

ZenSar
TECHNOLOGIES
Your Transformation Partner



Chrysalis!

Annual Report 2009-10

Over the last decade, Zensar has transformed from an undifferentiated staffing and hardware support firm to a 'full services' technology and process solutions major with an innovative and distinctive point of view.

From revenues of
Rs. 226.37 cr in
2000-01 to
Rs. 952.76 cr
in 2009-10

From operating profit
of Rs. 21.99 cr in
2000-01 to
Rs. 169.95 cr
in 2009-10

From net profit of
Rs 24.16 cr in
2000-01 to
Rs. 127.56 cr
in 2009-10

From 57 customers
in 2000-01 to
338
in 2009-10

From 1,170
employees in
2000-2001 to
5,233
in 2009-10



A caterpillar turns into a chrysalis and then into a full-grown butterfly. Even as Zensar passed through a record year at an intermediate point in its existence – the theme of this year's report – the best is yet to come.

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Vision

Transformation partners to global corporations.

Mission

Leveraging technology and processes to help customers attain their goals.

Corporate profile

Zensar Technologies Limited is a globally renowned software and services partner recognised by the Department of Scientific and Industrial Research (DSIR) for its robust in-house R&D practices and an acknowledged leader in innovation. Its services range from the traditional to the transformational – enterprise product implementation and hosting, business intelligence and data warehousing, collaboration and knowledge management services, business process outsourcing and optimisation, remote infrastructure management and testing, and the entire range of applications planning, portfolio building, development, migration and support.

Locational spread

With 5,233 associates and 300-plus customers, Zensar an SEI CMMI Level 5 company, enjoys a strong presence across the United States, Europe, the Middle East and Asia-Pacific regions. The Company's delivery centres are located in Pune (Maharashtra), Hyderabad (Andhra Pradesh), Gdańsk (Poland) and United Kingdom.

Clientele

Zensar enjoys enduring relationships with global leaders like Cisco, the National Grid, Marks & Spencer, Danaher Corporation, Electronics Arts and Logitech, among several others. It handles 26 accounts with deal sizes between USD 1–5 million and six accounts of over USD 5 million each. The Company extended from the implementation of enterprise business solutions to positioning itself as a tier-I player in the Oracle space the world over.

Highlights, 2009-10

- Gross revenue increased 5% from Rs. 908.08 cr in 2008-09 to Rs. 952.76 cr
- Net profit increased 47% from Rs. 86.56 cr in 2008-09 to Rs. 127.56 cr
- EPS increased 50% from Rs. 36.12 in 2008-09 to Rs. 54.23
- Debt continued to be low at Rs. 44.68 cr; cash was in excess of Rs. 100 cr
- Added several new marquee customers, including two leading life insurance companies in South Africa, one insurance company in the United Kingdom, two utilities customers in the domestic market and an airline major in Australia, among others
- Awarded Oracle Platinum status for world class solutions and services across Oracle Application and Technology Products

Key financial highlights, 2009-10

952.76

Turnover (Rs. cr)

127.56

Post-tax profit (Rs. cr)

18

Operating profit (%)

41

Return on capital employed (%)

5.50

Dividend per share (Rs.)

152.81

Book value per share (Rs.)

0.14

Shareholder equity ratio



“I am confident that Zensar, with its excellent customers, committed associates and strong and stable management team will continue to deliver significant value to all its stakeholders.”

Statement from Mr. H. V. Goenka, Chairman

Chairman's Note

For several years and more significantly after the economic crisis, industry in India has been focusing on improving internal efficiencies and the need to reduce operating costs. Most organizations have put measures in place that address the key issues of optimisation of technology and infrastructure, enhanced utilisation of their workforce, wage moderation, benchmarking processes and enhancing operational efficiency. At the same time, it has been encouraging to see that companies have also not lost sight of the need for diversification into new geographies, relatively untapped verticals and deepening of engagements with existing clients.

Clearly, the resilience of the IT sector combined with robust business practices, excellence in service delivery and strong fundamentals have enabled India to garner the largest share of the global sourcing pie and maintain its position as the world's leading offshore destination. It was expected that the industry would not allow global economic declines to affect its growth story and I am glad that we have seen reasonable growth in the last fiscal with expectations of a progress to double digit growth soon.

While these are certainly encouraging trends, the IT-BPO industry needs to

gear up for fresh challenges and pitfalls that are emerging on the horizon. Concerns around increasing unemployment in global economies leading to protectionism, maintaining India's competitiveness and addressing customer issues around risk management are challenges that the industry will need to focus on.

Any changes in demand calls for fresh efforts and plans in collaboration with all the stakeholders within the sector and Zensar's charter in IT-BPO industry's next phase of growth has been clear. In the year that ended in March 2010, we have chosen to deepen customer relationships, reengineer structures to maximise value and diversify our offering and markets to become transformation partners. The results have been encouraging and Zensar has emerged as a stronger organisation ready to enter the next phase of significant growth.

I am confident that Zensar, with its excellent customers, committed associates and strong and stable management team will continue to deliver significant value to all its stakeholders in the years to come and will achieve every milestone in the journey to success.

Sincerely,

Harsh Goenka

“The strong focus we have on innovation, customer sovereignty and people orientation has translated into excellent business results.”



Statement from Dr. Ganesh Natarajan, Vice-Chairman and CEO

CEO's Note

It was at the beginning of this decade that a new entity was born in the Western Indian city of Pune. In these ten years thousands of Zensarians have ensured that we find our place in the software industry and become a star that shines bright across five global delivery centers and eighteen countries of operation.

From one downturn in 2001 to another that just ended in 2010, we have demonstrated resilience and resolve that has given us the confidence that the excellent results we have achieved in the last financial year are just the beginning of what we believe will be an ongoing journey of success.

The strong focus we have on innovation, customer sovereignty and people orientation has translated into excellent business results. We have seen a strong net income growth of Rs. 127.56 cr, a 47% y-o-y growth and revenue of Rs. 952.76 cr, a 5% growth y-o-y. This year, we are focused on developing a high growth strategy that will place us among the top contenders for large deals in IT and BPO by 2013. We are also planning for an investment of over Rs. 400 crores for significant acquisitions and there is a commitment to building domain expertise and increasing the width and depth of our offerings to align more closely to the customer's business and make us a true transformation partner to global corporations.

While our order intake from all key global markets is today stronger than ever, the growing adoption of IT and BPO in business industry and Government in our own country also opens up various opportunities for us. The opportunities in non-linear Intellectual Property based models for Retail and Healthcare, the ability to reach out to underserved segments of the manufacturing industry through hosted solutions in a SaaS model and the vistas of opportunity that the rapid advances in Cloud Computing have opened for us - all these and more will be key additions to our services portfolio in the coming year.

The strength of Zensar is the energy of our teams and the Harvard Business School case on Zensar's innovative Vision Communities will be one more recognition of this commitment. We are delighted to be chosen by SAP, Oracle and Microsoft, all global majors to be their partner in many key markets. It has taken ten years of chrysalis to build a strong and distinctive company and now we are in the process of redefining the strategic imperatives for our business in the years ahead and look to the future with great confidence.

Sincerely,

Ganesh Natarajan



Zensar Technologies Limited

Profile of our Management Team



From left to right

Prameela Kalive, Head, GTS (IMEA) | Krishna Ramaswami, Head, Strategic Practices | Ajay Bhandari, Head, Delivery EAS (Oracle) | J. Parthasarathi, Head, GTS (APAC) | Ravi Ramanathan, Marketing Controller & Head (Japan) | Ramesh Kodali, Head, EAS (SAP) | Sanjay Marathe, Head, Delivery, GTS and CTO | Gopalji Mehrotra, Head, Human Resources | Hiren Kulkarni, Head, Business Process Outsourcing | Nitin Parab, Head, Enterprise Application Services | Dr. Ganesh Natarajan, Vice Chairman and CEO | Vivek Gupta, Head, Global Transformation Services | S. Balasubramaniam, Chief Financial Officer | Vaijayanti Deshpande, Corporate Development Officer

Geography Leaders



Nagan Raman
Head, GTS - Americas



Gurdeep Grewal
Head, GTS - Europe



Charles Lennard
Head, EAS - Europe and Middle East



Ben Pastro
Head, Strategic Accounts, EAS (Oracle)



Prakash Tripathi
Head, Sales and Marketing, EAS (SAP)



Makoto Ogawa
Head, GTS - Japan

Board of Directors

Mr. Harsh Goenka
Chairman

Dr. Ganesh Natarajan
Vice Chairman and CEO

Mr. Arvind Agrawal
Director

Mr. P.K. Choksey
Director

Mr. Venkatesh Kasturirangan
Director

Mr. John Levack
Director

Mr. P.K. Mohapatra
Director

Mr. A.T. Vaswani
Director





“Over the last 10 years, the GTS business has transitioned from delivering robust technology solutions to transformative IT solutions for the enterprise. With next generation technologies being embraced by our teams, our commitment to build truly connected organizations for our clients will see even more success in the future.”

Mr. Vivek Gupta, Head, Global Transformation Services

“The Enterprise business has become one of the jewels in the crown of Zensar – Platinum partner of Oracle, successful SAP innovator and one of the fastest growing BI practices in the industry! And the best is yet to come...”



Nitin Parab, Head, Enterprise Application Services



“We started the BPO business with a mission – to make optimisation of processes our watchword and become a true partner to our technology units. We have proven that capability time and again and will continue to delight global customers with deep domain skills and process excellence.”

Hiren Kulkarni, Head, Business Process Outsourcing

“From 2000 to 2005, we added Rs. 118.52 cr in revenues and Rs. 14.92 cr in bottomline. From 2006 to 2010, we added Rs. 523.97 cr in revenues and Rs. 93.63 cr in bottomline. Accelerating our transformation.”



Mr. S. Balasubramaniam, Chief Financial Officer

Q. What factors grew Zensar?

A. The Company's transformation was influenced by the following:

- **First:** OBT's acquisition (2005) grew our appetite for more acquisitions.
- **Second:** We acquired the US-based USD 25 million ThoughtDigital (2006), our first successful cross-border acquisition.
- **Third:** We crossed Rs. 500 cr in revenues (2006-07) through our niche focus.
- **Fourth:** We survived downturns on account of our low cost structure. We

were among the few Indian IT companies with no marked-to-market losses.

Q. What were the highlights of 2009-10?

- We reduced our debtors' cycle from 80 days of turnover equivalent in 2006-07 to 61 days, among the industry's lowest.
- We finished the year with Rs. 130 cr in cash and bank balances.
- We were rated as the Best RPG Company in October 2009 for the first time.





