
Dividends paid on Equity Shares and tax thereon	(3807.95)	(3293.25)
Net Cash used in Financing Activities (C)	(3738.67)	(3301.39)
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	1536.42	295.32
Cash & Cash Equivalents at the beginning of the year	3726.54	3431.23
Cash & Cash Equivalents at the end of the year	5262.96	3726.54

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 reclassified to conform with current year's presentation, where applicable.
- 3 Cash and cash equivalents comprise of:

	(Rs in lakhs)	
	2012-13	2011-12
Cash on Hand	3.17	7.48
Balances with Banks	5259.79	3719.06
Total	5262.96	3726.54

The notes are an integral part of the Cash Flow Statement.

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

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

Jeetendra Mirchandani
Partner
Membership No. 48125

Place : Pune
Date : April 22, 2013

For and on behalf of the Board

H.V. Goenka
Chairman

S. Balasubramaniam
Chief Financial Officer

Place : Mumbai
Date : April 22, 2013

Ganesh Natarajan
Vice Chairman &
Managing Director

Nilesh Limaye
Company Secretary

Notes to the Financial Statement for the year ended 31st March, 2013

1. General Information

Zensar Technologies Limited (the "Company") along with its wholly owned and controlled subsidiaries Zensar Technologies Inc., Zensar Technologies (UK) Limited, Zensar Technologies (Singapore) Pte. Limited, Zensar Advanced Technologies Limited, Zensar Technologies (Shanghai) Company Limited, PSI Holding Group Inc., Zensar Technologies IM Inc. (formerly known as Akibia, Inc.), Akibia B. V. and Aquila Technology Corp. is engaged in providing a complete range of IT Services and Solutions. The Company's industry expertise spans across Manufacturing, Retail, Media, Banking, Insurance, Healthcare and Utilities.

2. Summary of significant Accounting Policies

a. Basis of preparation

The Financial Statements of Zensar Technologies Limited are prepared under historical cost convention as a going concern on accrual basis and to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards notified under section 211(3C), [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956 (the Act).

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

b. Use of estimates

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

c. Revenue Recognition

Revenue from software development and allied 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. Provisions for estimated losses on such engagements are made during the period in which such losses become 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 included 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 licenses for software applications is recognised on transfer of title in the user license.

d. Other Income

- (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.

e. Software development expenses

Application software and software purchased for use in the development of software for customers is charged to revenue over the life of the project.

f. Leases

As a lessee:

Finance Lease

Assets acquired under finance lease agreements are capitalised at the inception of lease, at lower of the fair value and present value of minimum lease payments, and a liability is created for an equivalent amount. Lease rentals are allocated between the liability and the interest cost, so as to obtain a uniform periodic rate of interest on the outstanding liability for each period. The outstanding liability is included in borrowings. The interest cost is charged to the Statement of Profit and Loss over the lease period.

As a lessee:

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.

g. Tangible Assets

Tangible assets are stated at acquisition cost less accumulated depreciation. Cost of tangible asset comprises

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

purchase price, duties, levies and any directly attributable costs of bringing the asset to its working conditions for the intended use, less CENVAT credit.

h. 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.

i. 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. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

I. Tangible Assets

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

Class of Asset	Useful Life	Depreciation Rate
Leasehold Land	95 years	1.05%
Buildings	30 years	3.33%
Plant and Equipment	5 years	20.00%
Office Equipment	5 years	20.00%
Furniture and Fixtures	10 years	10.00%
Data Processing Equipment	4 years	25.00%
Vehicles	5 years	20.00%
Improvements to leasehold premises	5 years	20.00%
Certain Office Equipment and Data Processing Equipment	3 years	33.33%
Employee – perquisite related Assets	5 years	20.00%

II. Intangible Assets

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

Class of Asset	Useful Life	Depreciation Rate
Intangible Assets – Software	1-3 years	33.33%-100%

j. 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.

k. 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.

Investments in overseas subsidiaries and jointly owned entities are recognised at the relevant exchange rates prevailing on the dates of allotment of the investments.

I. Employee Retirement Benefits

i. Superannuation:

The Company has Defined Contribution Plans for Post-employment benefits for all employees in the form of Superannuation Fund administered by the Life Insurance Corporation of India and Family Pension Fund administered by Regional Provident Fund Commissioner. These funds are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as and when incurred.

ii. Gratuity:

The Company has a defined benefit plan for Post-employment benefit in the form of Gratuity for all employees, administered through Life Insurance Corporation of India (LIC), AVIVA Life Insurance Company Private Limited (AVIVA) and a trust which is administered by the trustees. Liability for above defined benefit plan is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

iii. Provident Fund:

The Company has a Post-employment benefit plan in the form of provident fund for all the employees, administered through a Trust. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

iv. 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.

v. Termination Benefits

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

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

m. Foreign Currency 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. 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 recognised 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.

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

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

o. Translation of Foreign operations

Foreign operations are classified as either 'integral' or 'non-integral' operations. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses. The Financial statements of an integral foreign operation are translated using the principles and procedures as if the translations of the foreign operation are those of the Company itself.

p. Employee Stock Option Schemes

Stock options granted to employees under Employee Stock Option Schemes are accounted as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999, issued by the Securities and Exchange Board of India. Accordingly, the excess of the market value of the stock options as on the date of the grant over the exercise price of the options is recognised as deferred employee compensation and is charged to Statement of Profit and Loss over the vesting period. In the case of graded vesting, the vesting period is determined separately for each portion of the option. The unamortised portion of the cost is shown under "Reserves and Surplus".

q. Taxation

Current Tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

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.

Minimum Alternative Tax (MAT)

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay income tax higher than MAT during the specified period.

r. 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.

s. Earnings per share

The basic earnings per share is computed by dividing the net profit for the period attributable to equity share holders 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.

t. Cash and Cash Equivalents

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

Notes to the Financial Statement for the year ended 31st March, 2013

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
3. Share Capital		
Authorised		
47,500,000 (Previous year: 47,500,000) Equity Shares of Rs. 10 each	4750.00	4750.00
250,000 (Previous year: 250,000) Preference Shares of Rs. 100 each	250.00	250.00
	5000.00	5000.00
Issued, Subscribed and fully paid up		
43,580,988 (Previous year: 43,409,774) Equity Shares of Rs. 10 each fully paid-up	4358.10	4340.98
	4358.10	4340.98

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

	2013		2012	
	Nos	(Rs. in lakhs)	Nos	(Rs. in lakhs)
At the beginning of the year	43409774	4340.98	43303786	4330.38
Add: Shares issued on exercise of Employee Stock Options	171214	17.12	105988	10.60
Outstanding at the end of the year	43580988	4358.10	43409774	4340.98

(ii) Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The board of directors in their meeting on January 21, 2013, declared an interim dividend of Rs. 3.50 per equity share. The board of directors in their meeting on April 22, 2013, proposed final dividend of Rs.4.50 per equity share. The total dividend appropriation for the year ended March 31, 2013 amounted to Rs.4051.88 lakhs including corporate dividend tax of Rs.565.57 lakhs.

(iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2013		As at March 31, 2012	
	% Held	Nos	% Held	Nos
RPG Cellular Investments and Holdings Private Limited*	-	-	27.76%	12048406
Electra Partners Mauritius Limited	23.64%	10301294	23.73%	10301294
Summit Securities Limited	10.92%	4758076	10.61%	4604076
Idea Tracom Private Limited	7.11%	3096800	7.13%	3096800
Fidelity Management and Research Company	8.03%	3499999	5.11%	2219584
Swallow Associates LLP*	27.65 %	12048606	-	-

* RPG Cellular Investments and Holdings Private Limited has merged with Swallow Associates LLP w.e.f. March 27, 2012

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

(iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding 31st March, 2013.

Particulars	2011 No of shares	2010 No of shares
(a) Equity shares allotted as fully paid bonus shares by capitalisation of profits transferred from General Reserve.	21589818	-
(b) Equity shares bought back by the company by utilisation of Securities Premium Account and General Reserve	-	2424000

(v) For details of shares reserved for Issue under the Employee Stock Option Plan (ESOP) of the Company, please refer Note 26

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
4. Reserves and Surplus		
Capital Reserve	10.18	10.18
Capital Redemption Reserve	442.40	442.40
Securities Premium Account		
Balance as at the beginning of the year	216.74	129.75
Add: Received during the year on exercise of stock options issued to employees	143.30	86.99
	360.04	216.74
Revaluation Reserve	-	1.56
General Reserve		
Balance as at the beginning of the year	30598.05	22598.05
Add : Transferred from Statement of Profit and Loss	10000.00	8000.00
	40598.05	30598.05
Hedging Reserve		
Balance as at the beginning of the year	(807.04)	319.81
Add : Movement during the year	1358.15	(1126.85)
	551.11	(807.04)
Employee Stock Options		
Employee Stock Options Outstanding	174.02	55.51
Less : Deferred Employee Compensation	124.06	30.16
	49.96	25.35
Foreign Currency Translation Reserve		
Balance as at the beginning of the year	328.68	181.02
Foreign Currency Translation Reserve for the year	(490.31)	147.66
	(161.63)	328.68

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	6586.64	8662.89
Add: Profit for the year	12152.61	9454.96
	18739.25	18117.85
Less: Appropriations		
Interim Dividend	1525.17	1302.13
Proposed Dividend	1961.14	1736.39
Dividend distribution tax on Interim and Proposed dividend on Equity Shares	565.57	492.69
Transfer to General Reserve	10000.00	8000.00
	14051.88	11531.21
Balance as at the end of the year	4687.37	6586.64
	46537.48	37402.56
5. Long-term Borrowings		
Finance Lease Obligation (Secured) [See Note 39 (B)]	317.86	271.75
	317.86	271.75
6. Long-term provisions		
Taxation less payments thereagainst	-	-
Provision for Compensated Absences	722.59	762.84
Provision for Disputed statutory matters (See Note 28)	32.25	32.25
Other Obligations (See Note 28)	46.21	65.86
	801.05	860.95
7. Trade Payables		
Dues to micro and small enterprises (See Note 37)	-	-
Dues to other than micro and small enterprises	2324.64	2375.01
	2324.64	2375.01
8. Other Current liabilities		
Current maturities of finance lease obligation (See Note 39 (B))	171.40	114.72
Deferred Revenue	359.15	501.33
Unpaid Dividends	79.22	61.93
Employee benefits payable	2374.84	2458.67
MTM gain/loss on forward contracts	-	807.04
Withholding and other taxes	456.97	728.72
Other Payables	641.96	783.76
	4083.54	5456.17
9. Short-term provisions		
Taxation less payments thereagainst	-	538.38
Proposed Dividend on Equity Shares	1961.14	1736.39
Tax on proposed dividend	318.15	281.69
Provision for Gratuity	-	308.28
Provision for Compensated Absences	430.62	366.88
	2709.91	3231.62

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

10. Tangible Assets [See Notes 2(f), 2(g), and 2(i)]

(Rs. in Lakhs)

Assets	GROSS BLOCK			DEPRECIATION/IMPAIRMENT				NET BLOCK		
	Cost as at 31st March 2012	Additions during the year	Deletions during the year	Cost as at 31st March 2013	Accumulated Depreciation/Impairment loss as at 31st March 2012	Depreciation during the year	Depreciation written back on deletions	Accumulated Depreciation/Impairment loss as at 31st March 2013	As at 31st March 2013	As at 31st March 2012
Tangible assets:										
Land-										
-Leasehold	264.25	-	-	264.25	28.01	2.78	-	30.79	233.46	236.24
-Freehold	34.67	-	34.18	0.49	21.69	-	21.69	-	0.49	12.98
Buildings	5332.61	4.25	-	5336.86	923.45	177.77	-	1101.22	4235.64	4409.16
Improvement to Leasehold Premises	618.50	96.55	-	715.05	414.99	47.09	-	462.08	252.97	203.51
Plant and Equipment	3934.37	105.94	1.97	4038.34	3044.48	487.87	-	3532.35	505.99	889.89
Furniture and Fixtures	2594.16	75.03	13.00	2656.19	1476.45	267.61	12.10	1731.96	924.23	1117.71
Office Equipment	1000.33	38.67	57.22	981.78	766.20	105.85	56.94	815.11	166.67	234.13
Motor Vehicles	249.46	102.15	66.86	284.75	181.39	43.64	59.57	165.46	119.29	68.07
Data Processing Equipment-Own use	5238.32	587.36	236.21	5589.47	4214.37	561.03	233.85	4541.55	1047.92	1023.95
Data Processing Equipments taken on Finance Lease	448.46	162.22	-	610.68	41.29	148.09	-	189.38	421.30	407.17
T O T A L	19715.13	1172.17	409.44	20477.86	11112.32	1841.73	384.15	12569.90	7907.96	8602.81
Previous year	18648.02	1551.94	484.83	19715.13	9816.41	1765.44	469.53	11112.32	8602.81	

11. Intangible Assets [See Notes 2(h) and 2(i)]

(Rs. in Lakhs)