“At Zensar, people and cultural integration will be as critical as business integration. Our excellent associate engagement and talent management will stand us in good stead.”

Gopalji Mehrotra Head, Talent Management

Q. Acquisitions are becoming more about people and culture integration than valuations.

Zensar is in its third growth phase after survival and consolidation. In this challenging phase, it would be imperative to acquire and fast-track our growth. While we scout for a sizable cross border acquisition that will give us even bigger scale, it will be as critical to assess the people culture in our target company and create systems for their seamless integration. We will also need to create an action plan for talent cross-flow from Zensar to the acquired company and vice-versa.

Q. What are the various HR activities at Zensar?

In terms of core HR processes, we have instituted the following initiatives:

- **Mentoring:** provides an efficient channel to discuss professional issues with a mentor
- **Critical talent management:** ensures retention of high-skill level employees through various initiatives; our critical talent retention ratio has increased from 94% to 98% in two years
- **Individual talent management:** focuses on individual career development
- **High potential identification:** provides special attention to retain and promote those who can be groomed for higher levels
- **Career dialogue:** articulates and guides aspirations with the help of a cross-functional senior management team

Q. What are your priorities over five years?

A. There are quite a few and they comprise the following:

- Create systems to enhance 'automation' in the recruitment process
- Enhance our training methodology through e-learning and certification programmes
- Introduce an automated payroll system in strengthening the performance criteria for effective compensation
- Create a fundamental change through HR decentralisation by creating credible talent and resource owners at various levels



Zensar's tipping points of success

First tipping point, 2001:

The decision to focus on offshore services and provide a consulting edge to our portfolio. The first Vision Community was formed.

Second tipping point, 2004:

The SBU-wise split of our business, which enhanced focus, decentralised decision-making, reduced costs and enhanced our responsiveness to evolving industry needs.

Third tipping point, 2006:

The commencement of tactical acquisitions – first an SAP firm in India, then a East Coast Oracle Consulting house and then a Japanese niche provider of high-end services.

Fourth tipping point, 2007:

The success of our transaction processing services served as a worthy complement to our technology prowess and powered a new mission to help customers leverage technology and processes to become more successful.

Fifth tipping point, 2008:

The creation of a pioneering first-time-outsourcing (FTO) methodology, later refined into an Impact Sourcing idea that has helped us realise our vision with many customers – to be a true transformation partner business.

Stakeholders speak

At Zensar, we are proud of our rich legacy and diversity. In this section we provide the story of our transformation through the 'eyes' of our various stakeholders – Board of Directors, Zensarians and valued customers.



"If I were to summarise Zensar's transformation in a few sentences, they would be:

- Dividend zoomed from 10% to 55%
- Turnover zoomed Rs. 70–80-cr to almost Rs. 953-cr
- Employee strength zoomed from 1,000 to over 5,000
- Employee nationality zoomed from one to 14

Mr Pradipta Kumar Mohapatra has been on Zensar's Board for over a decade.

"Low morale. Non-existent cash flows. Client dissatisfaction. Cold times. The chapter of yesterday.

Cheerful community. Spirited members. Deep ethnicity. Healthy balance sheet. High customer retention. Shareholder delight. Business sustainability. The story of today.

Transformation summed up."

John Levack has been on Zensar's Board for the last seven years

"I have loved every moment at Zensar and continue to have the most amazing time in my career – starting as a management trainee to now being part of the executive leadership team in the UK, leading and driving growth strategies for Zensar Europe."

Ravi Shetty has been with with Zensar for over 23 years

"Our manager asked me to fight like a warrior and till this day I remember and follow the rules of the combatant having the tag line 'work is warship, so fight till you win!'"

Nabonita Roy has been with Zensar for five years now

"Over these years, I have had the opportunity to work with several 'top-of-the-class' delivery heads and business development managers, who have directly and indirectly transformed me to the professional I am today. Needless to say then that the key enablers for this transformation have been the empowerment and the mentoring provided by the true leaders in this organisation, with the 5-F mantra along with the organisational values forming the bedrock for growth. I look forward to growing this organisation, strengthening its pillars, mentoring its talent and in the process growing myself."

Vishwas Pitre has been with Zensar for over 15 years now

Top 5 turning points and their impact

What's in a name? ICIL transformed into Zensar in February. 2000, giving Zensar the mental tenacity to spread its wings and fly on its own.

Ganesh mantra – Ganesh Natarajan joined as CEO in February. 2001, the quintessential IT warrior, enabling Zensar to align its operations to the market's exacting expectations

Vertical inclination – The company re-organised along vertical lines in 2003, enabling it to focus on key verticals where it developed inherent strengths.

Getting the infrastructure right – Infrastructure Management took off as a Practice in end-2006, thereby completing the full spectrum of IT services offered by the company and enabling horizontal integration

Coming of age – RPG group bought Fujitsu's stake in March. 2007, thereby coming out of the Fujitsu shadow and establishing itself in its own right.

Sreepal Menon has been with Zensar for over 12 years now

"Combining both applications support and infrastructure support teams into one offshore development centre has proved to be very successful, with both teams working extremely well together."

Phil Harper, Fulcrum, customer with Zensar for seven years

"I have been working with Zensar over ten years in a variety of engagements, ranging from application support and development services to business process outsourcing. Having had extensive experience over the last decade in working with a number of offshore service providers ranging from tier-1 to tier-3, I have found Zensar to be one of the most customer-focused and responsive companies. Throughout the long partnership with Zensar, there have been significant successes as well as challenges that have required senior management intervention. However, without a doubt, the effort has been worthwhile and has resulted in a successful outcome that has, and will underpin, the continuing engagement and relationship between our two organisations."

Afsi Mobbaser, Laing O'Rourke, customer with Zensar



“A socially-conscious Zensar intends to climb to a higher CSR league through partnerships with credible NGOs.”

Anu Aga (Member, Board of Trustees, Zensar Foundation) is Director of Thermax Limited. She was recently awarded the Padma Shri by the Government of India.

We believe in creating an inclusive society within and around us and strive to make a positive contribution to the 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 five years now and is in its next phase of growth, consolidating its operations and creating a comprehensive model which will include primary education for children and skill enhancement and development among youth to make them employable.

The Foundation's vision going forward is to leverage technology in education and build a strong case of public private partnerships (PPP) by working together with different groups to strengthen the knowledge eco-system across levels – right from primary schools to colleges.

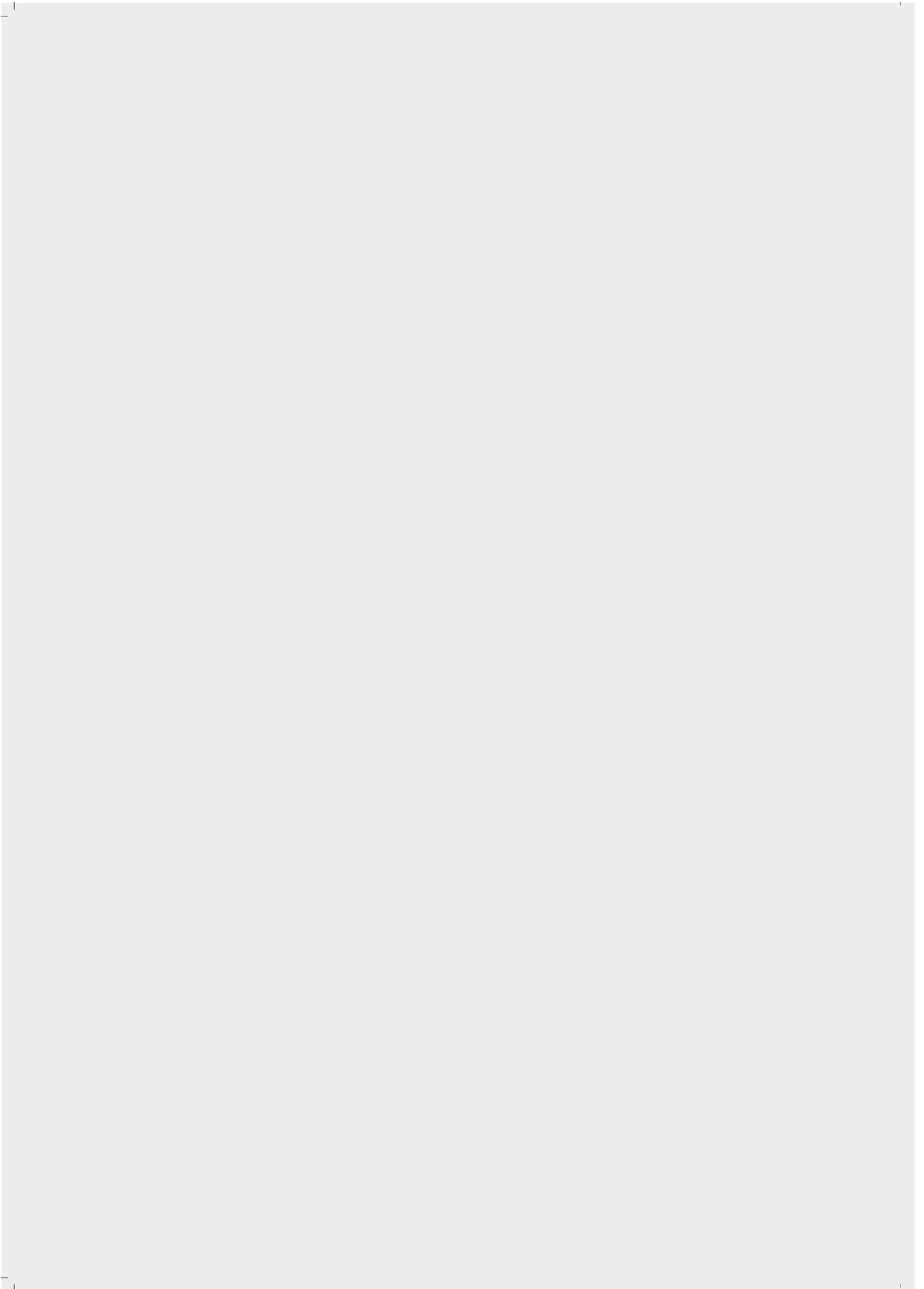




**DIRECTORS'
REPORT**

**CORPORATE
GOVERNANCE**

**MANAGEMENT
DISCUSSION
AND ANALYSIS**



DIRECTORS' REPORT



Dear members

Your Directors are pleased to present their 47th Annual Report together with the Audited Accounts for the year ended 31st March 2010.