Assets	GROSS BLOCK			DEPRECIATION/IMPAIRMENT				NET BLOCK		
	Cost as at 31st March 2012	Additions during the year	Deletions during the year	Cost as at 31st March 2013	Accumulated Depreciation/Impairment loss as at 31st March 2012	Depreciation during the year	Depreciation written back on deletions	Accumulated Depreciation/Impairment loss as at 31st March 2013	As at 31st March 2013	As at 31st March 2012
Intangible assets :										
Software	4371.17	902.39	1595.66	3677.90	3785.75	843.89	1595.66	3033.98	643.92	585.42
T O T A L	4371.17	902.39	1595.66	3677.90	3785.75	843.89	1595.66	3033.98	643.92	585.42
Previous year	3729.25	742.12	100.21	4371.17	3136.25	739.64	90.14	3785.75	585.42	

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
12. Non-current Investments		
Investments in Equity Instruments (valued at cost unless otherwise stated)		
(A). Trade		
Unquoted		
Subsidiary Companies		
200,000 (Previous year : 200,000) Shares of an aggregate cost of US\$ 1,000,000 (Previous year : US\$ 1,000,000) of the common stock of Zensar Technologies Inc., USA, no par value	290.30	290.30
300,000 (Previous year : 300,000) Shares of an aggregate cost of S\$ 300,000 (Previous year : S\$ 300,000) of the common stock of Zensar Technologies (Singapore) Pte Ltd. of S\$ 1 each	78.02	78.02
50,000 (Previous year : 50,000) Shares of an aggregate cost of GBP 50,000 (Previous year : GBP 50,000) in Zensar Technologies (UK) Limited	38.51	38.51
20 (Previous year : 20) Equity Shares of JPY 50,000 (Previous year : JPY 50,000) each fully paid-up in Zensar Advanced Technologies Limited	185.82	185.82
Shares of aggregate cost of US\$ 1,000,000 (Previous year : US\$ 700,000) in Zensar Technologies (Shanghai) Limited	498.08	341.75
	1090.73	934.40
(B) Non-Trade		
Quoted		
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited	0.02	0.02
75 (Previous year : 75) Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.05
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in CESC Limited	0.05	0.05
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited	0.04	0.04
760 (Previous year : 760) Equity Shares of Rs. 2 each fully paid-up in KEC International Limited	0.19	0.19
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
13 (Previous year : 13) Equity Shares of Rs. 10 each fully paid up in Summit Securities Limited	0.09	0.09
100 (Previous year : 100) Equity Shares of Rs. 8 each fully paid up in RPG Life Sciences Limited	-	-
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid up in Stel Holdings Limited	-	-
	0.51	0.51
Unquoted		
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
	1091.32	934.99
Aggregate amount of Quoted Investments [Market Value Rs.1.05 lakhs (Previous year: Rs.1.21 lakhs)]	0.51	0.51
Aggregate amount of Unquoted Investments	1090.81	934.48
	1091.32	934.99

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
13. Deferred Tax Asset		
The major components of the deferred tax asset are		
Depreciation	240.00	237.28
Provision for doubtful debts	561.00	446.68
Others	441.27	487.35
	1242.27	1171.31
14. Long-term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Capital Advances	27.05	19.11
Security and other deposits		
- Considered good	646.09	425.76
- Considered doubtful	-	16.00
Loans and advances to Related Parties (Subsidiaries)		
Maximum amount outstanding during the year Rs.1232.12 lakhs (Previous year: Rs. 1234.83 lakhs)]		
- Considered good	72.04	64.47
- Considered doubtful	1142.12	1099.76
Other Loans and Advances		
Prepaid Expenses	294.24	429.48
MAT Credit Entitlement	-	1020.12
Taxes recoverable [taxes paid less provisions Rs. 11678.67 lakhs (Previous year: Rs. 5320.46 lakhs) thereagainst]	683.03	351.59
	2864.57	3426.29
Less : Provision for doubtful Loans and Advances	1142.12	1115.76
	1722.45	2310.53
15. Current Investments (valued at lower of cost or fair value)		
Investments in Mutual Funds		
Unquoted		
997,975 (Previous year: Nil) units of HDFC Floating Rate Income Fund-Short Term Plan Wholesale Option Dividend Reinvestment-Daily Reinvestment	100.60	-
1,000,000 (Previous year: Nil) units of DSP BlackRock FMP-Series 51-12M- Growth Maturity	100.00	-
1,000,000 (Previous year: Nil) units of Axis Fixed Term Plan- Series 33-Growth	100.00	-
Nil (Previous year : 147,383) units of DWS Treasury Fund Cash- Institutional Plan- Daily Dividend -Reinvestment	-	148.12
1,060,037 (Previous year: Nil) units of DWS Ultra Short Term Fund - Institutional Plan- Daily Dividend -Reinvestment	106.19	-
1,213,963 (Previous Year: Nil) units of JP Morgan India Treasury Fund, Super liquid Investment - Daily Dividend Reinvestment	121.50	-

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
10,508 (Previous year: Nil) units of Religare Ultra Short Term Fund- Daily Dividend Reinvestment	105.26	-
Nil (Previous Year : 724,527) units of Kotak Quarterly Interval Plan Series 4 - Growth	-	100.00
26,877 (Previous year: 21,548) units of DSP Blackrock Liquidity Fund- Institutional Plan- Daily Dividend	268.85	215.55
14,785 (Previous year: Nil) units of DSP Blackrock Strategic Bond Fund -Direct Plan-Growth	200.00	-
Nil (Previous Year : 387,746) units of Birla Sunlife Cash plus- Inst. Prem.-Daily Dividend- Reinvestment	-	388.50
119,792 (Previous year: Nil) units of Birla Sunlife Cash plus--Daily Dividend-Regular Plan- Reinvestment	120.03	-
Nil (Previous year: 23,305) units of UTI Liquid Cash Plan Institutional -Growth Option	-	410.00
Nil (Previous year: 1,380,354) units of Kotak Liquid Institutional -Growth	-	290.00
Nil (Previous year: 20,083) units of UTI Money Market Fund-Institutional daily dividend -Reinvestment	-	201.51
Nil (Previous year: 1,000,000) units of Birla Sun Life Short Term FMP Series 29- Dividend-Payout	-	100.00
Nil (Previous year: 47,973) units of Birla Sun Life Savings Fund - Instl.-Growth	-	98.00
996,871 (Previous year: Nil) units of Birla Sun Life Dynamic Bond Fund-Retail-growth Regular plan	195.00	-
369,139 (Previous year: Nil) units of Birla Sun Life Savings Fund - Daily Div - Regular Plan- Reinvestment	369.49	-
Nil (Previous year: 1,933,827) units of HDFC Cash Management Fund- Savings Plan- Daily Dividend Reinvestment	-	205.69
Nil (Previous year: 1,393,988) units of Reliance Liquid Fund - Treasury Plan Institutional Option-Daily Dividend option	-	213.10
633,705 (Previous year: Nil) units of Reliance Quarterly Interval Fund - Series III-Growth Plan-Growth Option	100.00	-
Nil (Previous year: 1,000,000) units of HDFC Quarterly Interval Fund-Plan A- Wholesale Growth	-	100.00
Nil (Previous year: 36,831) units of Axis Liquid Fund - Institutional Daily Dividend reinvestment	-	368.35
Nil (Previous year: 689,469) units of Reliance Quarterly Interval Fund - Series III- Institutional Growth Plan	-	100.00
Nil (Previous year: 849,264) units of UTI Fixed Income Interval Fund -Series II- Quarterly Interval Plan VI-Institutional - Growth Plan	-	100.00
Nil (Previous year: 222,053) units of ICICI Prudential Liquid Super Institutional Plan- Growth	-	352.00
1,156,149 (Previous year: Nil) units of ICICI Prudential Blended Plan B Regular Plan Growth Option	200.00	-
14,930 (Previous year: Nil) units of Kotak Floater Short Term-Daily Div-Reinvestment	151.03	-
4,643,318 (Previous year: Nil) units of Kotak Floater Long Term-Daily Div-Reinvestment	468.04	-

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
20,675 (Previous year: Nil) units of Reliance Liquid Fund - Cash Plan -Daily Dividend option-Reinvestment	230.35	-
4,159,327 (Previous year: Nil) units of Templeton India Ultra Short Bond Fund Super Institutional Plan-Daily Dividend Reinvestment	416.65	-
877,131 (Previous year: Nil) units of HDFC High Interest Fund Short Term Plan-Growth	200.00	-
3,137,516 (Previous year: Nil) units of Kotak Flexi Debt Scheme Plan A-Daily Dividend Reinvestment	315.24	-
Nil (Previous year: 27,993) units of Tata Liquid Super High Investment Fund - Daily Dividend Reinvestment	-	311.99
Nil (Previous year: 573,406) units of Sundaram Interval Fund Qtly- Plan B-Retail Growth	-	80.00
Nil (Previous year: 6,167) units of SBI Premier Liquid Fund- Institutional -Growth	-	105.00
1,451,020 (Previous year: Nil) units of UTI Short Term Income Fund - Institutional Option Direct Plan Growth	200.00	-
10,439 (Previous year: Nil) units of SBI Magnum Insta Cash Fund Liquid Floater-Regular Plan - Daily Dividend Reinvestment	105.43	-
Nil (Previous year: 1,317,750) units of Reliance Liquid Fund- Treasury Plan-Institutional Option- Growth Option	-	344.00
Nil (Previous year: 22,733) units of Tata Liquid Super High Investement Fund- Appreciation	-	450.00
	4173.66	4681.81
16. Trade Receivables		
(Unsecured)		
Debts outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	-	44.94
Considered doubtful	1574.55	1391.97
	1574.55	1436.91
Less : Provision for doubtful debts	1574.55	1391.97
	(A) -	44.94
Other Debts		
Considered good	23070.95	21644.89
Considered doubtful	91.93	76.16
	23162.88	21721.05
Less : Provision for doubtful debts	91.93	76.16
	(B) 23070.95	21644.89
Total (A+B)	23070.95	21689.83
17. Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	3.17	7.48
Balances with Banks :		
In current accounts	3981.36	2708.13
Deposit with original maturity of less than three months	1278.43	1010.93
	5262.96	3726.54
Other Balances with Banks :		
Unpaid dividend accounts	79.04	61.75
	5342.00	3788.29

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
18. Short-term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Security and other deposits	339.48	224.86
Other receivables from Related Parties (subsidiaries)		
- Considered good	1242.30	1243.38
- Considered doubtful	147.06	-
Other Loans and Advances		
Prepaid Expenses	1222.53	1538.00
Balances with Government Authorities	226.85	550.73
MTM gain/loss on forward contracts	551.11	-
Others		
- Considered good	716.07	487.55
- Considered doubtful	-	2.54
MAT Credit Entitlement	812.33	1244.24
	5257.73	5291.30
Less : Provision for doubtful Loans and Advances	147.06	2.54
	5110.67	5288.76
19. Other Current Assets		
Accrued Income (Unbilled Services)	10573.32	4607.87
[Includes dues from subsidiary companies Rs. 7597.73 lakhs (Previous year: Rs. 2734.90 lakhs)]		
Interest accrued on deposits	7.71	6.75
	10581.03	4614.62
20. Other Operating Revenue		
- Finders' fees	503.63	534.71
- Provisions no longer required and credit balances written back	328.31	343.78
- Net profit on sale of fixed assets	-	4.59
- Miscellaneous Income	427.29	374.51
	1259.23	1257.59
21. Other Income		
Dividend Income :		
- From Subsidiaries	1599.53	329.63
- On Current Investments	196.25	141.69
	1795.78	471.32
Net profit on sale of current investments - Non Trade	33.78	0.23
Interest Income :		
-On Deposits with banks	108.99	100.68
-On Loans to subsidiaries	54.96	51.81
-On Income Tax refund	22.38	-
-On Others	7.02	34.34
	193.35	186.83
Exchange gain (net) [See Note 2(m),(n) and (o)]	1442.03	2132.91
	3464.94	2791.29

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
22. Employee benefit expenses		
Salaries, Wages and Bonus	42970.77	38232.62
Contribution to Provident and other funds	1690.45	1855.28
Staff Welfare	1047.36	1041.88
Employee Stock Compensation Expense	27.90	6.62
	45736.48	41136.40
23. Other Expenses		
Travelling and conveyance	4202.27	3012.32
Cost of manpower hired	2126.94	1636.41
Recruitment Expenses	239.39	313.54
Training Expenses	172.44	140.52
Electricity and Power	977.33	911.48
Rent	3020.10	2407.29
Repairs and Maintenance to :		
-Plant and Machinery	216.24	170.91
-Building	948.01	863.08
-Others	102.48	81.39
	1266.73	1115.38
Insurance	956.55	799.55
Rates and Taxes	129.92	107.93
Consumable Media	298.67	211.33
Legal and Professional Charges	2375.04	801.34
Postage, Telephone and E-Mail	815.11	862.39
Stationery and Printing	62.69	71.20
Carriage, Freight and Octroi	11.56	7.68
Vehicle Running expenses	132.86	192.49
Advertisement and Publicity	686.73	478.24
Loss on sale of fixed assets	10.64	-
Purchases of Licenses for Software Applications	3113.93	2343.19
Bad Debts written off	-	249.48
Directors' Fees	9.15	7.70
Directors' Commission	183.00	143.00
Claims/Deposits written off	4.98	-
Provision for Doubtful Debts	288.32	-
Provision for Doubtful Loans and Advances	201.27	433.86
Investment written off	-	45.78
Miscellaneous Expenses (See Note 32)	337.27	306.46
	21622.89	16598.56
24. Finance cost		
Interest	9.88	13.63
Bank Charges	77.96	89.75
	87.84	103.38

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	Year ended 31st March, 2013 (Rs. in lakhs)	Year ended 31st March, 2012 (Rs. in lakhs)
25. Earnings Per Share (EPS)		
(a) Profits attributable to equity shareholders (Rs. in lakhs)	12152.61	9454.96
(b) Basic Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year	43504425	43387990
Basic EPS (Rs.)	27.93	21.79
(c) Diluted Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year	43504425	43387990
Effect of dilutive issue of stock options	857089	483731
Weighted average no. of equity shares outstanding for Diluted EPS	44361514	43871721
Diluted EPS (Rs.)	27.39	21.55

26. Employee Stock Option Schemes

Currently the Company has instituted two Employees Stock Option Plans. The Compensation Committee of the Board approves the grant of options. Options vest with employees over specified time periods subject to fulfilment of certain conditions.

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

	2012-13		2011-12	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	339196	75.74	374794	74.82
Exercised during the year	68722	73.46	25428	68.86
Cancelled during the year	6620	55.85	10170	58.94
Balance unexercised options	263854	76.84	339196	75.74
Exercisable at end of year	263854	76.84	330356	76.16

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

	2012-13		2011-12	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	1433768	120.73	1079068	102.44
Granted during the year	318000	228.84	611000	150.00
Exercised during the year	102492	104.05	80560	96.49
Cancelled during the year	105904	143.23	175740	121.30
Balance unexercised options	1543372	142.57	1433768	120.73
Exercisable at end of year	693736	103.94	634368	97.79

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

27. Related Party Disclosures

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

(i) Parties where control exists

a. Wholly owned subsidiaries:

Zensar Technologies, Inc., USA
Zensar Technologies (UK) Limited
Zensar Technologies (Singapore) Pte. Limited
Zensar Advanced Technologies Limited
Zensar Technologies (Shanghai) Company Limited
PSI Holding Group Inc.
Zensar Technologies IM Inc.(formerly known as Akibia, Inc.)
Akibia, B.V.
Aquila Technology Corp.

b. Parties having control (directly or indirectly):

Chatrapati Investments Limited
Pedriano Investments Limited
Summit Securities Limited
Electra Partners Mauritius Limited
Instant Holdings Limited
Swallow Associates LLP

(ii) Key Management Personnel

Dr. Ganesh Natarajan
Mr. S. Balasubramaniam
Mr. Sanjay Marathe
Ms. Prameela Kalive
Mr. Hiren Kulkarni (upto 19th October,2012)
Mr. Ajay Bhandari
Mr. Krishna Ramaswami
Mr. Yogesh Patgaonkar
Mr. Sanjay Rawa
Mr. Gopalji Mehrotra (upto 31st July,2011)

Transactions with Related Parties

(Rs. in lakhs)

Sr No.	Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
		2012-13	2011-12	2013		2012	
				Receivable	Payable	Receivable	Payable
A. Rendering of Software Services							
1	Wholly owned subsidiaries:						
(i)	Zensar Technologies Inc., USA	41136.20	33786.70	23739.92	-	16615.56	-
(ii)	Zensar Technologies (UK) Limited	8023.29	9034.26	1214.05	-	1952.96	-
(iii)	Others	713.57	123.00	408.13	-	35.38	-
	Total of rendering of Software Services	49873.06	42943.96	25362.10	-	18603.90	-
B. Receipt of Software Services							
1	Wholly owned subsidiaries						
(i)	Zensar Technologies (Singapore) Pte. Limited	65.64	64.55	-	5.17	-	38.63
(ii)	Zensar Technologies (Shanghai) Company Limited	134.89	-	-	15.03	-	-
	Total of Receipt from Software Services	200.53	64.55	-	20.20	-	38.63
C. Rendering of Other Services							
1	Wholly owned subsidiaries:						
(i)	Zensar Technologies, Inc., USA (Finder's Fee)	361.14	407.59	194.22	-	192.33	-
(ii)	Zensar Technologies (UK) Limited (Finder's Fee)	142.49	127.12	9.43	-	127.12	-
	Total of rendering of Other Services	503.63	534.71	203.65	-	319.45	-
D. Reimbursement of expenses incurred							
1	Wholly owned subsidiaries:						
(i)	Zensar Technologies, Inc., USA	1387.04	1089.63	632.37	-	703.13	-
(ii)	Zensar Technologies (UK) Limited	812.47	875.90	96.08	-	105.59	-
(iii)	Others	256.23	95.75	*530.62	24.78	406.42	94.69
	Total reimbursement of expenses incurred	2455.74	2061.28	1259.07	24.78	1215.14	94.69
E. Other Income (Guarantee commission)							
(i)	Zensar Technologies, Inc., USA	262.08	255.30	129.94	-	133.39	-
	Total Guarantee commission	262.08	255.30	129.94	-	133.39	-

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

Transactions with Related Parties

(Rs. in lakhs)

Sr No.	Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
		2012-13	2011-12	2013		2012	
				Receivable	Payable	Receivable	Payable
F. Equity Contribution							
1	Wholly owned subsidiaries:						
(i)	Zensar Technologies (Shanghai) Company Limited	156.33	226.41	-	-	-	-
	Total of Equity Contributions	156.33	226.41	-	-	-	-
G. Loans granted/(repaid)							
	Wholly owned subsidiaries:						
(i)	Zensar Advanced Technologies Limited	-	-	**972.67	-	**972.85	-
(ii)	Zensar Technologies (Shanghai) Company Limited	-	-	65.15	-	61.06	-
	Total of loans granted/(repaid)	-	-	1037.82	-	1033.91	-
H. Interest on Unsecured Loans							
1	Wholly owned subsidiaries:						
(i)	Zensar Advanced Technologies Limited	51.47	63.09	**169.45	-	**126.91	-
(ii)	Zensar Technologies (Shanghai) Company Limited	3.49	3.10	6.90	-	3.41	-
	Total of interest on Unsecured Loan	54.96	66.19	176.35	-	130.32	-
I. Remuneration to Key Management Personnel ***							
(i)	Dr. Ganesh Natarajan	391.90	191.06	-	-	-	-
(ii)	Mr. S. Balasubramaniam	55.67	47.51	-	-	-	-
(iii)	Mr. Sanjay Marathe	109.81	57.02	-	-	-	-
(iv)	Others	288.93	203.86	-	-	-	-
	Total remuneration of Key Management Personnel	846.31	499.45	-	-	-	-

* A provision of Rs. 147.06 lakhs (Previous year : Rs. Nil) has been made against the reimbursement of expenses incurred

** A provision of Rs. 1142.12 lakhs (Previous year : Rs. 1099.76 lakhs) has been made against the above loan and interest outstanding

*** Includes the income tax perquisite value of Employee stock options

28. Disclosure as per Accounting Standard – 29

(Rs. in lakhs)

Particulars	2012-13			2011-12		
	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	32.25	65.86	98.11	32.25	60.40	92.65
Additions	-	11.67	11.67	-	11.67	11.67
Utilisations	-	31.32	31.32	-	6.21	6.21
Closing Balance	32.25	46.21	78.46	32.25	65.86	98.11

A. Disputed Statutory matters mainly include:

- Provision for disputed statutory liabilities comprises matters under litigation with Sales-Tax, Customs Duty and ESI authorities.
- The amount of provisions made by the Company is based on the estimates made by the Management considering the facts and circumstances of each case.
To the extent the Company is confident that it has a strong case, that portion is disclosed under contingent liabilities.
- The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.

B. Provisions for Other Obligations mainly include provisions for rent related litigations with previous landlords. The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

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

(A) Defined Contribution Plans

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

	March 31, 2013 (Rs. in lakhs)	March 31, 2012 (Rs. in lakhs)
(a) Contribution to Employees' Family Pension Fund	320.29	318.54
(b) Contribution to Employees' Superannuation Fund	25.33	26.06
	345.62	344.60

(B) Defined Benefit Plans- Gratuity

(i) Changes in the Present Value of Obligation

	For the year ended March 31, 2013 (Rs. in lakhs)	For the year ended March 31, 2012 (Rs. in lakhs)
(a) Present Value of Obligation as at beginning of the year	2309.32	1902.38
(b) Interest Cost	196.29	161.7
(c) Past Service Cost	-	-
(d) Current Service Cost	443.30	351.17
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Benefits Paid	(246.67)	(203.37)
(h) Actuarial (Gain)/Loss	(180.62)	97.44
(i) As at end of the year	2521.62	2309.32

(ii) Changes in the Fair value of Plan Assets

	For the year ended March 31, 2013 (Rs. in lakhs)	For the year ended March 31, 2012 (Rs. in lakhs)
(a) Present Value of Plan Assets as at beginning of the year	2001.04	1634.05
(b) Expected Return on Plan Assets	170.09	138.89
(c) Actuarial Gain/(Loss)	60.43	(40.24)
(d) Contributions	554.96	471.71
(e) Benefits Paid	(246.67)	(203.37)
(f) As at end of the year	2539.85	2001.04

(iii) Amount recognised in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

	For the year ended March 31, 2013 (Rs. in lakhs)	For the year ended March 31, 2012 (Rs. in lakhs)
(a) Present Value of Funded Obligation	2521.62	2309.32
(b) Fair Value of Plan Assets	2539.85	2001.04
(c) Present Value of Unfunded Obligation	-	-
(d) Net (Asset)/Liability recognised in the Balance Sheet	(18.23)	308.28

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

(iv) Expenses recognised in the Statement of Profit and Loss

	For the year ended March 31, 2013 (Rs. in lakhs)	For the year ended March 31, 2012 (Rs. in lakhs)
(a) Current Service Cost	443.30	351.17
(b) Past Service Cost	-	-
(c) Interest Cost	196.29	161.7
(d) Expected Return on Plan Assets	(170.09)	(138.89)
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Net actuarial (Gain)/Loss	(241.05)	137.69
(h) Employees' Contribution	-	-
(i) Total Expenses recognised in the Statement of Profit and Loss	228.45	511.67
(v) As at 31st March, 2013 and 31st March, 2012, the plan assets have been primarily invested in insurer managed funds.		
(vi) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.		

	2012-2013 (Rs. in lakhs)	2011-2012 (Rs. in lakhs)
vii The Actual Return on Plan Assets is as follows		
Actual return on plan assets	230.52	98.65

(viii) Gratuity Plan

Particulars	2012-13 (Rs. in lakhs)	2011-12 (Rs. in lakhs)	2010-11 (Rs. in lakhs)	2009-10 (Rs. in lakhs)
(a) Defined Benefit Obligations	2521.62	2309.32	1902.38	1454.34
(b) Plan Assets	2539.85	2001.04	1634.05	1161.37
(c) Surplus/(Deficit)	(18.23)	308.28	268.33	292.87
(d) Experience Adjustment on Plan Liabilities	(180.62)	97.44	85.04	154.96
(e) Experience Adjustment on Plan Assets	60.43	(40.24)	(29.13)	22.76

(ix) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

	2013	2012
(a) Discount Rate	8.25%	8.50%
(b) Expected Rate of Return on Plan Assets	8.25%	8.50%
(c) Salary Escalation Rate - Management Staff	5.50%	5.50%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

(C) Defined Benefit Plans- Provident Fund

(i) Changes in the Present Value of Obligation

Particulars	2013 (Rs. in lakhs)
(a) Present Value of Benefit Obligation as at the beginning of the year	9771
(b) Interest Cost	739
(c) Current Service Cost	957
(d) Employee Contribution	1405
(e) Liability Transferred In	329
(f) (Liability Transferred Out)	-
(g) (Benefit Paid)	(1318)
(h) Actuarial (Gains)/Losses On Obligations	58
(i) As at end of the year	11941

(ii) Changes in the Fair value of Plan Assets

(Restricted to the extent of Present Value of Obligation)

Particulars	2013 (Rs. in lakhs)
(a) Fair Value of Plan Assets at the beginning of the year	9771
(b) Expected Return on Plan Assets	739
(c) Contributions	2362
(d) Transfer From Other Company	329
(e) (Transfer to Other Company)	-
(f) (Benefit Paid)	(1318)
(g) Actuarial (Gains)/Losses On Plan Assets	58
(h) As at end of the year	11941

(iii) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

	For the year ended March 31, 2013 (Rs. in lakhs)	For the year ended March 31, 2012 (Rs. in lakhs)
(a) Fair Value of Plan Assets at the end of Period	11941	9901
(b) Present Value of Benefit Obligation as at the end of the Period	11941	9859