FINANCIAL HIGHLIGHTS

The Financial Results for the year are as under:

Zensar Technologies Limited

(Rs. Crore)

	Year ended 31 st March 2010	Year ended 31 st March 2009
Income from operations	497.08	421.87
Miscellaneous Income	8.15	8.75
Total	505.24	430.62
Profit Before Taxation	86.59	66.68
Profit After Taxation	84.15	60.47
Proposed Dividend	11.87	10.78
Transfer to General Reserves	75.00	75.00

Zensar Technologies and Subsidiaries (Consolidated)

(Rs. Crore)

	Year ended 31 st March 2010	Year ended 31 st March 2009
Income from operations	952.76	908.08
Miscellaneous Income	8.28	14.08
Total	961.03	922.16
Profit Before Taxation & Minority Interest	149.15	111.82
Profit After Taxation and before Minority Interest	127.26	86.26
Minority Interest	(0.30)	(0.30)
Profit After Taxation	127.56	86.56

FINANCIAL RESULTS

During the financial year 2009-10, your Company recorded total income of Rs. 505.24 Crore comprising Income from Software Development and Allied Services of Rs. 497.08 Crore, and other income of Rs. 8.15 Crore. The Company recorded a net profit of Rs. 84.15 Crore reflecting a growth of 39.15%.

On a consolidated basis, your Company has maintained steady growth with total income of Rs. 961.03 Crore comprising Income from Software Development and Allied Services of Rs. 952.76 Crore and other income of Rs. 8.28 Crore. The Consolidated Profit before Taxation and minority interest was Rs. 149.15 Crore reflecting a growth of 33.38%. The Consolidated Profit after Taxation was Rs. 127.56 Crore reflecting an increase of 47.36%.

BUSINESS UPDATE

We started the year 2009 amidst speculation and uncertainty precipitated by the economic downturn which affected almost every economy in the world. However, the developments during the year, demonstrated the resilience of Zensar and the Company delivered excellent growth in profits and revenue. While there was certainty that these tumultuous times would pass, the Company viewed this crisis as an opportunity, not only exhibiting resilience but also sustaining its growth.

The advent of 2010 has signaled the revival of outsourcing within core markets, along with the emerging markets increasingly adopting outsourcing for enhanced competitiveness. The Company has leveraged this and had built upon its relationships with existing customers and has acquired many new customers through the year. The investments that the Company has made in the business have helped us gain a stronger position in the market than in 2009.

The year witnessed the emergence of and thrust on its core themes for the next decade – Diversification, Specialization, Transformation, Innovation and inclusive growth. As a Company we targeted new growth engines beyond our core offerings, invested in developing innovative solutions for our end-customers, strengthened internal capabilities by acquiring and

training talent and investing in people initiatives. This coupled with our compelling and dynamic value proposition and competitiveness ensured that Zensar remained committed in creating shareholder value.

The domestic market is at an inflection point with the rise of India Inc., growing adoption of IT to achieve greater efficiencies and the Indian government fuelling the demand with various e-Governance initiatives. The year witnessed longer term comprehensive outsourcing engagements with the overall domestic market posting strong growth. Recognizing the opportunities, the Company has reaffirmed its commitment to the domestic market with focus on key segments of government, healthcare, manufacturing and logistics in India by launching new offerings and partnerships to service the sectors. The Company has also been recently empanelled as IT consultant for the nationwide Restructured Accelerated Power Development and Reforms Programme (R-APDRP) launched by the Ministry of Power, Govt. of India in the XI Five year Plan to prevent frequent outages, and transmission and distribution losses due to theft and unmetered supply.

Emerging markets of India, South Africa and continental Europe continue to be drivers of new business for the Company and with a number of customers ready now to move offshore which is a significant trend for the Company. Amongst the new wins in these territories are, a large total financial services provider; a leading integrator of competitive, innovative and practical business solutions based on information and communication; an independent private London bank, providing banking and investment services; provider of talent management, e-recruitment and payroll software solutions to corporate companies across the globe.

The Company has also seen some new product launches which include the launch the Procurement Platform for our BPO Services, which helps customers realize the potential of technology and outsourcing without having to incur capital expenditure and pay only for the number of transactions managed. The launch of ZenAutoPro, Zensar's tool for automated code generation to advance the script development process and to save the overall automation time as compared to traditional Test Automation is yet another outcome of our focus on constant innovation.

In addition to growth in the areas of Package Implementation, Testing and Infrastructure Management, Zensar's new Impact Sourcing service for process and technology transformation for recessionary markets with assured results has received an excellent response from the market.

The Company has seen immense traction in the Enterprise Applications business and has been adding new customers to its Oracle business over the year. The Company is also now a Platinum Partner (Highest level of partnership) in the Oracle Partner Network Specialized program. The status is a recognition of our expertise across the breadth of Oracle products. Your Company is also a Gold Certified Partner for Microsoft, which represent the highest level of competence and expertise with Microsoft technologies.

QAI India Limited, a Software Engineering Institute (SEI) – an authorized lead appraiser has audited the Company's processes and has renewed your Company's CMMI certification (Maturity Level 5 of CMMI for Development v 1.2).

Additionally, your Company has also ensured that all operational levers work towards enhancing productivity to continue the growth journey that we have seen in the past.

BUYBACK

During the year the Company completed Buyback of 24,24,000 Equity Shares through Tender Offer Route at a price of Rs. 165/- per Equity Share. The Equity Shares so bought back constituted 10.11 % of the Equity Share Capital of the Company. The total amount utilised for Buyback was Rs. 39.99 Crore. A sum of Rs. 242.40 Lacs was transferred to Capital Redemption Reserve Account.

AMALGAMATION

A Scheme of Amalgamation of Zensar OBT Technologies Limited and Zensar Transformation Services Limited with the Company was sanctioned by the Hon'ble High Court of Judicature at Bombay on 09th April, 2010. The Order passed by Hon'ble High Court of Judicature at Bombay approving the said amalgamation

was filed with Registrar of Companies, Pune on 17th April, 2010. Accordingly this scheme has been given effect to in these Accounts and the assets and liabilities of the Subsidiary Companies, at the respective book value, have been transferred to and vested in the Company with effect from 01st April, 2009.

DIVIDEND

In view of your Company's profitable performance, your Directors are pleased to recommend, for your approval, dividend at the rate of Rs. 5.50 per share on the Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2010. The Dividend, if approved by the shareholders in the ensuing Annual General Meeting would result in an outflow of Rs. 13.84 Crore including Dividend Distribution Tax, Surcharge and Cess thereon. The Dividend would be paid to those shareholders whose names appear in the Register of Members on 05th July, 2010.

TRANSFER TO RESERVE

Your Directors propose to transfer a sum of Rs. 75.00 Crore to General Reserve.

FIXED DEPOSITS

Currently, your Company does not have any Fixed Deposit Scheme.

DIRECTORS

Mr. H. V. Goenka 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

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 14 and Note 15 of Notes to Accounts respectively. Particulars regarding R & D expenditure during the year are given in Note 22 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 2010 and the profit of the Company for the year ended 31st March 2010;
- 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, your Company is required to attach the Directors' Report, Balance Sheet, and Profit and Loss Account of its Subsidiary Companies. Accordingly, an application has been made to the Ministry of Corporate Affairs (MCA), Government of India, requesting an exemption from such attachment as the Audited Consolidated Financial Statements in the Annual Report present a full and fair picture of the state of affairs and the financial condition of the Company. The approval is awaited

The Company will make available the annual accounts of the subsidiary companies and the related detailed information upon request by any member of the Company. These documents/details will also be available for inspection by any member of the Company at its registered office during business hours on working days.

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" and "2006 Employees Stock Option Scheme" for granting Term based and performance based Stock Options to

Employees. In the financial year 2009-10, 26,941 numbers of equity shares were allotted under 2002 Employees Stock Option Scheme” and 7,256 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.

GROUP

Pursuant to intimation from the promoters, the name of the Promoters and entities comprising the ‘group’ as defined under the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP) are disclosed in Annexure D 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 2010

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

A. RESEARCH & DEVELOPMENT (R&D)

Your Company is happy to report that it continues to focus on in-house Research and Development program/activities (program recognized by Department of Science and Industrial Research (DSIR), Department of Science and Technology (DST), Government of India, in September 2008) in following areas:

Global Delivery Model/Solution BluePrint Development

Your Company conceptualized and built Solution BluePrint (SBP) - a Framework for automated software development, which focuses on capturing customer business processes and visual blueprinting the solution to be developed. The modeling technology used in SBP facilitates model transformation to leverage productivity gain through automation. Global Delivery Model (GDM) remains appropriate for growing global needs to leverage network of resources, domain/technology specialists and in aligning best-in-class processes. SBP with collaborative feature to assist in better understanding amongst stakeholders is further enhanced with automated Test Scenario identification, Java/J2EE design pattern implementation to address business needs in IS systems. A unique Round-trip Engineering feature enables synchronization of popular Java IDE with model Class-diagram, thus simplifying /enhancing impact analysis process during development and enhancement of code for Java based application. The experience gained so far sets the future path of maturing and enhancing SBP Framework architecture, based on flexible Open Source Community components /tools, to have integration with Ontology frameworks and Domain Specific Language/Models. Your Company is happy to report that a SBP Community Edition version is launched through our solution-blueprint.com site and continues to be a contributing member of Open Source community with it's vision of Global citizenship in new-age IT world.

Use of Open Source Technologies

Open Source Technologies bring solutions for changing business needs and continues to be a preferred choice for organizations worldwide looking for cost effective solutions. With growing confidence in adopting technologies such as MySQL for Database , Portal Solutions, PHP for scripting language using Open source components and developing plug-in components to build/enhance functionality your Company has executed internal projects and addresses solution space using such technologies for the customers. Your Company continues to be a member of the very popular Open Source Eclipse platform.

T-Zen Test Manager tool & SaaS (Software as a service)

Software Test Manager Tool facilitates the testing during development process. Your Company has developed a bug tracking tool – Tzen and hosted it in the Cloud for the use by associates engaged with customers worldwide. This is an in-house developed tool for our software development community. It allows us to freely use and also add functionality as required. The features include integration with open source tool – Mantis with built-in hosting capability to reduce individual installations and maintenance. The delivery mechanism for this tool to customer is Software as a Service (SaaS) and commercial model is “pay per use”

Cloud Technology and SOA (Service Oriented Architecture)

With Distributed computing leading to exploration of Cloud technologies and SOA framework creating architectural choices, our growing maturity in the solution space enables internal IT to be engineered for the future with eye on the current business needs. This will enable us to follow the blueprint for integrating our own internal IT application gradually including legacy systems to realize Next Generation Integrated Information System.

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 systems is based on mature and stable applications such as Project Initiation / Allocations, workflow engine based Performance Management systems, collaborative work through portal services and knowledge management, Blogs /discussion threads for associates.

Your company has embarked upon development and deployment of next generation of IT systems for internal use that will facilitate higher automation and productivity. This is towards preparation to grow towards half billion dollar revenue mark.

Innovation Council

Your Company has created and institutionalized Council to identify opportunities for Technology and Process Innovation applicable in its work. Your Company is happy to report that Innovation in Technology & Process, a High Maturity Key Process Area from CMMI-Dev model, was assessed successfully this year. Council is empowered to conceptualize, develop and implement these ideas. These initiatives will generate Intellectual Property for the Company in its chosen industry vertical and technology focus areas.

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, 2010

Sr. No.	Name of employee	Age	Gross salary (Rs.)	Designation	Qualification	Total Experience	Date of Joining	Details of previous employment	
								Designation	Organisation
1	Mr. Sanjay Sadashiv Marathe	54	3803175	Senior Vice President, Head Delivery - GTS (Americas and CTO)	M. Tech	32	01-Apr-85	Head-Microprocessor Division	ICA, Mumbai
2	Mr. Praveen Rajkumar Wadhwa	45	2672665	Asst Vice President & Head Delivery Unit	B.Sc. (Applied) Comp. Science	24	17-Feb-92	Project Leader	Data Systems Services Pvt. Ltd
3	Mr. Narendra Makarand Joshi	39	3027526	Asst Vice President & Head Delivery Unit	B.E.Computer Sc. & Engg.	18	20-Jun-94	Group leader	Kirloskar Computer Services
4	Mr. Sanjay Brijkishore Chaturvedi *	42	2157000	Assistant Vice President	MBA	20	08-Sep-97	Business manager	NIIT
5	Mr. Deepanjan Banerjee	40	2729270	Associate Vice President	M.Sc. (Tech)	15	27-Jul-98	System Analyst	Ananda Bazar Patrika Ltd
6	Mr. Yogesh Shrinivas Bang *	37	953307	Sr.Consultant (QA)	B.E.	14	25-Jan-99	Team Member	Compulink Systems Pvt. Ltd.
7	Mr. Premkumar Ramchandra Apte	56	3320263	Associate Vice President	M.Tech Comp. Science	33	18-May-99	Sr. Vice President	Software Moghuls
8	Mr. Kumar Gaurav	34	2766587	Practice Head Consulting	MBA	12	01-Mar-00	Junior Manager	SAIL
9	Mr. Visvanathan Shankar	57	2455854	Associate Vice President	M.Sc.	34	04-May-00	Wing Commander	Indian Air Force
10	Mr. Mohan Parmeswaran Ayyar	57	2583393	Head Process & Standards Organization	B.Com., PG Diploma In Personal Mgt.	34	04-Feb-99	Wing Commander	Indian Air Force
11	Ms. Prameela Nagamalati Kalive	44	3356594	VP & Global Head Talent Management	ME, MBA	23	17-Nov-00	Technical Director	Athena Consulting Private Ltd.
12	Dr. Ganesh Natarajan	53	8483107	Vice Chairman & Managing Director	BE(Mech),P.G. (Ind) Engg.,Ph.D	30	01-Mar-01	Managing Director	Aptech Limited
13	Mr. Hiren Ramkrishna Kulkarni	49	3736054	Vice President	BA	26	02-May-01	General Manager	ERPG
14	Mr. Krishna Ramaswami	45	2828775	Vice President	B.Sc ; PGDSM	22	05-Nov-01	Senior Vice President	Sanchez Capital Services
15	Mr. Sushantraaj Balwant Jagtap *	41	1453937	Sr. Program Manager	B. C.S.	20	19-Nov-01	Project Leader	Zeneb Incorporation, US
16	Mr. Shankar Krishnamoorthy	46	2504442	Head Delivery Unit	B.Com .	29	01-Mar-02	Project Manager	SSI Technologies, Chennai
17	Mr. Satish Rajaram Joshi	44	2493279	Head Delivery Unit	B.Sc. (Stats)	22	13-Oct-03	Project Leader	Mahindra Consulting Limited
18	Mr. Balasubramanian Visvanathan	49	4218133	Executive Vice President	BE,PGDIE	26	01-May-04	Executive Director	Aptech Limited
19	Mr. Ajay Bhandari	42	3633573	Vice President	CA;ICWA	22	01-Apr-04	Manager - Systems	Fascel Ltd

Sr. No.	Name of employee	Age	Gross salary (Rs.)	Designation	Qualification	Total Experience	Date of Joining	Details of previous employment	
								Designation	Organisation
20	Mr. Parimal Pandit	41	2658727	Asst Vice President & Head Delivery Unit	BE	19	29-Jun-98	Sr.Officer Systems	Motor Industries Co. Ltd.,
21	Mr. Ajit Prabhakar Sane *	59	1221195	Head Administration & Travel	B.Sc.	37	01-Jul-04	Sr. Manager Support Services	Bajaj Auto Ltd.
22	Ms. Sunetra Shriprakash Wagh	45	2789613	Assistant Vice President & Delivery Head	BSC,PGDCA	23	15-Jul-04	Project Manager	Mastek Ltd.
23	Mr. Ramanathan Ramasubramanian	48	2900127	Global Marketing Controller	BSC;DMM	25	01-Dec-04	Chief Executive Officer	Sai Softek Services Pvt. Ltd.
24	Mr. Chandran Raghuraman *	50	2011109	Assistant Vice President	BE, PG Diploma	25	03-Jan-05	Principal Consultant	Satyam Computers
25	Mr. Balasubramaniam S	52	3619251	Sr. Vice President & CFO	Bcom (Hons); FCA,AICWA	30	01-Oct-05	VP-Finance	RPG Life Sciences
26	Mr. Anturkar Shashank S	47	2479972	Asst Vice President	BE,Diploma	21	01-Apr-06	Principle Consultant	Oracle Corp.
27	Mr. Jitendra Bane	50	2839411	Head Delivery Unit	B.Sc	29	16-Jun-06	Asstt. General Manager	3i Infotech Ltd.
28	Mr. Ankit Ghosh	44	3838762	Associate Vice President	Diploma in Electrical Engineering	21	10-Oct-06	Sr.IT Consultant	ITC Infotech India Ltd.
29	Mr. Nikhil Agarwal *	34	1003019	Director ZCBI	Ph.D	12	16-Jul-07	Professor	SPJIMR
30	Mr. SuvoPriya Mukherjee *	42	345352	Head - COE Programs	B.Com .	15	10-Apr-08	Cluster Head	Axis Bank
31	Mr. Srinivas Rao Polsani	42	3192751	Head Consulting Deliveries	BE	17	23-Apr-08	Head Fusion Middleware Practice	Satyam Computer Services
32	Mr. Venkat Rajan R *	41	627610	Country Manager [FRAGER]	B.Sc.	18	19-May-08	Regional Sales Officer	Zycus Inc.
33	Mr. Sanjiv D Vaidya *	56	512248	Associate Vice President	B. TECH	20	01-Jul-08	Associate Vice President	IIM , Calcutta
34	Mr. Durga Prakash Kone *	37	1901998	Assistant Vice President	B.Com .	16	26-Feb-09	Assistant Vice President	Satyam Computer Services Ltd
35	Mr. Venkat Ram Taddi *	37	1522089	Team Lead	MA	15	16-Nov-09	Project Manager	Dayal Softcom Private Ltd
36	Mr. Sandeep Suryavanshi *	40	524957	Chief Info. Officer	B. C.S.	20	18-Jan-10	Chief Information Officer	smartlink Network Systems Ltd
37	Mr. Gopalji Mehrotra *	43	222193	Vice President and Head HR	MBA	16	08-Mar-10	Director-HR	Kennametal Inc

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 calculated as per Income Tax Rules wherever applicable.

By order of the Board

22nd April, 2010
Mumbai;**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	2,328,806	1,000,000
3	Options Granted during the year	Nil	79,000
4	Pricing formula	The Compensation Committee decides exercise price for the Stock Options based on the market price i.e. 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 31 st March 2010	196,961	222,660
6	Options exercised during the year	26,941	7,256
7	Total number of shares arising as a result of exercise of options till 31 st March 2010	704,547	7,256
8	Options lapsed / cancelled during the year ¹	43,290	11,820
9	Variation of terms of options	During the year there has been no variation in the terms of options.	During the year there has been no variation in the terms of options.
10	Money realized by exercise of options during the year.	Rs. 3,317,125	Rs. 1,214,800
11	Total number of options in force at the end of the year	256,526	533,404
12	Employee-wise details of Stock Options granted to Senior Managerial Personnel as on 31 st March 2010.	Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan - 500,000; Mr. Parmod Bhalla - 100,000; Mr. Vivek Gupta - 21,039; Mr. Nitin Parab - 18,476; Mr. V. Balasubramanian - 19,125; Mr. S. Balasubramanian - 10,407; Prameela Kalive - 1,575; J Pardhasaradhi - 2,100; Krishna Ramaswamy - 1,575 Of these, certain stock options have been exercised	Senior Management comprises the Managing Director and his direct reports. Accordingly, the details of Stock Options granted are as follows:- Dr. Ganesh Natarajan - 200,000; Mr. Vivek Gupta - 30,000; Mr. Nitin Parab - 30,000; Mr. V. Balasubramanian - 30,000; S Balasubramaniam - 5,000; Prameela Kalive - 3,000, Krishna Ramaswamy - 3,000
13	Employees who were granted options amounting to 5% or more of the options granted during the year.	Nil	1. Ajay Bhandhari - 10,000 2. Deepanjan Banerjee - 12,000 3. Ankit Ghosh - 12,000 4. Harish Lala - 12,000
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.	Dr. Ganesh Natarajan : 500,000 As of 31 st March 2010, all these options have been exercised.	Nil

Sr. No.	Description		
15	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS 20)	Rs. 35.33	Rs. 35.33
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.	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 0.26 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is 0.26 Crore and Re. 0.11 respectively.	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 0.83 Crore for the year, Fair Value being higher than Intrinsic Value. The impact on Profits and EPS is 0.83 Crore and Re. 0.35 respectively.
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	Weighted average exercise price of the options is Rs. 63.60 Weighted average fair value of the options is Rs. 73.04	Weighted average exercise price of the options is Rs. 74.09 Weighted average fair value of the options is Rs. 82.10
18	Description of the method and significant assumptions used during the year to estimate the fair values of options:	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: <ol style="list-style-type: none"> 1. Risk-free interest rate : 7.50 % 2. Expected life : 84 months 3. Weighted average of expected volatility : 42.50% 4. Expected dividends : 1.57 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 151.00 	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: <ol style="list-style-type: none"> 1. Risk-free interest rate : 7.50 % 2. Expected life : 84 months 3. Weighted average of expected volatility : 42.50% 4. Expected dividends : 1.57 % 5. The weighted average price of the underlying share in market at the time of option grant: Rs. 151.00

¹ As 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.