(iv) Expenses recognised in the Statement of Profit and Loss

	For the year ended March 31, 2013 (Rs. in lakhs)
(a) Current Service Cost	957
(b) Interest Cost	739
(c) (Expected Return on Plan Assets)	(739)
(d) Surplus Utilised	58
(e) Interest Shortfall	(58)
(f) Total Expenses recognised in the Income Statement	957

(v) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

	2012-13
(a) Discount Rate	8.25%
(b) Expected Rate of Return on Plan Assets	8.50%

Plan Assets have been primarily invested in securities of Central Government of India, State Government and Bonds

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

30. Capital Commitments

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 27.04 lakhs (Previous year : Rs. 19.11 lakhs)]	410.95	142.06

31. Contingent Liabilities

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
(a) Income Tax:		
Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.	637.73	637.73
Matters on which the Company is in appeal	321.67	773.84
(b) Sales Tax / Value Added Tax:		
Claims against the Company regarding sales tax against which the Company has preferred appeals.	157.35	20.80
(c) Claims against the Company regarding service tax against which the Company has preferred appeal.	14.73	23.63
(d) Claim in respect of rented premises.	188.61	176.94
(e) Claims against the Company not acknowledged as debts.	62.28	62.28
(f) Issuance of Stand by Letter of credit by the Company's bankers in respect of term loan taken by the wholly owned subsidiary. The loan taken by the subsidiary is secured by way of hypothecation of the current and movable assets and mortgage of immovable assets of the Company.	19544.40	24422.40
(g) Customs Duty:		
From 1969 to 1979, customs duty has been provided on the basis of provisional assessments, which are not admitted by the Customs Authorities. Pending settlement of the foregoing, a deposit of Rs. 6.79 lakhs (Previous year: Rs. 6.79 lakhs) has been made and bonds aggregating to Rs. 54.43 lakhs (Previous year: Rs. 54.43 lakhs) guaranteed by the General Insurance Corporation of India have been executed. From 16th August 1988 to 31st March 1993, pursuant to changes in the Customs Valuation Rules, the Customs Authorities have cleared the Company's consignments on provisional basis on execution of bonds aggregating Rs. 1618.45 lakhs (Previous year: Rs. 1618.45 lakhs), representing the entire value of the import consignments. Adjustments, if any, on this account, would be made as and when the assessments are finalised. The Company has been legally advised that the liability on this account is not expected to exceed Rs. 31.00 lakhs (Previous year: Rs. 31.00 lakhs), which has been provided for.		

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
32. Miscellaneous Expenses include Auditors' Remuneration and Expenses as under:		
(a) As auditors	48.50	38.50
(b) As advisors, or in any other capacity, in respect of other services	20.75	22.01
(c) Out of pocket expenses reimbursed [for (a) and (b) above]	4.06	4.80
33. Earnings in foreign exchange		
Fees for technical services outside India in connection with development / production of Computer Software (including finders' fees)	77399.29	64352.72

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

34. Expenditure in foreign currency

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
(subject to deduction of tax at source, where applicable)		
(a) Travelling (including Salaries & allowances to staff on deputation to other countries)	13359.57	9928.17
(b) Professional and Consultation fees	269.70	145.67
(c) Link Charges	7.68	9.84
(d) Others	2591.77	2077.84

35. Value of imports calculated on C.I.F. basis

(a) Software	43.94	30.69
(b) Capital Goods	481.16	357.99

36. Remittance in foreign currency on account of dividend to non-resident shareholders

Final dividend

(a) Number of shareholders	1	1
(b) Number of shares on which dividend was paid	1030922	1030922
(c) Financials to which dividend relates	2011-12	2010-11
(d) Amount of dividend remitted (Rs. in Lakhs)	41.24	36.08

Interim dividend

(a) Number of shareholders	1	1
(b) Number of shares on which dividend was paid	1030922	1030922
(c) Financials to which dividend relates	2012-13	2011-12
(d) Amount of dividend remitted (Rs. in Lakhs)	36.08	30.93

37. Dues to Micro, Small and Medium enterprises

The Company has compiled this information based on the current information in its possession. As at 31st March 2013, no supplier has intimated the Company about its status as a Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

38. Expenditure on Research and Development

The Department of Scientific and Industrial Research had accorded the recognition as In-House R&D unit to the Company. The Company has incurred capital expenditure amounting to Rs.94.76 lakhs (Previous year: Rs. 90.74 lakhs) and revenue expenditure amounting to Rs. 8.52 lakhs (Previous year : Rs. 0.26 lakhs) on development activities during the year.

39. Lease Obligations

(A) Operating leases

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next five years. Rental expense incurred by the Company under operating lease agreements totaled approximately Rs. 3020.10 lakhs (Previous year Rs. 2407.29 lakhs)

Total minimum lease payments in respect of non-cancellable operating leases

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

Particulars	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
Not later than one year	605.19	295.63
Later than one year and not later than five years	757.40	185.08
(B) Finance lease: Company as lessee		
(a) Minimum lease rentals payable		
(i) not later than one year	186.77	121.16
(ii) later than one year but not later than five years	372.36	316.42
(iii) later than five years	-	-
Total	559.13	437.58
(b) Present value of minimum lease payments		
(i) not later than one year	171.40	114.72
(ii) later than one year but not later than five years	317.86	271.75
(iii) later than five years	-	-
Total	489.26	386.47
(c) Reconciliation of minimum lease payments and present value		
Minimum lease rentals payable as per (a) above	559.13	437.58
Less: Finance charges to be recognized in subsequent periods	69.87	51.11
Present value of minimum lease payments payable as per (b) above	489.26	386.47
(d) Nature of Security:		
Finance Lease Obligations are secured by hypothecation of assets underlying the leases.		
(e) Terms of Repayment:		
Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the lease.		

40. Forward contracts and options outstanding

	2013	2012
(a) Forward Contracts		
In US \$	25755000	23000000
(Equivalent approximate in Rs. lakhs)	13982.39	11702.40
In GBP £	800000	200000
(Equivalent approximate in Rs. lakhs)	657.26	163.04
(b) As of the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by derivative instruments or otherwise is Rs.17776 lakhs (Previous year : Rs. 13774 lakhs)		

41. Previous Year Figures

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

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

Jeetendra Mirchandani
Partner
Membership No. 48125

Place : Pune
Date : April 22, 2013

For and on behalf of the Board

H.V. Goenka
Chairman

S. Balasubramaniam
Chief Financial Officer

Place : Mumbai
Date : April 22, 2013

Ganesh Natarajan
Vice Chairman &
Managing Director

Nilesh Limaye
Company Secretary

Section 212 Information Financial Information of Subsidiaries

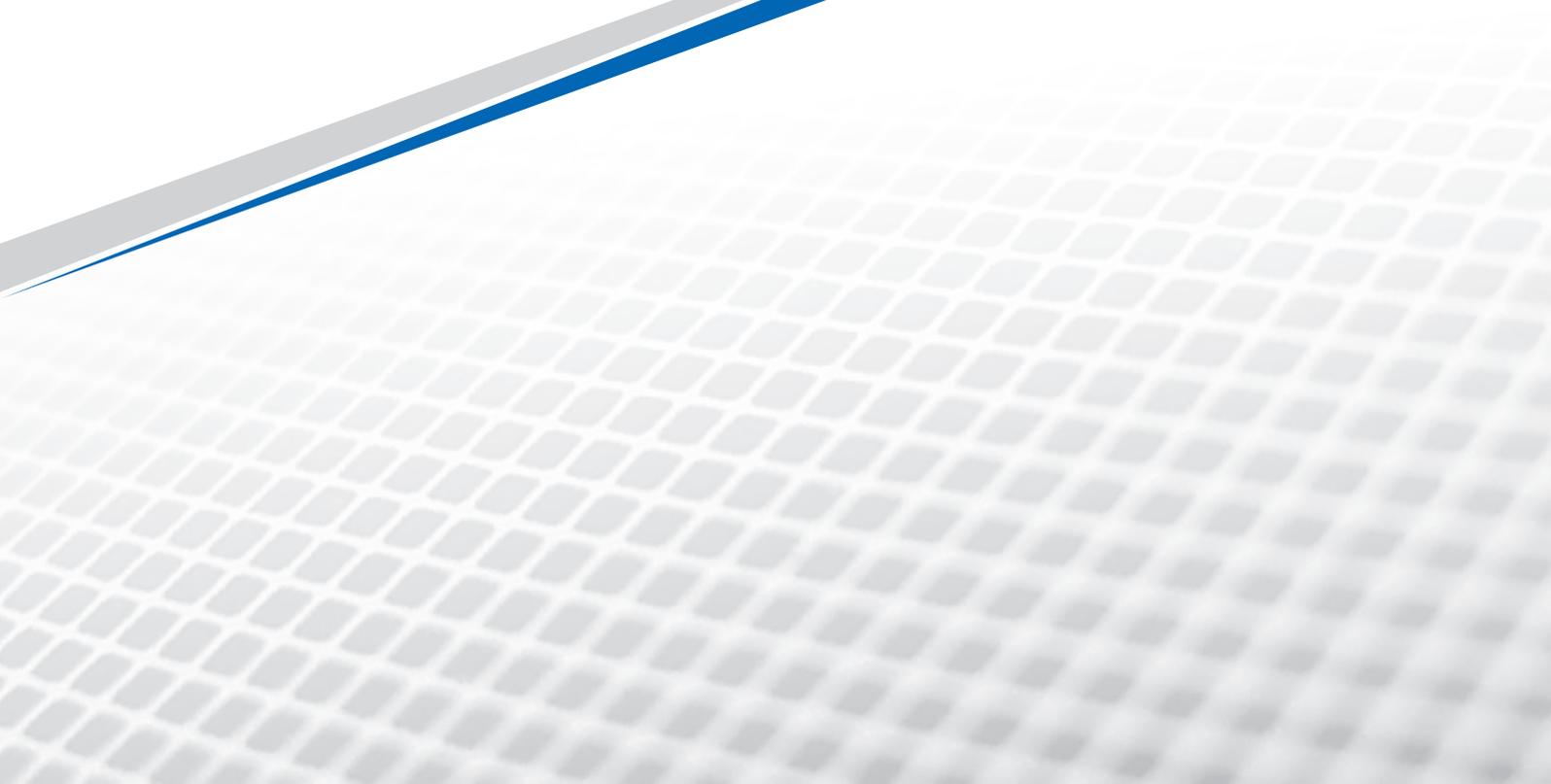
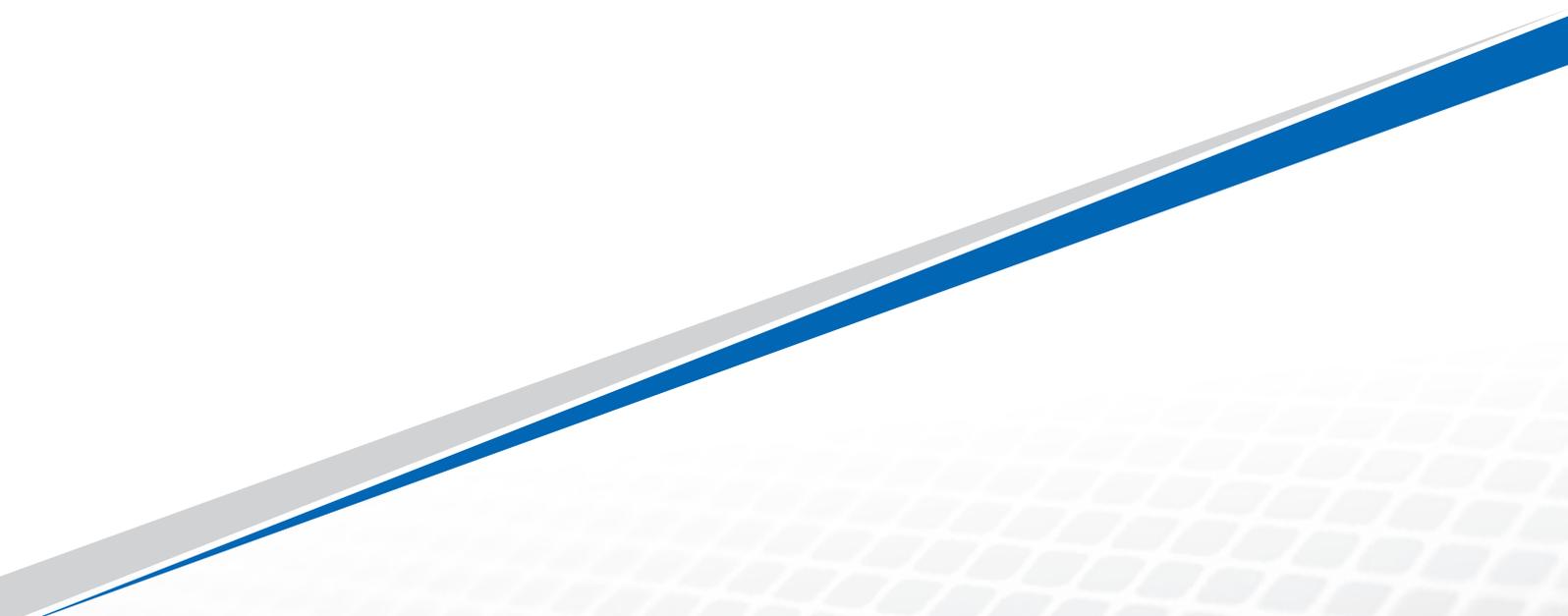
Rs in Lakhs