Annexure D

Persons constituting group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP) for the purpose of Regulation 3 (1) (e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Share and Takeovers) Regulations, 1997 include the following:

Accurate Commodore Pvt Ltd	RPG Industries Pvt Ltd
Adapt Investments Ltd	RPG Infrastructure Inv Ltd
Adorn Investments Ltd	RPG Landscapes Ltd
Alipore Towers Pvt Ltd	RPG Life Sciences Ltd
Allwyn Apartments Pvt Ltd	RPG Resorts Ltd
Amber Apartments Pvt Ltd	Sarala Pharmaceuticals Ltd
B N Elias & Company Pvt Ltd	Saregama India Ltd
Best Apartments Pvt Ltd	Shaft Investments Pvt Ltd
Blue Niles Holdings Ltd	South Asia Electricity Holdings Ltd
Brabourne Investments Ltd	Spencer & Co Ltd
Carnival Investments Ltd	Spencer International Hotels Ltd
Ceat Ltd	Spencer Travel Services Ltd
CESC Ltd	Spencer's Retail Ltd
Chattarpati Investments Ltd	Sri Krishna Chaitanya Trading Co Pvt Ltd
Dakshin Bharat Petrochem Ltd	Sri Parvathi Suthan Trading Co Pvt Ltd
Eastern Aviation & Inds Pvt Ltd	Stylefile Events Ltd
FGP Ltd	Summit Securities Ltd
Goodhope Sales Pvt Ltd	Swallow Investments Ltd
Goodluck Dealcom Pvt Ltd	Tirumala Dealtrade Pvt Ltd
Harrisons Malayalam Financial Services Ltd	Trade Apartments Ltd
Harrisons Malayalam Ltd	Ujala Agency Pvt Ltd
Highway Apartments Pvt Ltd	Universal Industrial Fund Ltd
Idea Tracom Pvt Ltd	
Indent Investments Pvt Ltd	Sri Rama Prasad Goenka
Instant Investments Ltd.	Smt Sushila Goenka
Integrated Coal Mining Ltd	Sri Harsh Vardhan Goenka
KEC International Ltd	Smt Mala Goenka
Kestrel Investments Ltd.	Sri Sanjiv Goenka
Kutub Properties Pvt Ltd	Smt Preeti Goenka
Off-Shore India Ltd	Sri Anant Vardhan Goenka
Organised Investments Ltd	Smt Radha Goenka
Pedriano Investments Limited	Sri Shashwat Goenka
Peregrine Investments Ltd	
Petrochem International Ltd	Rama Prasad Goenka & Sons (HUF)
Phillips Carbon Black Ltd	Harsh Anant Goenka (HUF)
Puffin Investments Ltd	Sanjiv Goenka & Others (HUF)
Rainbow Investments Ltd	
RPG Cellular Inv & Holdings Pvt Ltd	
RPG Enterprises Ltd	
RPG Farms Ltd	



CORPORATE GOVERNANCE

The Company's Corporate Governance Philosophy

Corporate Governance

Corporate governance is a framework of rules and practices by which accountability, fairness, responsibility in the Company's relationship with its all stakeholders is ensured. This framework consists of procedures for proper supervision, control, and information-flows to serve as a system of checks-and-balances. It involves a commitment of the Company to run its business in a legal, ethical and transparent manner. It is a dedicated way of carrying out day to day affairs which is expected to come from top level and percolate throughout the Company.

It is a means to maximize the long term shareholder value in legal and ethical manner, guaranteeing fairness and transparency in all the transactions. Your Board of Directors endeavors to establish good corporate governance as it is an essential ingredient in success and sustainable economic growth of the Company.

Corporate Governance at ZENSAR:

Zensar's core values consists 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 world. The Company believes in complying with the legal requirements of Corporate Governance in true letter and spirit.

A report, in line with the requirements of the Listing Agreement executed with Stock Exchanges for the year ended March 31, 2010 is given below:

1. Board of Directors

A. Size and Composition of Board

An active, informed and independent Board is necessary to ensure highest standards of corporate governance. Their contribution is immensely important for ensuring appropriate directions with regard to leadership, vision, strategy, policy making, monitoring and achieving greater levels of performance. Taking into account this importance of Board of Directors, your Company has formed a mix of proficient executive and non executive directors on its Board, each of whom adds value and brings independent view in the decision-making process.

The Board comprises of Eight Directors, one of which is an Executive Director and seven 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 2009-10 on 21st April, 2009, 23rd July, 2009, 27th October, 2009 and 21st January, 2010.

Composition of the Board and other Directorship/Membership of Committees held as on 31st March, 2010 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 2009-10	Attendance in last AGM	Other Boards / Committees		
						Director-ships*	Committee*	
							Member	Chairman
1	Mr. H.V. Goenka	Chairman Non Executive Director	04.09.01	4	No	8	Nil	Nil
2	Dr. Ganesh Natarajan	Vice Chairman and Managing Director	04.09.01	4	Yes	2	Nil	Nil
3	Mr. A.N. Agrawal	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	No	1	1	Nil
5	Mr. Venkatesh Kasturirangan	Independent Non Executive Director	28.01.08	4	No	1	Nil	Nil
6	Mr. John Levack	Independent Non Executive Director	16.01.03	4	No	1	1	1
7	Mr. P.K. Mohapatra	Independent Non Executive Director	31.01.01	3	Yes	7	1	Nil
8	Mr. A.T. Vaswani	Independent Non Executive Director	09.02.96	4	Yes	3	2	1

* This number excludes the directorships / committee memberships held in private companies, companies registered under section 25 of the Companies Act, 1956. It includes the chairmanship/membership only in the 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.

B. Meetings

During the Financial Year 2009-10, eight meetings of the Committee were held on 21st April, 2009, 5th June, 2009, 23rd July, 2009, 17th September, 2009, 27th October, 2009, 15th December, 2009, 21st January, 2010 and 4th March, 2010.

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

Name	No. of Meetings held during 2009-10	No. of Meetings Attended
Mr. A. T. Vaswani (Chairman)	8	8
Mr. P. K. Choksey	8	8
Mr. P. K. Mohapatra	8	6

The Chairman of the Audit Committee attended 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 attended 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 consists of independent non-executive Directors. The Compensation Committee comprises of Mr. P. K. Mohapatra, Mr. Arvind Agrawal and Mr. John Levack.

B. Meetings

During the Financial Year 2009-10, two meetings of the Committee were held on 23rd July, 2009 and 21st January, 2010. The particulars of attendance at the Committee Meetings during the year are given in the table below:

Name	No. of Meetings held during 2009-10	No. of Meetings Attended
Mr. P. K. Mohapatra (Chairman)	2	2
Mr. John Levack	2	2
Mr. Arvind Agrawal	2	2

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

- Determining the remuneration packages for Executive Director, the direct reports to the Managing Director / Chief Executive Officer.
- Implementation of the Employees Stock Option Plan.
- 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 2009-10 was as follows:

(A) Salary	: Rs. 3,74,607/- per month
(B) Allowances	: Rs. 96,333/- per month
(C) House Rent Allowance	: Rs. 1,00,000/- per month

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 Company policy.

Total remuneration paid to Dr. Ganesh Natarajan during the Financial Year 2009-10 was Rs. 0.85 Crore. A service contract for the period of 5 years ending on 28th February 2011 has been entered into with Dr. Ganesh Natarajan. The said service contract provides for termination of the contract by either Dr. Ganesh Natarajan or the Company by giving not less than 120 days notice in writing to the other party or 120 days salary in lieu thereof.

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. These Stock Options would be subject to performance based vesting over a period of 5 years commencing from one year after the date of grant. Of the above,

1,19,200 nos. of stock options have vested as on the date of this report.

As of the date of this report, Dr. Ganesh Natarajan holds 2,78,529 nos. of Equity Shares of the Company.

Details of Remuneration of Non Executive Directors

Non-Executive Directors are paid only the 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.

Shareholding of Non-executive Directors

Mr. A. T. Vaswani and Mr. P. K. Choksey, the Non-Executive Directors, hold 4500 and 400 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 comprises Mr. A. T. Vaswani, Mr. P. K. Choksey and Dr. Ganesh Natarajan. Mr. A. T. Vaswani 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 redressal 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 Mr. Nilesh Limaye, Company Secretary.

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

B. Meetings

During the Financial Year 2009-10, thirteen Investor's Grievance and Share Transfer Committee meetings were held on 28th April, 2009, 25th May, 2009, 22nd June, 2009, 27th July, 2009, 07th August, 2009, 28th August, 2009, 28th September, 2009, 27th October, 2009, 27th November, 2009, 21st December, 2009,

21st January, 2010, 26th February, 2010, 29th March, 2010. The particulars of attendance at the Committee Meetings during the year are given in the table below:

Name	No. of Meetings held during 2009-10	No. of Meetings Attended
Mr. A. T. Vaswani	13	13
Mr. P. K. Choksey	13	13
Dr. Ganesh Natarajan	13	7

C. Terms of Reference

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

- Dealing with matters relating to share / debenture transfers.

- Reviewing the system of dealing with and responding to correspondence from shareholders and debenture holders.
- Reviewing and dealing with complaints and responses to letters received from Stock Exchanges, SEBI and Ministry of Corporate 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. The Directors and Senior Management have affirmed their compliance with the Code of Conduct.