Name of Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
Zensar Technologies, Inc.	290.30	13,340.07	63,883.54	50,253.17	-	92,161.28	5,565.21	1,915.29	3,649.92	-
Zensar Technologies (UK) Limited	38.51	3,057.91	6,992.77	3,896.35	-	18,570.48	1,414.11	334.51	1,079.60	410.79
Zensar Technologies (Singapore) Pte. Limited	78.02	621.80	1,313.67	613.85	-	5,007.20	634.22	78.28	555.94	-
Zensar Advanced Technologies Limited	3.43	(1,383.19)	267.92	1,647.68	-	766.01	(248.65)	-	(248.65)	-
Zensar Technologies (Shanghai) Co. Limited	504.85	(294.81)	440.37	230.33	-	623.11	(26.38)	-	(26.38)	-
PSI Holding Group, Inc.	-	224.87	276.42	51.55	-	373.52	55.16	-	55.16	-
Zensar Technologies IM, Inc (Erstwhile Akibia, Inc.)	-	11,676.24	25,857.14	14,269.18	88.27	53,677.52	2,559.78	1,282.52	1,277.26	-
Akibia, B.V.	-	613.02	2,541.60	1,928.58	-	7,317.37	(17.45)	(62.43)	44.98	-
Aquila Technology Corp.	-	534.20	608.92	74.72	-	1,609.05	416.13	-	416.13	-





Consolidated
Financial
Statements



Independent Auditors' Report on the Consolidated Financial Statements of Zensar Technologies Limited

To the Board of Directors of Zensar Technologies Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Zensar Technologies Limited ("the Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note [1A] to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, 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 Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing 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 consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We did not audit the financial statements of two subsidiaries included in the consolidated financial statements, which constitute total assets of Rs 615 lakhs and net assets of Rs 498 lakhs as at March 31, 2013, total revenue of Rs. 1,051.15 lakhs, net loss of Rs 275 lakhs and net cash flows amounting to Rs 3 lakhs 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 consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

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

Opinion

7. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements under Section 211(3C) of the Companies Act, 1956.

8. Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 5 above, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number 48125

Place: Pune

Date: April 22, 2013

ZENSAR TECHNOLOGIES LIMITED

Balance Sheet As at 31st March, 2013

	Note No.	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	4358.10	4340.98
Reserves and Surplus	3	68531.97	53250.80
		72890.07	57591.78
NON-CURRENT LIABILITIES			
Long-term borrowings	4	13347.46	18588.55
Trade Payables	5	-	24.47
Other Long-term liabilities	6	1269.82	595.77
Long-term provisions	7	2393.97	2085.41
		17011.25	21294.20
CURRENT LIABILITIES			
Trade Payables	8	10592.30	13370.18
Other current liabilities	9	22076.82	24940.61
Short-term provisions	10	3153.30	3603.43
		35822.42	41914.22
Total		125723.74	120800.20
ASSETS			
NON CURRENT ASSETS			
Fixed Assets	11		
Tangible assets		9784.72	9763.81
Intangible assets		29899.67	27998.55
Capital work-in-progress		77.19	-
Intangible assets under development		169.15	270.68
		39930.73	38033.04
NON-CURRENT INVESTMENTS	12	76.36	95.46
Deferred Tax Assets (Net)	13	2430.69	2356.99
Long-term loans and advances	14	2940.73	3227.10
		45378.51	43712.59
CURRENT ASSETS			
Current Investments	15	4173.69	4681.81
Inventories	16	10488.62	9497.65
Trade Receivables	17	33541.06	29107.38
Cash and Bank Balances	18	14204.25	17448.47
Short-term loans and advances	19	8563.13	9812.39
Other current assets	20	9374.48	6539.91
		80345.23	77087.61
Total		125723.74	120800.20
Summary of Significant Accounting Policies	1		
The accompanying notes (1 to 36) are an integral part of financial statements			

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

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

Jeetendra Mirchandani
Partner
Membership No. 48125

For and on behalf of the Board

H.V. Goenka
Chairman

S. Balasubramaniam
Chief Financial Officer

Ganesh Natarajan
Vice Chairman &
Managing Director

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 22, 2013

Place : Mumbai
Date : April 22, 2013

STATEMENT OF PROFIT AND LOSS

for the year ended on 31st March, 2013

	Note No.	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
Revenue from operations			
Software development and allied services		146950.57	119289.74
Sale of Licenses for Software Applications		3449.46	2708.61
Service revenue		37325.87	34320.82
Product revenue		23726.06	21928.73
Other Operating revenue	21	1428.58	1173.05
		212880.54	179420.95
Other income	22	342.28	3006.78
Total revenue		213222.82	182427.73
Expenses:			
Purchase of network and security products		20341.06	18582.68
(Increase)/Decrease in inventories	16	(990.97)	(1142.41)
Employee benefits expense	23	102461.22	92653.25
Other expenses	24	61040.66	44429.43
Depreciation and amortization expense	11	3315.92	3333.67
Finance costs	25	994.55	934.45
Total expenses		187162.44	158791.07
PROFIT BEFORE TAXATION		26060.38	23636.66
Tax Expense [Refer note 1(l)]			
- Current Tax		8674.14	7888.62
- Deferred Tax		(66.98)	(122.67)
PROFIT AFTER TAXATION		17453.22	15870.71
Earnings Per Equity Share (Face Value Rs. 10):		Rs.	Rs.
(See Note 32)			
- Basic		40.12	36.58
- Diluted		39.34	36.17
The accompanying notes (1 to 36) are an integral part of financial statements			

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

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

For and on behalf of the Board

Jeetendra Mirchandani
Partner
Membership No. 48125

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman &
Managing Director

S. Balasubramaniam
Chief Financial Officer

Nilesh Limaye
Company Secretary

Place : Pune
Date : April 22, 2013

Place : Mumbai
Date : April 22, 2013

CASH FLOW STATEMENT for the year ended on 31st March, 2013

(Rs. in lakhs)

	Year ended	
	March 31, 2013	March 31, 2012
A. Cash Flow from Operating Activities :		
Net Profit before Taxation	26060.38	23636.66
Adjustments for		
Depreciation and Amortisation	3315.92	3333.67
Dividend Income	(196.25)	(141.69)
Finance Cost	994.55	934.45
(Profit) / Loss on Sale of Investments (net)	-	(0.23)
Interest Income	(146.03)	(148.04)
(Profit) / Loss on Sale of tangible assets (net)	11.87	(0.39)
Employee Stock Compensation Expense	27.90	6.62
Provision for Doubtful Debts	348.39	549.23
Provision no longer required and written back	(800.38)	(647.33)
	3555.97	3886.29
Operating Profit before Working Capital Changes	29616.35	27522.95
Changes in Working Capital :		
(Increase) in long term loans and advances	(393.36)	(239.60)
(Increase) in trade receivables	(4696.73)	(10429.08)
(Increase)/decrease in short-term Loans and Advances	778.89	(1685.75)
(Increase) in other Current Assets	(2783.97)	(657.98)
Increase/(decrease) in other Long term liabilities	863.34	(117.05)
Increase in long term provisions	303.05	360.61
Increase/(decrease) in trade payables-Current	(1942.20)	4208.51
Increase/(decrease) in trade payables-Non Current	(24.03)	24.47
Increase/(decrease) in other current liabilities	(2435.20)	3836.28
Increase/(decrease) in short-term Provisions	(213.62)	145.19
(Increase) in inventories	(973.29)	(903.92)
	(11517.12)	(5458.32)
Cash generated from Operations	18099.23	22064.63
Taxes (Paid) / Received [net of refunds]	(7497.62)	(4712.45)
	(7497.62)	(4712.45)
Net Cash from Operating activities (A)	10601.61	17352.18
B. Cash Flow from Investing Activities		
Purchase of tangible/intangible assets including Capital Work in Progress	(3356.01)	(2661.99)
Sale of tangible assets	14.46	33.60
Purchase of current investments	(27603.74)	(25847.92)
Sale of current investments	28130.95	23629.69
Interest Income	146.03	181.03
Dividend Income	196.25	141.69
Net Cash used in Investing Activities (B)	(2472.06)	(4523.90)

CASH FLOW STATEMENT for the year ended on 31st March, 2013 (Contd.)

	Year ended	
	March 31, 2013	March 31, 2012
C. Cash Flow from Financing Activities		
Shares allotted under ESOP	157.13	95.24
Proceeds / (Repayment) of long-term borrowings	(6514.80)	(2229.50)
Interest and Structuring Fee payment	(1242.72)	(970.36)
Dividend on Equity Shares and Tax Thereon	(3790.67)	(3293.25)
Net Cash used in Financing Activities (C)	(11391.06)	(6397.87)
D. Net Increase/(Decrease) in Cash and		
Cash Equivalents (A+B+C)	(3261.51)	6430.41
Opening Balance of Cash & Cash Equivalents	17386.72	10956.31
Closing Balance of Cash & Cash Equivalents	14125.21	17386.72

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 reclassified to conform with current year's presentation, where applicable.
- 3 Cash and cash equivalents comprise of:

	(Rs in lakhs)	
	2012-13	2011-12
Cash on Hand	6.05	10.18
Balances with Banks	14119.16	17376.54
Total	14125.21	17386.72

The accompanying notes (1 to 36) are an integral part of the Cash Flow Statement.

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

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

Jeetendra Mirchandani
Partner
Membership No. 48125

Place : Pune
Date : April 22, 2013

For and on behalf of the Board

H.V. Goenka
Chairman

S. Balasubramaniam
Chief Financial Officer

Place : Mumbai
Date : April 22, 2013

Ganesh Natarajan
Vice Chairman &
Managing Director

Nilesh Limaye
Company Secretary

Notes to the Financial Statement for the year ended 31st March, 2013

Company overview

Zensar Technologies limited (Zensar) is a globally renowned software and services organisation that specializes in providing a complete range of IT Services and Solutions. Zensar is ranked amongst India's top 20 software companies by NASSCOM and is also recognised by the Department of Scientific and Industrial Research (DSIR) for its robust in-house Research and Development practices and an acknowledged leader in Innovation.

1. Significant Accounting Policies

(a) Principles of Consolidation

The Consolidated Financial Statements of Zensar Technologies Limited and its foreign subsidiaries are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India and the Accounting Standard 21 on Consolidated Financial Statements notified under section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956 as applicable, in the same format as that

adopted by the parent Company (Zensar Technologies Limited) for its separate financial statements.

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 expenses. Intra group balances and intra group transactions and resulting unrealised profits have been eliminated.

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 revised Schedule VI to the Companies Act, 1956. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

List of foreign subsidiaries considered in the consolidated financial statements

Sr. No.	Name of the subsidiary	Country of Incorporation	Extent of holding as on 31st March 2013
1	Zensar Technologies Inc. [ZTI]	USA	100%
2	Zensar Technologies (Singapore) Pte Ltd	Singapore	100%
3	Zensar Technology (Shanghai) Co. Limited	People's Republic of China	100%
4	Zensar Technologies (UK) Limited[ZT (UK)]	UK	100%
5	Zensar Advanced Technologies Limited	Japan	100%
	Subsidiaries of Zensar Technologies Inc.		
6	PSI Holding Group, Inc.	USA	100%
-	Subsidiaries of PSI Holding Group Inc.		
a	Zensar Technologies IM, Inc (formerly known as Akibia, Inc.)	USA	100%
b	Aquila Technology Corp.	USA	100%
c	Akibia, B. V.	Netherlands	100%

(b) 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.

(c) Revenue Recognition

i) Revenues from software development and allied services consist of revenues earned from time-and-material, fixed-timeframe and fixed price contracts.

(a) Revenue from time and material contracts are recognised as the related services are performed.

(b) Revenues from fixed price engagements are recognized using the proportionate completion method of accounting. The cumulative impact of any revision in estimates of the percent complete is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated. However, where the ultimate collection of the sale lacks reasonable certainty, revenue recognition is postponed to the extent of such uncertainty.

(c) Revenue from the sale of user licences for software applications is recognised on transfer of the title in the user licence.

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

- ii) Revenue from maintenance, outsourcing and other support services for data-centres is deferred and recognised rateably over the service period, generally monthly, quarterly or annually, invoice in advance. Contract terms are generally one year.
- iii) Revenues from resale of network and security products and related third-party maintenance contracts are recognised upon shipment as the Company has no future obligations. The Company also enters into multiple deliverable arrangements that include telephone support services wherein the entire arrangement fee is deferred and recognised rateably over the telephone support service period as the Company has not established fair value of telephone support services.
- iv) The Company also provides consulting services that may be sold under multiple element arrangements. The Company has established fair value for these services. The Company recognises the fair value of the services within the fixed fee arrangement, using the proportional performance method when telephone support services are not provided. The proportional performance is measured by the ratio of the direct labour costs incurred to date to the estimated direct labour costs for each contract, which are reviewed periodically.