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 2006-07	Financial Year 2007-08	Financial Year 2008-09
Date and Time	17 th July, 2007 at 12:00 Noon	23 rd July, 2008 at 12:00 Noon	24 th July, 2009 at 12:00 Noon
Venue	Moolgaonkar Auditorium, A Wing, Ground Floor, MCCIA Trade Tower, International Convention Centre Complex, 403-A, Senapati Bapat Road, Pune, 411016	Moolgaonkar Auditorium, A Wing, Ground Floor, MCCIA Trade Tower, International Convention Centre Complex, 403-A, Senapati Bapat Road, Pune, 411016	Moolgaonkar Auditorium, A Wing, Ground Floor, MCCIA Trade Tower, International Convention Centre Complex, 403-A, Senapati Bapat Road, Pune, 411016

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 17th July, 2007

(a) Holding of the office of profit by Dr. Ganesh Natarajan as Global CEO in the Company's wholly owned subsidiary Zensar Technologies (UK) Limited.

(ii) In the Annual General Meeting held on 23rd July, 2008

(a) Alteration of Articles of Association of the Company.

(iii) In the Annual General Meeting held on 24th July, 2009.

(a) None

Postal Ballot:

The Company conducted postal ballot to obtain approval of its shareholders under Section 77A of the Companies Act, 1956 by way of a Special resolution for Buyback of the company's fully paid up equity shares of Rs 10/- each at a price not exceeding Rs. 165/- per equity share for an aggregate amount not exceeding Rs. 40 Crores. The Company had appointed S. V. Deulkar & Co. Company Secretaries, as Scrutinizer for conducting the postal ballot process in fair and transparent manner. The result of the postal ballot was declared on 29th September, 2009 wherein the Special resolution was declared passed with overwhelming majority by the shareholders.

Details of Voting Pattern:

Particulars	Details
Total No. of Postal Ballot Form received	770
No. of Shares	18085126
Percentage to Total Equity Share Capital	75.46
No. of Invalid Postal Ballots	49
No. of Shares	10615
Total No. of Valid Postal Ballot received	18074511
No. of Shares in favor of Resolution	18066964
No. of Shares against Resolution	7574
Percentage of Shares in Favor of Resolution	99.96
Percentage of Shares against Resolution	0.04

7. Disclosures**A. Related Party Transactions**

The transactions between the Company and the Management, Directors or their relatives are disclosed in the Note No 9 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 non mandatory requirements complied with have been disclosed at the relevant places in this report.

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.
- As per the requirements of Clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, etc. is uploaded on the website www.sebidifar.nic.in within the timeframe prescribed in this regard.
- 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 companysecretarial@zensar.com.
- Management discussion and analysis forms part of this Annual Report

9. General Shareholder information

1. **Annual General Meeting:** The Annual General Meeting of the Company will be held on 13th day of July, 2010 at 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 6th July, 2010 to 13th July 2010 (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 on 05th July, 2010 .

5. Financial calendar (tentative and subject to change)

Event	Due Date
Financial reporting for the quarter ending 30 th June, 2010	14 th August, 2010
Financial reporting for the quarter ending 30 th September, 2010	14 th November, 2010
Financial reporting for the quarter ending 31 st December, 2010	14 th February, 2011
Financial reporting for the quarter ending 31 st March, 2011	15 th May, 2011 (unaudited) or 30 th May, 2011 (Audited)
Annual General Meeting for the year ending 31 st March, 2011	End September, 2011

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

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

Stock Code:

BSE	504067
NSE	ZENSARTECH
ISIN in NSDL and CDSL	INE520A01019

Listing fees have been paid for the year 2010-11.

7. Market Price Data: High/ low, Number and Value 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 -2009	114.80	77.50	97.90	247718	11403.25	113.00	77.50	98.75	302549	3473.95
May-2009	133.95	93.70	119.30	190303	14625.25	133.00	92.20	119.85	334335	4448.95
June -2009	130.00	108.10	122.90	288159	14493.84	129.50	106.50	123.05	393323	4291.10
July -2009	177.70	112.15	173.30	647037	15670.31	177.45	120.00	174.00	1100664	4636.45
Aug-2009	228.00	160.00	213.50	750442	15666.64	228.65	159.00	212.85	1088694	4662.10
Sep -2009	259.90	211.40	230.70	722016	17126.84	265.00	207.00	232.10	991856	5083.95
Oct -2009	242.20	190.05	235.25	638523	15896.28	243.75	190.00	235.50	1020220	4711.70
Nov -2009	305.90	223.50	296.90	1032665	16926.22	307.00	223.60	297.30	1816295	5032.70
Dec-2009	351.00	289.40	324.10	714442	17464.81	351.00	292.00	324.60	1583892	5201.05
Jan -2010	353.00	285.30	308.40	682136	16357.96	357.50	285.00	307.15	2885135	4882.05
Feb-2010	311.00	275.00	285.20	266747	16429.55	310.00	274.10	285.10	665157	4922.30
Mar -2010	334.00	271.60	272.10	329100	17527.77	312.70	271.15	272.40	384673	5249.10

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

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 Registrar and Share Transfer Agents at the address given below:-

Sharepro Services (I) 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 lodgement 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 2009-10 are as follows:-

Nature of Complaint	2009-10	
	Received	Attended to
Non – receipt of share certificates	29	29
Letters from Stock Exchanges, SEBI etc.	7	7
Non-receipt of Dividend / Debenture interest / Redemption warrants	71	71
TOTAL	107	107

10. Distribution Schedule:

As of 31st March, 2010 the distribution of the Company's shareholding was as follows:

No. of equity Shares held	As on 31 st March, 2010			
	No. of Share holders	% of Share holders	No. of Shares held	% of Share-holding
1-500	21031	93.725	1850807	8.578
501-1000	765	3.409	555737	2.576
1001-2000	345	1.538	493258	2.286
2001-3000	102	0.455	259873	1.204
3001-4000	42	0.187	148322	0.687
4001-5000	22	0.098	102968	0.477
5001-10000	63	0.281	447633	2.075
10001 & above	69	0.308	17717269	82.116
Total	22439	100	21575867	100

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, 2010 is as under:

Particulars	No. of shares	% of total capital issued
Held in dematerialized form in CDSL	10,99,345	5.09
Held in dematerialized form in NSDL	2,00,09,341	92.74
Physical	4,67,181	2.17
Total	2,15,75,867	100.00

12. Shareholding pattern:

Details of Shareholding as on 31st March, 2010 was as under :

Category	As on 31 st March, 2010			
	No. of Share holders	% Share holders	No. of Shares held	% Share holding
Individuals	21495	95.79	4232192	19.62
Corporates	657	2.93	10736608	49.76
FII's & other Foreign Bodies	20	0.09	196576	0.91
NRIs/OCB	252	1.12	5826703	27.01
Mutual Funds	15	0.07	583788	2.71
Total	22439	100.00	21575867	100.00

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

As of 31st March 2010, 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.

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.

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 2009-10.

Dr. Ganesh Natarajan
Vice Chairman and Managing Director

Mumbai
Dated 22nd April 2010.

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, 2010 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.

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

Pune
Dated 22nd April, 2010

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



MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Profile:

Zensar Technologies is a globally focused software and services Company spread across 18 countries, with its headquarters in Pune, India and a centre in Hyderabad; it has its other delivery centres in Gdansk in Poland, Slough in UK and Shenzhen in China.

With 5234 associates and sales and operations presence across US, UK, Germany, Finland, Middle East, South Africa, Singapore, Australia, Japan, Poland and China, the Company delivers comprehensive services for mission-critical applications, enterprise applications, e-business applications and BPO Services and is poised for growth in years to come.

The Company provides end-to-end services from IT solutions to Business Process Outsourcing services, from consulting to implementation across diverse technology platforms and industry domains through a Global Delivery Model, delivering 24x7 services.

The Company has been recognized by the Department of Scientific and Industrial Research (DSIR) in recognition of the in-house R&D efforts. DSIR is a nodal department that grants recognition to in-house R&D units in Industry, Scientific and Industrial Research Organizations (SIROs).

With a landscape of global operations comes a vast diversity of customers, partners and a global talent pool. The Zensar team

comprises at least 14 nationalities – Albanian, American, British, Canadian, Chinese, Filipino, Indian, Israeli, Italian, Japanese, Mexican, Pole, South African, and counting as the Company is expanding.

At Zensar individuality, creativity, innovation and flexibility are celebrated and this creates enormous diversity which brings in a ‘world culture’ to the organization and equips it to be a true transformation partner to global corporations.

Indian IT 2000-10 – Industry Outlook

We started the year 2009 was the year of speculation and uncertainty brought in by the economic downturn which affected almost every economy in the world but the year steadily opened up to be better than expected with good results from companies across the industry. The developments during the year, demonstrated India’s resilience and maturity, driven by sound macroeconomic fundamentals.

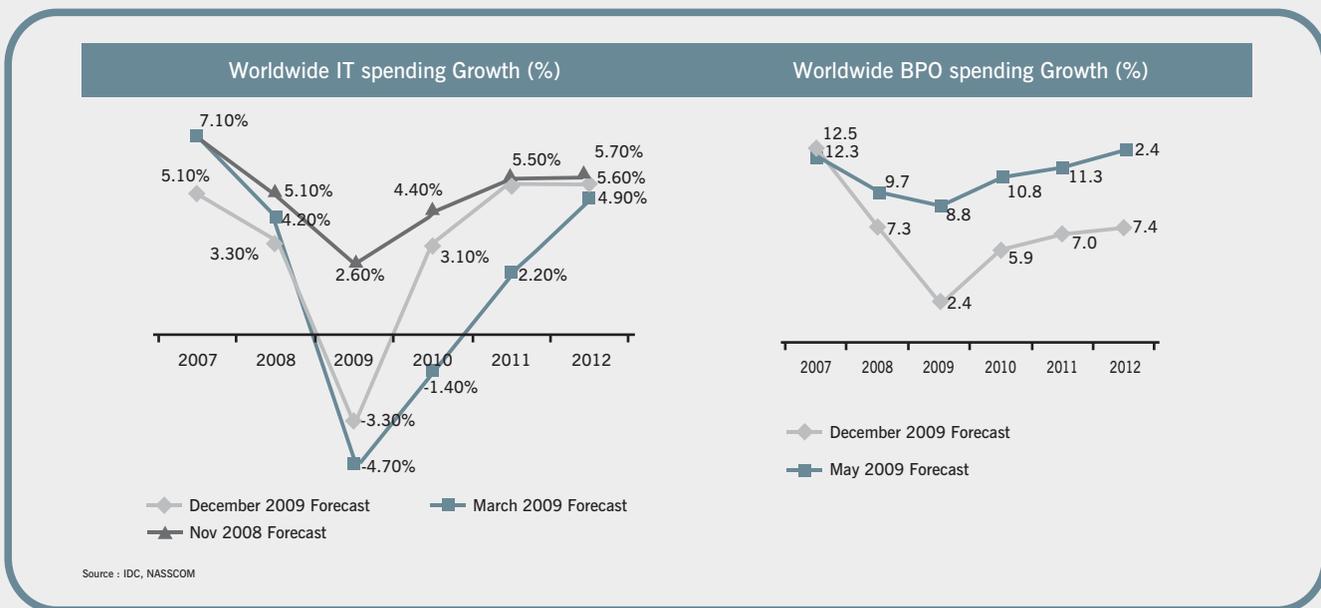
For the Indian IT-BPO industry, this downturn signaled the beginning of a paradigm shift in the way the industry thinks and operates- the ability to carve out new product and process strategies, explore new market opportunities beyond the traditional strongholds in software exports and build a more co-operative relationship with the knowledge worker community –developments which will have long term positive impacts on our industry. The industry targeted on building new growth engines,

beyond the core offerings, invested in developing innovative solutions for overseas and domestic end-customers, focused on end-to-end capabilities in selected core areas, strengthened internal capabilities by upgrading talent and making knowledge investments.

The Indian IT industry is estimated to aggregate revenues of USD 73.1 billion in FY 2010, with the IT software and services

industry accounting for USD 63.7 billion of revenues. During this period, direct employment is expected to reach nearly 2.3 million, an addition of 90,000 employees, while indirect job creation is estimated at 8.2 million. As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 6.1 per cent in FY 2010. Its share of total Indian exports (merchandise plus services) increased from less than 4 per cent in FY 1998 to almost 26 per cent in FY 2010.

Worldwide IT-BPO spending – Overall decline but somewhat less pronounced as compared to earlier forecasts



Export revenues are estimated to gross USD 50.1 billion in FY 2010, growing by 5.4 per cent over FY 2009, and contributing 69 per cent of the total IT-BPO revenues. Software and services exports (including BPO) are expected to account for over 99 per cent of total exports, employing around 1.8 million employees.

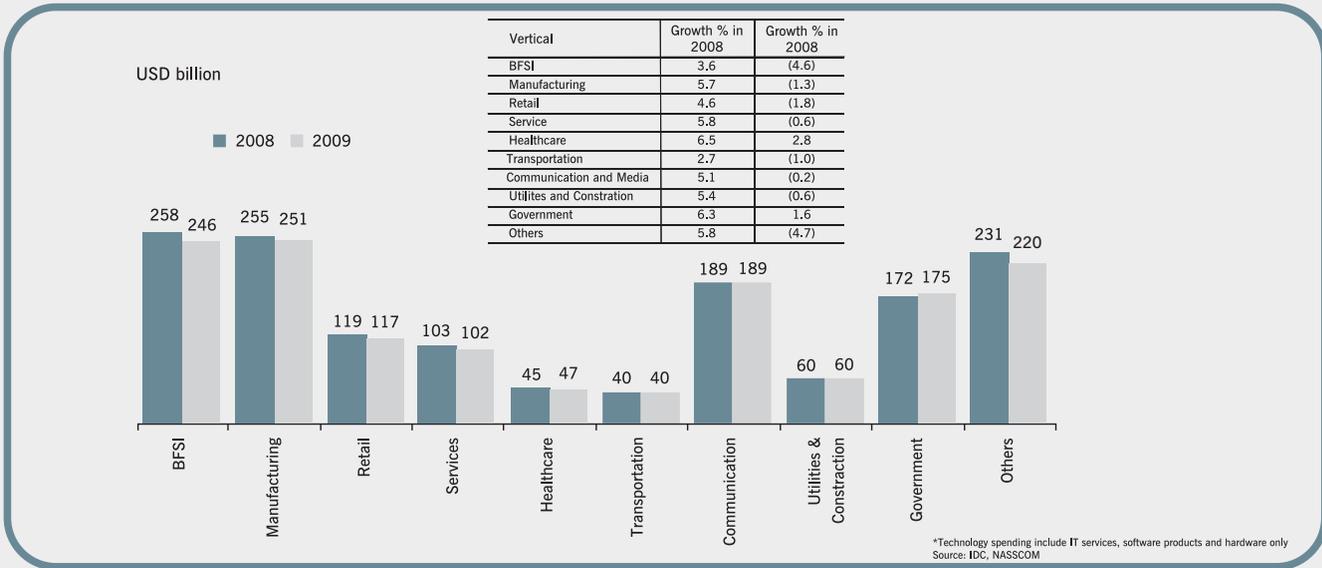
Domestic IT-BPO revenues are expected to grow at almost 8.5 per cent to reach INR 1,088 billion in FY 2010. Rise of Indian corporations facing competitive market conditions through an increasingly globalised Indian market, increased spend by the government in several e-Governance initiatives, enhanced connectivity and increased levels of IT spending are key factors, which make the domestic market lucrative today. Coupled with the fact that companies are looking to improve competitiveness by adopting global best practices, leverage customised service offerings and new delivery models such as SaaS, which ensures greater cost savings. Domestic IT services is expected to grow by 12 per cent in FY 2010. The domestic BPO segment has

continued its strong performances over the past few years, growing by 22 per cent over FY 2009, to reach INR 108 billion, driven by large deals in the telecom and BFSI space.

The industry's vertical spend also saw the impact of the downturn globally. Banking and Financial Services, one of the largest vertical in terms of IT adoption suffered the greatest brunt of the recession. It plunged into a decline after witnessing below average growth rate of 3.6 per cent in 2008. Government and healthcare segments continued to grow, same as last year, but quite slow in comparison.

The government market is one of the largest and steadily growing vertical industries worldwide for technology spending, with over USD 175 billion — targeted for IT hardware, software, and services. There is an increasing demand for discretionary spending due to the emergence of new national priorities such as national security, immigration policy and disaster readiness.

Government and the healthcare verticals turned out to be potential spenders and relatively recession resistant for the second consecutive year



The advent of 2010 has signaled the revival of outsourcing within core markets, along with the emerging markets increasingly adopting outsourcing for enhanced competitiveness. Key demand indicators in the last two quarters have helped the industry post good results. Though full recovery is expected in another two quarters, development of new growth levers, improved efficiency and changing demand outlook signifies signs of recovery.

Opportunities and Threats

The new decade will be different in terms of opportunities and challenges, as Indian vendors begin to compete with larger Western incumbents in all markets and small and medium firms offer their own 'point of view' to an increasingly discerning customer base. As global economies limp back to positive GDP growth and the high unemployment percentages in the West continue to create protectionist voices against outsourcing to other countries, the industry will continue to face the pressures of low incremental demand and constant demand for 'more for less'.

At Zensar too we have identified areas where the Company will need to focus in the year ahead -

- Exploring innovative business models to move from the linear model and make investments in intellectual property and hosted applications and platforms such as SaaS, Cloud Services and transform processes where global centres around the world can be seamlessly integrated to deliver value.

- Entering the large SME segment with hosted solution suite which aims to help mid-size and small companies get started with a lower up-front cost by eliminating capital outlay traditionally required for acquiring a software license or IT hardware will be a focus for Zensar in the years ahead.
- Revisiting gain sharing arrangements and charging premium for expertise and guaranteed results to develop deeper trust based relationships with customers and develop long term relationships.
- Introducing Platform-based BPO services offerings for changing market needs that includes "integrated platform" that will offer a standard software offering, not just the people and the process expertise.
- Actively collaborating in providing world-class government-to-citizen (G2C) Services for the domestic market and capitalize on reforms that are paving way for increased IT-BPO spend by the government.
- Market conditions expected to remain challenging due to continued volatility in currency and rising manpower costs.

Future Outlook

As our industry moves towards exploring new frontiers, there are many reasons that will limit us and it is imperative for stakeholders to break out of the traditional mould that resulted in past successes and step up to the aspirations of the future. This

would need new business models, reinvented service offerings and an enabling environment supported by adequate levels of infrastructure and talent. The financial crisis has driven accelerated growth of Software-as-a-Service based solutions. Companies avoided non-critical software expenditures whenever possible, and the most obvious cutbacks were in core ERP upgrades. Companies shifted the funding to more business-critical software purchases, such as, vertical-specific software, where the ROI is more direct and more easily defined. Companies are expected to buy more subscription-based SaaS software solutions in lieu of on-premise software, in part because of the desire to consume software out of the operating budget rather than the capital budget.

At Zensar, we have delivered beyond expectations even when the times were tough and there is reason to believe that it will continue to do so in this decade too. With our innovative approach and solid management practices driven by a stable leadership team, a diversified services portfolio that aligns to market needs, coupled with a wide geographic spread and increased efficiencies, the Company is certain about exceeding expectations of growth in years to come.

Segment-wise Performance

For the financial year under consideration, your Company has reported results of the Strategic Business Units (SBUs) viz. Global Transformation Services (GTS) and Enterprise Application Services (EAS).

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

The performance of these segments have been separately reported in Note no. 9 of the Consolidated Financial statements of the Company.

Internal Control

Strong internal controls and their rigorous testing is one of the strengths of Zensar. All the stakeholders of Zensar benefit from this strength 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. The Audit Committee meets regularly, reviews and verifies the controls in accordance with the Terms of Reference given by the Board of Directors.

Talent Management

At Zensar, our focus is to develop 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.

Some key metrics from last year:

- Our global team has grown from 4684 to 5234
- Our retention rate stood at 84% for this year
- Our critical talent retention has stood at 98%
- Internal talent pool development – 70% of our new managerial requirements have been met internally through our leadership development programmes

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

Talent Development

Training and Organization Development

We drive sustained training and development programmes for building a strong global talent pool internally for fueling our growth and expansion plans. Our focus on management pipeline has led to 70% internal fulfillment through our leadership development program. Some of these development programmes are:

- Development Centers (DC) to assess and develop managers and leaders.
- Leadership and Managerial Development Programs (LDP and MDP) programme which is a sustained year long course for leadership pipeline development.
- Performance Planning and Evaluation process, which is used for identification of talent development needs, career planning decisions and inputs for the rewards and recognition practices.
- Structured mentoring framework to help associates develop their skills

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.

'Talent on Demand'

Campus Hiring

The COE pipeline, our initiative to partner with selected colleges and activity training for future requirements provides a steady and reliable pipeline of fresh talent.

Zensar has built a very strong partnership with the Academia to collaborate in nurturing fresh talent. This initiative has been extremely successful in reducing the deployment time of our fresh hires, and today 60% of our fresh talent acquisition comes through this programme.

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.

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 our on-campus Medical Center and the on campus Counselor facility are some of the initiatives in that direction.