Amounts included in the financial statements, which relate to recoverable costs and accrued profits not yet billed on contracts, are classified in current assets as Accrued Income (Unbilled Services). Billings on incomplete contracts in excess of accrued costs and accrued profits are classified in current liabilities as unearned revenue.

(d) Fixed Assets

Tangible assets are stated at acquisition cost less accumulated depreciation. Cost of tangible asset comprises purchase price, duties, levies and any directly attributable costs of bringing the asset to its working conditions for the intended use, less CENVAT credit. 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.

(e) Depreciation

Depreciation on fixed assets is provided on the straight-line method over their useful lives at rates which are higher than the rates (except for Building) prescribed under Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

(f) 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.

(g) Investments

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

(h) Employee Retirement Benefits

- i) **Superannuation** - The Company has Defined Contribution Plans for Post-employment benefits for all employees in the form of Superannuation Fund administered by the Life Insurance Corporation of India and Family Pension Fund administered by Regional Provident Fund Commissioner. These funds are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as and when incurred.
- ii) **Gratuity** - The Company has a defined benefit plan for Post-employment benefit in the form of Gratuity for all employees, administered through Life Insurance Corporation of India (LIC), AVIVA Life Insurance Company Private Limited (AVIVA) and a trust which is administered by the trustees. Liability for above defined benefit plan is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

iii) **Provident Fund** - The Company has a Post-employment benefit plan in the form of provident fund for all the employees, administered through a Trust. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

iv) **Compensated Absence** - 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.

(l) Foreign Currency Translations

- i) Initial Recognition - All foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii) Subsequent Recognition - As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- iii) Foreign operations are classified as either 'integral' or 'non-integral' operations. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral. Foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses. The financial statements of an integral foreign operation are translated using the principles and procedures as if the transactions of the foreign operation are those of the Company itself.

iv) Exchange difference on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

(j) **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 recognised in the Statement of Profit and Loss as they arise.

Non - Derivate 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.

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

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

(k) Employee Stock Option Schemes

Stock options granted to employees under Employee Stock Option Schemes are accounted as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999, issued by the Securities and Exchange Board of India. Accordingly, the excess of the market value of the stock options as on the date of the grant over the exercise price of the options is recognised as deferred employee compensation and is charged to Statement of Profit and Loss over the vesting period. In the case of graded vesting, the vesting period is determined separately for each portion of the option. The unamortised portion of the cost is shown under "Reserves and Surplus".

(l) Taxation

Current Tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred Tax

Deferred tax for timing differences between the book profits and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets arising from the timing differences are recognised to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised for tax loss and depreciation carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is virtually certain and is supported by convincing evidence that sufficient future taxable profits can be realised."

(l) Taxation (continued)

Minimum Alternative Tax (MAT)

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit comes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the ICAI, the said asset is created by way of a credit to the Statement

of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay income tax higher than MAT during the specified period.

(m) Cash & Cash Equivalent

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

(n) Earnings per share

The basic earnings per share is computed by dividing the net profit for the period 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.

(o) Goodwill

The excess of cost to the Company of its investments in the subsidiaries over its share in the equity of the subsidiaries, at the dates on which the investments in the subsidiaries are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Goodwill arising on consolidation is not a mortised. Goodwill arising on purchase of business is recorded at the excess of the purchase price over the net assets taken over of the business and is a mortised over five years. Goodwill is reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. If impairment is indicated, the asset is written down to its fair value.

(p) 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 comprise of the purchase price, freight inwards and other expenditure directly attributable to the acquisition.

Notes to the Financial Statement for the year ended 31st March, 2013

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
2. Share Capital		
Authorised		
47,500,000 (Previous year: 47,500,000) Equity Shares of Rs. 10 each	4750.00	4750.00
250,000 (Previous year: 250,000) Preference Shares of Rs. 100 each	250.00	250.00
	5000.00	5000.00
Issued, Subscribed and fully paid up		
43,580,988 (Previous year: 43,409,774) Equity Shares of Rs. 10 each fully paid-up	4358.10	4340.98
	4358.10	4340.98

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

	2013		2012	
	Nos	Rs. (in lakhs)	Nos	Rs. (in lakhs)
At the beginning of the year	43409774	4340.98	43303786	4330.38
Add: Shares issued on exercise of Employee Stock Options	171214	17.12	105988	10.60
Outstanding at the end of the year	43580988	4358.10	43409774	4340.98

(ii) Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The board of directors in their meeting on January 21, 2013, declared an interim dividend of Rs. 3.50 per equity share. The board of directors in their meeting on April 22, 2013, proposed final dividend of Rs.4.50 per equity share. The total dividend appropriation for the year ended March 31, 2013 amounted to Rs.4051.88 lakhs including corporate dividend tax of Rs.565.57 lakhs.

(iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2013		As at March 31, 2012	
	% Held	Nos	% Held	Nos
RPG Cellular Investments and Holdings Private Limited*	-	-	27.76%	12048406
Electra Partners Mauritius Limited	23.64%	10301294	23.73%	10301294
Summit Securities Limited	10.92%	4758076	10.61%	4604076
Idea Tracom Private Limited	7.11%	3096800	7.13%	3096800
Fidelity Management and Research Company	8.03%	3499999	5.11%	2219584
Swallow Associates LLP*	27.65 %	12048606	-	-

* RPG Cellular Investments and Holdings Private Limited has merged with Swallow Associates LLP w.e.f. March 27, 2012

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

(iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding 31st March, 2013.

Particulars	2011 No of shares	2010 No of shares
(a) Equity shares allotted as fully paid bonus shares by capitalisation of profits transferred from General Reserve.	21589818	-
(b) Equity shares bought back by the company by utilisation of Securities Premium Account and General Reserve	-	2424000
(v) For details of shares reserved for Issue under the Employee Stock Option Plan (ESOP) of the Company, please refer Note 28		

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
3. Reserves and Surplus		
Capital Reserve	10.18	10.18
Capital Redemption Reserve	442.40	442.40
Securities Premium Account		
Balance brought forward	216.74	129.75
Add: Received during the year on exercise of stock options issued to employees	143.30	86.99
	360.04	216.74
Revaluation Reserve	-	1.56
General Reserve		
Balance brought forward	30622.94	22622.94
Add : Transferred from Statement of Profit and Loss	10000.00	8000.00
	40622.94	30622.94
Hedging Reserve		
Balance brought forward	(807.04)	319.81
Add : Movement during the year	1358.14	(1126.85)
	551.10	(807.04)
Employee Stock Options		
Employee Stock Options Outstanding	174.02	55.51
Less : Deferred Employee Compensation	124.07	30.16
	49.95	25.35
Foreign Currency Translation Reserve		
Balance brought forward	339.32	(1336.94)
Foreign Currency Translation Reserve for the year	355.35	1676.26
	694.67	339.32
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	22399.35	18059.85
Add : Profit after Taxation transferred from Statement of Profit and Loss	17453.22	15870.71
Less: Appropriations		
Interim Dividend	1525.17	1302.13
Proposed Dividend	1961.14	1736.39
Dividend distribution tax on Interim and Proposed dividend on Equity Shares	565.57	492.69
Transfer to General Reserve	10000.00	8000.00
Balance as at the end of the year	25800.69	22399.35
	68531.97	53250.80

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
4. Long-term Borrowings		
Finance Lease Liability (Secured)(See Note 31)	317.86	271.75
Term Loans from Banks (Refer note a and b below)	13029.60	18316.80
	13347.46	18588.55
Note : Nature of security and terms of repayment for secured borrowings		
a. Nature of Security :		
i. Term loan from banks amounting INR 19,544 lakhs (March 31, 2012 : INR 24,422 lakhs) is secured by way of hypothecation of the current and movable assets and mortgage of immovable assets of the company.		
ii. 100% pledge over shares, PSI Holdings 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.		
5. Trade Payables	-	24.47
	-	24.47
6. Other Long term liabilities		
Deferred Revenue	881.79	-
Structuring Fees	211.73	416.71
Deferred Lease Rent	176.30	179.06
	1269.82	595.77
7. Long-term provisions		
Provision for Disputed statutory matters (Refer Note 34)	32.25	32.25
Provision for Compensated Absences	2315.51	1987.30
Other Obligations (Refer Note 34)	46.21	65.86
	2393.97	2085.41
8. Trade Payables	10592.30	13370.18
	10592.30	13370.18
9. Other Current liabilities		
Current maturities of long term debt	6514.80	6105.60
Current maturities of finance lease liability;(See Note 31)	171.40	114.72
Interest accrued but not due on borrowings	85.67	128.86
Deferred Revenue	8286.31	8972.27
Unpaid Dividend	79.22	61.93
Accrued Salaries and Benefits	4097.71	6923.12
MTM gain/loss on forward contracts	-	807.04
Withholding and other taxes	1654.91	1304.24
Other Payables	1186.80	522.83
	22076.82	24940.61
10. Short-term provisions		
Taxation less payments thereagainst	320.22	814.07
Proposed Dividend on Equity Shares	1961.14	1736.39
Tax on proposed dividend	318.15	281.69
Provision for Gratuity	-	308.28
Provision for Compensated Absences	551.56	463.00
Other obligations	2.23	0.00
	3153.30	3603.43

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

11 - Fixed Assets

(Rs. In lakhs)

Assets	GROSS BLOCK			DEPRECIATION/ AMORTISATION				NET BLOCK		
	Cost as at 31st March 2012	Additions/ Adjustment the year	Deletions the year	Cost as at 31st March 2013	Accumulated Depreciation/ Amortisation as at 31st March 2012	Depreciation/ Amortisation for the year	Depreciation/ Amortisation written back on deletions during the year	Accumulated Depreciation/ Amortisation as at 31st March 2013	As at 31st March 2013	As at 31st March 2012
Tangible Assets										
Land-										
Leasehold	264.25	-	-	264.25	28.01	2.78	-	30.79	233.46	236.24
Freehold	34.67	-	34.18	0.49	21.69	-	21.69	-	0.49	12.98
Buildings	5333.29	4.25	-	5337.54	923.41	177.77	-	1101.18	4236.36	4409.88
Improvement to Leasehold Premises	2907.11	599.70	257.37	3249.44	2546.44	172.36	257.37	2461.43	788.01	360.67
Plant and Machinery	3937.57	105.94	1.97	4041.54	3047.82	487.87	-	3535.69	505.85	889.75
Furniture and Fixtures	3065.34	157.57	13.00	3209.91	1854.07	313.72	12.10	2155.69	1054.22	1211.27
Office Equipment	1287.72	400.82	80.98	1607.56	980.21	220.73	79.32	1121.62	485.94	307.51
Motor Vehicles	249.46	102.15	66.86	284.75	181.39	43.64	59.57	165.46	119.29	68.07
Data Processing Equipment- Own use	10565.23	822.69	258.32	11129.60	8795.24	854.60	254.74	9395.10	1734.50	1769.99
Data Processing Equipments taken on Finance Lease	448.46	162.22	-	610.68	41.29	148.09	-	189.38	421.30	407.17
Exchange Fluctuation on Consolidation									205.30	90.28
	28093.10	2355.34	712.68	29735.76	18419.57	2421.56	684.79	20156.34	9784.72	9763.81
Intangible assets :										
Goodwill	24375.57	-	-	24375.57	336.00	-	-	336.00	24039.57	24039.57
Intangible Assets (Software including courseware)	4511.72	1025.01	1595.66	3941.07	3931.21	894.40	1595.66	3229.95	711.12	580.51
Exchange Fluctuation on Consolidation									5148.98	3378.47
	28887.29	1025.01	1595.66	28316.64	4267.21	894.40	1595.66	3565.95	29899.67	27998.55
TOTAL	56980.39	3380.35	2308.34	58052.40	22686.78	3315.96	2280.45	23722.29	39684.39	37762.36
Previous Financial Year	54890.03	2892.20	801.84	56980.39	20121.74	3333.67	768.63	22686.78	77.19	-
Capital work in progress									169.15	270.68
Intangible assets under development									39930.73	38033.04

Notes to the Financial Statement for the year ended 31st March, 2013

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
12. Non-current Investments		
(valued at cost unless otherwise stated)		
(A). Trade		
Unquoted		
Investment in equity instruments		
Nil (Previous Year : 23,000) shares of Infloblox (face value of Rs. 0.45 each)*	-	36.12
Nil (Previous year: 2,649) Shares of Innoveer- Series B Common Stock (face value of Rs. 0.45 each)	-	-
Investment in preference shares		
Nil (Previous year: 7,063) Shares of Innoveer- Series A Preferred Stock (face value of Rs. 0.45 each)	-	23.65
Quoted		
Investment in equity instruments		
23,000 (Previous Year : Nil) shares of Infloblox (face value of Rs. 0.45 each)*	38.54	-
* During the current year, the shares of Infloblox were listed on NASDAQ		
	38.54	59.77
(B) Non-Trade		
Quoted		
Investment in equity instruments		
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited	0.02	0.02
75 (Previous year: 75) Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.05
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in CESC Limited	0.05	0.05
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited	0.04	0.04
760 (Previous year: 760) Equity Shares of Rs. 2 each fully paid-up in KEC International Limited	0.19	0.19
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
13 (Previous year: 13) Equity Shares of Rs. 10 each fully paid up in Summit Securities Limited	0.09	0.09
100 (Previous year : 100) Equity Shares of Rs. 8 each fully paid up in RPG Life Sciences Limited	-	-
100 (Previous year : 100) Equity Shares of Rs. 10 each fully paid up in Stel Holdings Limited (formerly known as Sentinal Tea and Exports Limited)	-	-
1591 (Previous year:1591) units of Prudential Financial Common Stock (face value of Rs. 0.45 each)	52.77	49.45
	53.28	49.96
Less: Provision for diminution in the value of investments	15.54	14.35
Unquoted		
100 (Previous year: 100) Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
	76.36	95.46
Aggregate cost of Quoted Investments	37.74	35.61
[Market Value Rs.322.96 Lakhs (Previous year: Rs.52.52 lakhs)]		
Aggregate cost of Unquoted Investments	38.62	59.85
	76.36	95.46

Notes to the Financial Statement for the year ended 31st March, 2013

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
13. Deferred Tax Asset (net)		
The major components of the net deferred tax asset are		
Depreciation	412.46	513.02
Provision for doubtful debts	701.44	577.94
Others	1316.79	1266.03
	2430.69	2356.99
14. Long-term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Capital Advances	27.05	19.11
Security and other deposits		
- Considered good	787.40	549.35
- Considered doubtful	-	16.00
Other Loans and Advances		
Prepaid Expenses	835.77	857.42
Others	605.65	429.48
MAT Credit Entitlement	-	1020.11
Taxes recoverable [taxes paid less provisions Rs.11,678.67 lakhs (Previous year: Rs. 5,320.46 lakhs) thereagainst]	684.86	351.63
	2940.73	3243.10
Less : Provision for doubtful Loans and Advances	-	16.00
	2940.73	3227.10
15. Current Investments (valued at lower of cost or fair value)		
Investments in Mutual Funds		
Unquoted		
997,975 (Previous year: Nil) units of HDFC Floating Rate Income Fund-Short Term Plan Wholesale Option Dividend Reinvestment-Daily Reinvestment	100.60	-
1,000,000 (Previous year: Nil) units of DSP BlackRock FMP-Series 51-12M-Growth Maturity	100.00	-
Nil (Previous year : 36,831) units of Axis Liquid Fund - Institutional Daily Dividend reinvestment	-	368.35
Nil (Previous Year : 387,746) units of Birla Sunlife Cash plus- Inst. Prem.-Daily Dividend- Reinvestment	-	388.50
Nil (Previous year : 147,383) units of DWS Treasury Fund Cash- Inst Plan- Daily Dividend-Reinvest	-	148.12
Nil (Previous Year : 724,527) units of Kotak Quarterly Interval Plan Series 4 - Growth	-	100.00
Nil (Previous Year : 23,305) units of UTI Liquid Cash Plan Institutional -Growth Option	-	410.00
Nil (Previous Year : 1,380,354) units of Kotak Liquid Institutional -Growth	-	290.00
Nil (Previous Year : 20,083) units of UTI Money Market Fund-Institutional daily dividend -re-investment	-	201.51
Nil (Previous Year : 1,000,000) units of Birla Sun Life Short Term FMP Series 29-Dividend-Payout	-	100.00
Nil (Previous Year : 1,393,988) units of Reliance Liquid Fund - Treasury Plan Institutional Option- Daily Dividend option	-	213.10
Nil (Previous Year : 1,000,000) units of HDFC Quarterly Interval Fund - Plan A-Wholesale Growth	-	100.00
Nil (Previous Year : 47,973) units of Birla Sun Life Savings Fund - Instl.-Growth	-	98.00
Nil (Previous Year : 689,469) units of Reliance Quarterly Interval Fund - Series III- Institutional - Growth Plan	-	100.00

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
Nil (Previous Year : 849,264) units of UTI Fixed Income Interval Fund - Series II- Quarterly Interval Plan VI-Institutional - Growth Plan	-	100.00
Nil (Previous Year : 222,053) units of ICICI Prudential Liquid Super Institutional Plan- Growth	-	352.00
Nil (Previous Year : 573,406) units of Sundaram Interval Fund Qtly- Plan B- Retail Growth	-	80.00
Nil (Previous Year : 6,167) units of SBI Premier Liquid Fund- Institutional - Growth	-	105.00
Nil (Previous Year : 1,317,750) units of Reliance Liquid Fund- Treasury Plan- Institutional Option- Growth Option	-	344.00
Nil (Previous Year : 22,733) units of Tata Liquid Super High Investment Fund- Appreciation	-	450.00
1,451,020 (Previous year: Nil) units of UTI Short Term Income Fund - Institutional Option Direct Plan Growth	200.00	-
Nil (Previous Year : 1,933,827) units of HDFC Cash Management Fund- Savings Plan - Daily Dividend Reinvestment	-	205.69
10,439 (Previous year: Nil) units of SBI Magnum Insta Cash Fund Liquid Floater-Regular Plan - Daily Dividend Reinvestment	105.43	-
3,137,516 (Previous year: Nil) units of Kotak Flexi Debt Scheme Plan A-Daily Dividend Reinvestment	315.24	-
877,131 (Previous year: Nil) units of HDFC High Interest Fund Short Term Plan-Growth	200.00	-
26,877 (Previous Year : 21,548) units of DSP BlackRock Liquidity Fund- Institutional Plan- Daily Dividend	268.85	215.55
14,785 (Previous year: Nil) units of DSP Blackrock Strategic Bond Fund -Direct Plan-Growth	200.00	-
119,792 (Previous year: Nil) units of Birla Sunlife Cash plus--Daily Dividend- Regular Plan- Reinvestment	120.03	-
996,871 (Previous year: Nil) units of Birla Sun Life Dynamic Bond Fund-Retail-growth Regular plan	195.00	-
1,156,149 (Previous year: Nil) units of ICICI Prudential Blended Plan B Regular Plan Growth Option	200.00	-
14,930 (Previous year: Nil) units of Kotak Floater Short Term-Daily Div- Reinvestment	151.03	-
Nil (Previous Year: 27,993) units of Tata Liquid Super High Investement Fund-Daily Dividend	-	311.99
4,643,318 (Previous year: Nil) units of Kotak Floater Long Term-Daily Div- Reinvestment	468.04	-
20,675 (Previous year: Nil) units of Reliance Liquid Fund - Cash Plan - Daily Dividend option-Reinvestment	230.35	-
4,159,327 (Previous year: Nil) units of Templeton India Ultra Short Bond Fund Super Institutional Plan-Daily Dividend Reinvestment	416.68	-
1,000,000 (Previous year: Nil) units of Axis Fixed Term Plan- Series 33-Growth	100.00	-
1,060,037 (Previous year: Nil) units of DWS Ultra Short Term Fund - Institutional Plan- Daily Dividend -Reinvestment	106.19	-
1,213,963 (Previous Year: Nil) units of JP Morgan India Treasury Fund, Super liquid Investment - Daily Dividend Reinvestment	121.50	-
10,508 (Previous year: Nil) units of Religare Ultra Short Term Fund- Daily Dividend Reinvestment	105.26	-
369,139 (Previous year: Nil) units of Birla Sun Life Savings Fund - Daily Div - Regular Plan- Reinvestment	369.49	-
633,705 (Previous year: Nil) units of Reliance Quarterly Interval Fund - Series III- Growth Plan-Growth Option	100.00	-
	4173.69	4681.81

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
16. Inventories		
[See Note 1(p)]		
Spare Parts in support of computer hardware maintenance contracts (Inventories as at March 31, 2011 : Rs. 8,355.24 Lakhs)	10488.62	9497.65
	10488.62	9497.65
17. Trade Receivables		
(Unsecured)		
Debts outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	39.56	194.12
Considered doubtful	1966.59	1665.00
	2006.15	1859.12
Less : Provision for doubtful debts	1966.59	1665.00
(A)	39.56	194.12
Other Debts		
Considered good	33501.50	28913.26
Considered doubtful	91.93	179.66
	33593.43	29092.92
Less : Provision for doubtful debts	91.93	179.66
(B)	33501.50	28913.26
Total (A+B)	33541.06	29107.38
18. Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	6.05	10.18
Balances with Banks :		
In current accounts	12416.71	15351.43
Deposit with original maturity of less than three months	1702.45	2025.11
	14119.16	17376.54
Other Balances with Banks :		
Unpaid dividend accounts	79.04	61.75
	14204.25	17448.47
19. Short-term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Security and other deposits		
- Considered good	339.48	232.16
- Considered doubtful	-	-
Other Loans and Advances		
Prepaid Expenses	2269.25	2393.67
Balances with Govt. Authorities	226.85	550.73
MTM gain/loss on forward contract	551.11	-
Others		
- Considered good	4306.79	4775.97
- Considered doubtful		2.54
MAT Credit Entitlement	812.33	1244.24
Taxes recoverable {taxes paid less provisions Rs.2,831.52 lakhs (Previous year: Rs. 3,117.96 lakhs) thereagainst}	57.32	615.62
	8563.13	9814.93
Less : Provision for doubtful Loans and Advances	-	2.54
	8563.13	9812.39

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
20. Other Current Assets		
Accrued Income (Unbilled Services)	9272.14	6479.40
Interest accrued on deposits	7.71	6.74
Others	94.63	53.77
	9374.48	6539.91
21. Other Operating Revenue		
Provisions no longer required and credit balances written back	800.38	647.33
Profit on sale of fixed assets	-	0.39
Miscellaneous Income	628.20	525.33
	1428.58	1173.05
22. Other Income		
Dividend Income :		
- On Current Investments	196.25	141.69
	196.25	141.69
Interest Income :		
-On Deposits with banks	112.80	107.39
-On Income Tax refund	-	-
-On Others	33.23	40.65
	146.03	148.04
Exchange gain (net)	-	2,717.05
	342.28	3,006.78
23. Employee benefit expenses		
Salaries, Wages and Bonus	93223.56	84163.87
Contribution to Provident and other funds	6214.25	5355.57
Staff Welfare	2995.51	3127.19
Employee Stock Compensation Expense	27.90	6.62
	102461.22	92653.25
24. Other Expenses		
Travelling and conveyance	7555.75	6309.03
Cost of spare parts and outsourced services in support of computer hardware maintenance contracts	10140.37	7368.58
Cost of manpower hired	15321.71	9269.04
Recruitment Expenses	608.65	594.81
Training Expenses	280.05	194.48
Electricity and Power	1087.86	1086.07
Rent	4926.56	3693.52
Repairs and Maintenance to :		
-Plant and Machinery	216.40	170.91
-Building	1000.60	928.26
-Others	531.37	421.38
	1748.37	1520.55

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

	2013 (Rs. in lakhs)	2012 (Rs. in lakhs)
Insurance	3368.58	2540.43
Rates and Taxes	212.62	177.42
Consumable Media	303.92	217.78
Legal and Professional Charges	3831.41	1813.37
Postage, Telephone and E-Mail	1660.26	1666.31
Stationery and Printing	109.72	119.92
Carriage, Freight and Octroi	2384.57	2011.95
Vehicle Running expenses	176.51	215.31
Advertisement and Publicity	1297.28	1043.86
Purchases of Licenses for Software Applications	3344.63	2526.21
Loss on Disposal of Fixed Assets	11.87	-
Lease Rentals	829.09	758.03
Exchange loss (net)[Refer Note 1(i),(j)]	311.26	-
Bad Debts written off	95.80	344.14
Directors' Fees	10.38	8.71
Directors' Commission	183.00	143.00
Provision for Doubtful Debts	252.60	-
Miscellaneous Expenses	987.84	806.91
	61040.66	44429.43
25. Finance cost		
Interest		
On Fixed loans	436.29	156.14
On Others	15.59	22.44
Finance and other charges	542.67	755.87
	994.55	934.45

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

	As at March 31, 2013	As at March 31, 2012
	(Rs. in lakhs)	(Rs. in lakhs)
26 Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs.15.06 lakhs (Previous year: Rs. 19.11 lakhs)]	422.94	167.49
27 Contingent Liabilities		
(a) Income Tax:		
Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.	637.73	637.73
Matters on which the Company is in appeal	321.67	773.84
(b) Claims against the Company regarding sales tax against which the Company has preferred appeals.	157.35	20.80
(c) Claims against the Company regarding service tax against which the Company has preferred appeal.	14.73	23.63
(d) Claim in respect of rented premises.	188.61	176.94
(e) Claims against the Company not acknowledged as debts.	62.28	62.28
(f) Customs Duty:		
From 1969 to 1979, customs duty has been provided on the basis of provisional assessments, which are not admitted by the Customs Authorities. Pending settlement of the foregoing, a deposit of Rs. 6.79 lakhs (Previous year: Rs. 6.79 lakhs) has been made and bonds aggregating to Rs. 54.43 lakhs (Previous year: Rs. 54.43 lakhs) guaranteed by the General Insurance Corporation of India have been executed. From 16th August 1988 to 31st March 1993, pursuant to changes in the Customs Valuation Rules, the Customs Authorities have cleared the Company's consignments on provisional basis on the execution of bonds aggregating to Rs. 1618.45 lakhs (Previous year Rs. 1618.45 lakhs), representing the entire value of the import consignments. Adjustments, if any, on this account, would be made as and when the assessments are finalised. The Company has been legally advised that the liability on this account is not expected to exceed Rs. 31.00 lakhs (Previous year Rs. 31.00 lakhs), which has been provided for.		

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

28. Employee Stock Option Schemes

Currently the Company has instituted two Employees Stock Option Plans. The Compensation Committee of the Board approves the grant of options. Options vest with employees over specified time periods subject to fulfilment of certain conditions.

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

Particulars	2012-2013		2011-2012	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	339196	75.74	374794	74.82
Exercised during the year	68722	73.46	25428	68.86
Cancelled during the year	6620	55.85	10170	58.94
Balance unexercised options	263854	76.84	339196	75.74
Exercisable at end of year	263854	76.84	330356	76.16

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

Particulars	2012-2013		2011-2012	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	1433768	120.73	1079068	102.44
Granted during the year	318000	228.84	611000	150.00
Exercised during the year	102492	104.05	80560	96.49
Cancelled during the year	105904	143.23	175740	121.30
Balance unexercised options	1543372	142.57	1433768	120.73
Exercisable at end of year	693736	103.94	634368	97.79

29 Segment Information

The Company recognises each of the SBUs as its primary segments. Secondary segmental reporting is done on the basis of the geographical location of clients.

The accounting principles used in the preparation of financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the note on significant accounting policies.

Income and expenditure in relation to segments is categorised based on items that are individually identifiable to the segment, marketing costs are allocated based on revenue and the remainder of the costs are allocated based on resources. Certain expenses like depreciation are not specifically allocable to a segment as the underlying assets are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to these expenses and accordingly these expenses are separately disclosed as “unallocated” and directly charged against total income.

Fixed assets used in the Company’s business or liabilities contracted have not been identified to any segment as the fixed assets and services are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities is made.

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

Primary Segments				(Rs. in lakhs)
2012-13	AMS	IM	Unallocated	Total
Sales to External Customers	140587.64	70864.32		211451.96
Segment Result	24309.83	4601.23		28911.06
Interest and Finance cost			994.55	994.55
Unallocable expenditure (net)			1856.13	1856.13
Profit before Tax	24309.83	4601.23	(2850.68)	26060.38
Tax			8607.16	8607.16
Profit after Tax and Minority Interest	24309.83	4601.23	(11457.84)	17453.22
Profit after Tax	24309.83	4601.23	(11457.84)	17453.22
(Rs. in lakhs)				
2011-12	AMS	IM	Unallocated	Total
Sales to External Customers	109996.41	68251.49		178247.90
Segment Result	17163.34	6542.06		23705.40
Interest and Finance cost			934.45	934.45
Unallocable Income(net)			(864.91)	(864.91)
Profit before Tax	17163.34	6542.86	(69.54)	23636.66
Tax			7765.95	7765.95
Profit after Tax and Minority Interest				
Minority Interest				
Profit after Tax	17163.34	6542.86	(7835.49)	15870.71
(Rs. in lakhs)				
Secondary Segment				(Rs. in lakhs)
Geographical Location			2012-13	2011-12
United States of America			153218.48	127918.39
United Kingdom			18296.44	17346.48
Rest of the World			39937.04	32983.31
Total			211451.96	178248.18

30 Related Party disclosures

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

(i) Parties where control exists:

Parties having control (directly or indirectly):

- Chattrapati Investments Limited
- Pedriano Investments Limited
- Electra Partners Mauritius Limited
- Swallow Associates LLP
- Instant Holdings Limited
- Summit Securities Limited

(ii) Key Management Personnel

- Dr. Ganesh Natarajan
- Mr. Vivek Gupta
- Mr. Nitin Parab
- Mr. S. Balasubramaniam
- Mr. Sanjay Marathe
- Ms. Prameela Kalive
- Mr. Hireen Kulkarni
- Mr. Ajay Bhandari
- Mr. Krishna Ramaswami
- Mr. Yogesh Patgaonkar
- Mr. Sanjay Rawa

Notes to the Financial Statement for the year ended 31st March, 2013

(Contd.)

(Rs. in lakhs)

Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
	2012-13	2011-12	2013		2012	
			Receivable	Payable	Receivable	Payable
Remuneration to Key Management Personnel						
Dr. Ganesh Natarajan	402.65	414.17	-	-	-	-
Mr. Vivek Gupta	225.00	179.69	-	-	-	-
Mr. Nitin Parab	253.87	173.20	-	-	-	-
Others	453.84	308.39	-	-	-	-
Total remuneration of Key Management Personnel	1335.36	1075.45	-	-	-	-

31 Lease Obligations

Operating leases

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next five years. Rental expense incurred by the Company under operating lease agreements totaled approximately Rs. 3968.82 lakhs (Previous year Rs. 3330.77 lakhs)

(Rs. in lakhs)

Total minimum lease payments outstanding	As at 31st March 2013	As at 31st March 2012
Not later than one year	1720.80	1150.89
Later than one year and not later than five years	4465.97	3672.02
Later than five years	471.81	497.42
Total	6658.58	5320.33

Finance lease: company as lessee (secured by hypothecation of assets underlying the leases)

(Rs. in lakhs)

(a) Minimum lease rentals payable	As at 31st March 2013	As at 31st March 2012
not later than one year	186.77	121.16
later than one year but not later than five years	372.36	316.42
later than five years	-	-
(b) Present value of minimum lease payments		
not later than one year	171.38	114.72
later than one year but not later than five years	317.86	271.76
later than five years	-	-
Reconciliation of minimum lease payments and present value		
Minimum lease rentals payable as per (a) above	559.13	437.58
Less: Finance charges to be recognized in subsequent periods	69.89	51.1
Present value of minimum lease payments payable as per (b) above	489.24	386.48

32 Earnings Per Share (EPS)

Particulars	2012-2013	2011-2012
a. Profits attributable to equity shareholders (Rs. in lakhs)	17453.22	15870.71
b. Basic Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year.	43505136	43387990
Basic EPS (Rs.)	40.12	36.58
c. Diluted Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year	43505136	43387990
Effect of dilutive issue of stock options	857089	483731
Weighted average no. of equity shares outstanding for Diluted EPS	44362225	43871721
Diluted EPS(Rs.)	39.34	36.17

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

33 Forward Contracts Outstanding	As at 31st March 2013	As at 31st March 2012
Forward Contracts		
In US \$	25755000	23000000
(Equivalent approximate in Rs. lakhs)	13982.39	11702.00
In GBP £	800000	200000
(Equivalent approximate in Rs. lakhs)	657.26	163.04

As of the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by derivative instruments or otherwise is Rs. 18006 lakhs (Previous Year : Rs. 13774 lakhs)

34 Disclosure as per Accounting Standard – 29

(Rs. in lakhs)

Particulars	2012-13			2011-12		
	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	32.25	65.86	98.11	32.25	60.40	92.65
Additions	-	11.67	11.67	-	11.67	11.67
Utilisations	-	31.32	31.32	-	6.21	6.21
Closing Balance	32.25	46.21	78.46	32.25	65.86	98.11

Disputed Statutory matters mainly include:

- (a) (i) Provision for disputed statutory liabilities comprises matters under litigation with Sales-Tax, Customs Duty and ESI authorities.
- (ii) The amount of provisions made by the Company is based on the estimates made by the Management considering the facts and circumstances of each case.
- (iii) The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.
- (b) Provisions for Other Obligations mainly include provisions for rent related litigations with previous landlords. The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.

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

(a) Defined Contribution Plans

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

Particulars	(Rs. in lakhs)	
	2012 - 2013	2011 - 2012
Contribution to Employees' Social Security Fund	1350.30	1009.44
Contribution to Employees' Family Pension Fund	320.29	318.54
Contribution to Employees' Superannuation Fund	25.33	26.06
Contribution to Employees 401 (K) Retirement Plan	424.59	307.36
Contribution to Central Provident Fund in Singapore	110.51	106.82
Contribution to Social Security in China	76.96	-
Total	2307.98	1768.22

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

(b) Defined Benefit Plans- Provident Fund

(i) Changes in the Present Value of Obligation

(Rs. in lakhs)

Particulars	2012-2013
Present Value of Benefit Obligation as at the beginning of the year	9771
Interest Cost	739
Current Service Cost	957
Employee Contribution	1405
Liability Transferred In	329
(Liability Transferred Out)	-
(Benefit Paid)	(1318)
Actuarial (Gains)/Losses On Obligations	58
As at end of the year	11941

(ii) Changes in the Fair value of Plan Assets

(Restricted to the extent of Present Value of Obligation)

(Rs. in lakhs)

Particulars	2012-2013
Fair Value of Plan Assets at the beginning of the year	9771
Expected Return on Plan Assets	739
Contributions	2362
Transfer From Other Company	329
(Transfer to Other Company)	-
(Benefit Paid)	(1318)
Actuarial (Gains)/Losses On Plan Assets	58
As at end of the year	11941

(iii) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Rs. in lakhs)

Particulars	2012-2013	2011-2012
Fair Value of Plan Assets at the end of Period	11941	9901
Present Value of Benefit Obligation as at the end of the Period	11941	9859

(iv) Expenses recognised in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	2012-2013
Current Service Cost	957
Interest Cost	739
(Expected Return on Plan Assets)	(739)
Surplus Utilised	58
Interest Shortfall	(58)
Total Expenses recognised in the Income Statement	957

(v) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

Particulars	2012-2013
Discount Rate	8.25%
Expected Rate of Return on Plan Assets	8.50%

Plan Assets have been primarily invested in securities of Central Government of India, State Government and Bonds

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

(c) Defined Benefit Plans- Gratuity

(i) Changes in the Present Value of Obligation

(Rs. in lakhs)

Particulars	For year ended 31st March 2013	For year ended 31st March 2012
Present Value of Obligation as at beginning of the year	2309.32	1902.38
Interest Cost	196.29	161.70
Employee Contribution	-	-
Current Service Cost	443.30	351.17
Liability transferred in	-	-
Settlement Cost/(Credit)	-	-
Benefits Paid	(246.67)	(203.38)
Actuarial (Gain)/Loss	(180.62)	97.44
As at end of the year	2521.62	2309.31

(ii) Changes in the Fair value of Plan Assets

(Rs. in lakhs)

Particulars	For year ended 31st March 2013	For year ended 31st March 2012
Present Value of Plan Assets as at beginning of the year	2001.04	1634.05
Expected Return on Plan Assets	170.09	138.89
Actuarial Gain/(Loss)	60.43	(40.24)
Contributions	554.96	471.71
Benefits Paid	(246.67)	(203.37)
As at end of the year	2539.85	2001.04

(iii) Amount recognised in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Rs. in lakhs)

Particulars	For year ended 31st March 2013	For year ended 31st March 2012
Present Value of Funded Obligation	2521.62	2309.32
Fair Value of Plan Assets	2539.85	2001.04
Present Value of Unfunded Obligation	-	-
Net Liability recognised in the Balance Sheet	(18.23)	308.28

(iv) Expenses recognised in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	For year ended 31st March 2013	For year ended 31st March 2012
Current Service Cost	443.30	351.17
Past Service Cost	-	-
Interest Cost	196.29	161.70
Expected Return on Plan Assets	(170.09)	(138.89)
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Net actuarial (Gain)/Loss	(241.05)	137.69
Employees' Contribution	-	-
Total Expenses recognised in the Statement of Profit and Loss	228.45	511.67

(v) As at 31st March, 2013 and 31st March, 2012, the plan assets have been primarily invested in insurer managed funds.

(vi) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

(vii) The Actual Return on Plan Assets is as follows

(Rs. in lakhs)

Particulars	For year ended 31st March 2013	For year ended 31st March 2012
Actual return on plan assets	230.52	98.65

(viii) Gratuity Plan

(Rs. in lakhs)

Particulars	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligations	2521.62	2309.32	1902.38	1454.24
Plan Assets	2539.85	2001.04	1634.53	1161.37
Surplus/(Deficit)	(18.23)	308.28	267.85	292.87
Experience Adjustment on plan liabilities	(180.62)	97.44	85.04	154.96
Experience Adjustment on plan assets	60.43	(40.24)	(29.13)	22.76

(ix) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

Particulars	For year ended 31st March 2013	For year ended 31st March 2012
Discount Rate	8.25%	8.50%
Expected Rate of Return on Plan Assets	8.25%	8.50%
Salary Escalation Rate - Management Staff	5.50%	5.50%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

36 Reclassification

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

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

Jeetendra Mirchandani
Partner
Membership No. 48125

Place : Pune
Date : April 22, 2013

For and on behalf of the Board

H.V. Goenka
Chairman

S. Balasubramaniam
Chief Financial Officer

Place : Mumbai
Date : April 22, 2013

Ganesh Natarajan
Vice Chairman &
Managing Director

Nilesh Limaye
Company Secretary





Customer Intimacy
at the Global Partnership Weekend 2013