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 project awards and last but not the least recognition of excellence through the Annual Excellence Awards.

Open Culture: Thriving on Transparency and Openness

Zensar provides multiple platforms at all levels to bring the associates and the management teams together to share

perspectives, views and thoughts on all aspects of working together through initiatives such as Everybody Meeting (EBM), informal meets called the Pizza and Coke meeting and other open forums.

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.

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. Zensar received the "WILL 2009 Women's Choice Awards" in recognition for the contribution in creating a most enabling and inclusive environment for women & leveraging the vast talent pool of women at the workplace.

Corporate Social Responsibility

An essential component of our corporate social responsibility is to care for the community. We endeavor to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Many of the community projects and programs are driven by active participation from our employees. Our commitment to address important societal needs extends throughout our philanthropic outreach programs driven by the Zensar Foundation. The foundation also works with various NGOs and organization with similar objectives.

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 2010 is as under:

A. BY SBU

SBU	Rs. Crores	
	2009-10	2008-09
Global Transformation Services (GTS)	683.32	620.32
Enterprise Application Services (EAS)	269.01	284.39
Others	0.42	3.37
Total	952.76	908.08

B. BY GEOGRAPHY

Geography	Rs. Crores	
	2009-10	2008-09
United States of America	575.72	526.26
United Kingdom	150.52	148.30
Rest of the World	226.52	233.52
Total	952.76	908.08

C. BY LOCATION

Location	2009-10	2008-09
Onsite	60%	64%
Offshore	40%	36%

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. 8.28 Crores as against Rs. 14.08 Crores in the previous year.

3. SHARE CAPITAL

During the year, the Company has bought back 24,24,000 numbers of equity shares and has allotted 34,197 equity shares of Rs 10 each, fully paid up, pursuant to exercise of stock options under the "2002 ESOP" and "2006 ESOP" scheme. The subscribed Equity Share Capital as at 31st March, 2010 was 2,15,75,867 number of Equity Shares of Rs. 10 each. As of 31st March, 2010 the number of Stock Options outstanding was 4,19,621.

4. RESERVES AND SURPLUS

The Company's reserves and surplus as on 31st March 2010 was Rs. 321.96 Crores as against Rs. 234.65 Crores in 2008-09 after offset of the following against the reserve:

- Rs. 3.12 Crores for Goodwill.
- Rs. 37.57 Crores for Buy Back of Equity shares.

5. SECURED LOAN

As of 31st March 2010, secured loan outstanding was Rs. 44.68 Crores as against Rs. 75.74 Crores outstanding as of 31st March 2009. This decrease was mainly on account of partial repayment of secured loan.

6. FIXED ASSETS

There was an increase in Gross Block of Fixed Assets by Rs. 10.86 Crores. Capital work-in-progress of Rs. 1.36 Crores is mainly on account of civil works related to the construction of a Development Centre at our Campus in Kharadi, Pune.

7. RETURN ON CAPITAL EMPLOYED

The return on capital employed (ROCE) for the year 2009-10 is 39%.

8. DEBTORS

The position of outstanding debtors was:

	As at 31 st March, 2010	As at 31 st March, 2009
Outstanding for less than six months	144.28	130.26
Outstanding for more than six months	14.18	16.76
Provision for doubtful debts	(15.85)	(13.75)
Total Sundry Debtors	142.62	133.28

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. 129.97 Crores as on 31st March, 2010.

10. OTHER CURRENT ASSETS

Other Current Assets of Rs. 43.89 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 2010.

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. 73.65 Crores as on 31st March, 2010 (Previous year: Rs. 53.63 Crores), against which a provision for doubtful advances has been created to the extent of Rs. 0.35 Crores (Previous year Rs. 1.05 Crores).

12. CURRENT LIABILITIES & PROVISIONS

Current liabilities amounting to Rs. 102.23 Crores (Previous year Rs. 104.58 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. 21.90 Crores (Previous year Rs. 25.55 Crores).

14. CONTINGENT LIABILITIES

Contingent Liabilities have been disclosed in Note 3 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 Risk Management Council which is responsible for monitoring risk levels on various parameters and suggest 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 devised Risk Management Process which is reviewed periodically in changing economic scenario and industry conditions. It essentially identifies the 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. 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 advent 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 Rupee, 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

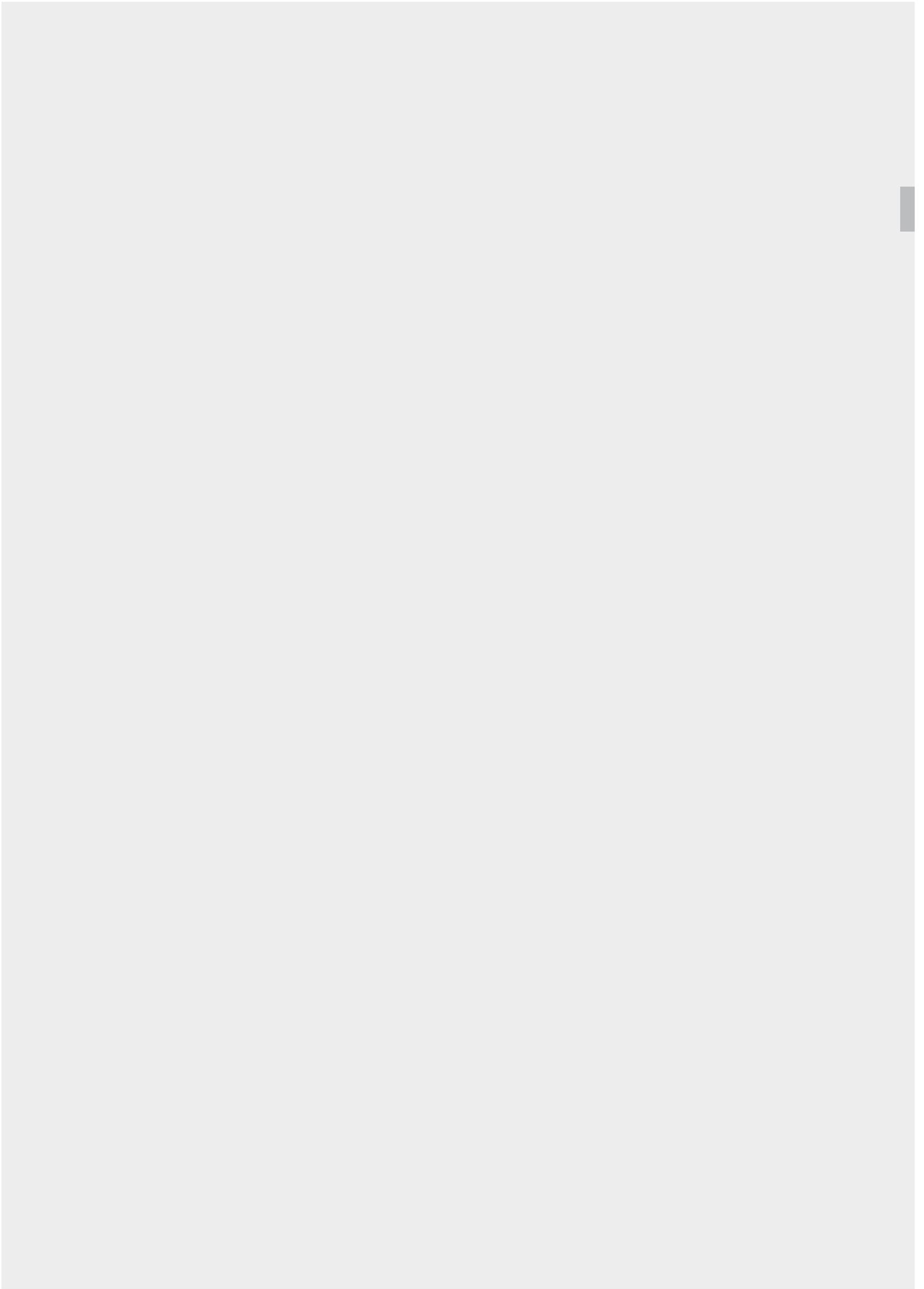
The Company has an active treasury department which constantly monitors the foreign currency exposures and takes suitable measures to address this risk.

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**



Auditors' Report

to the Members of Zensar Technologies Limited

1. We have audited the attached Balance Sheet of Zensar Technologies Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') 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.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations

which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

- (b) 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account 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, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Jeetendra Mirchandani
Partner

Place: Pune
Date: April 22, 2010

Membership Number F 48125

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Zensar Technologies Limited on the financial statements for the year ended March 31, 2010

1. (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 between the book records and the physical inventory have been noticed.

(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.
2. (a) The Company has granted an unsecured loan to a company 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 aggregates to Rs.984.44 Lacs and Rs.906.27 Lacs, respectively.

(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 receipt of the principal amount and interest is regular, where 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.
3. 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 fixed assets and for the sale of 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.
4. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(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.
5. 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.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. (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 regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the records of the Company and the information and explanations given to us, there are no disputed dues in respect of wealth tax, service tax, customs duty, excise duty and cess, as applicable, other than sales tax and income tax demands aggregating Rs. 60.24 Lacs disputed at various forums as indicated in Note 5 of Schedule 14 to the Accounts.
8. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

9. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
12. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
13. 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.
14. The Company has not obtained any term loans.
15. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
16. 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.
17. 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
18. The clauses (ii), (viii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

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

Jeetendra Mirchandani
Partner
Membership Number F 48125

Place: Pune
Date: April 22, 2010

Balance Sheet As at 31st March, 2010

(Rs. in lakhs)

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2157.59	2396.57
Reserves and Surplus	2	27236.04	23048.09
		29393.63	25444.66
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	20246.99	18465.52
Less : Depreciation		10466.30	8309.22
Net Block		9780.69	10156.30
Capital Work in Progress		135.81	148.66
		9916.50	10304.96
Investments	4	2105.96	3414.39
Current Assets, Loans and Advances			
Sundry Debtors	5	10082.18	7346.31
Cash and Bank Balances	6	2860.34	2290.25
Other Current Assets	7	4084.45	3625.77
Loans and Advances	8	8189.52	5372.61
		25216.49	18634.94
Less:			
Current Liabilities and Provisions			
Current Liabilities	9	4813.72	4652.06
Provisions	10	3031.60	2257.57
		7845.32	6909.63
Net Current Assets		17371.17	11725.31
		29393.63	25444.66
Notes to Accounts	14		

Notes as per Schedule 14 and other Schedules referred to herein form an integral part of the Balance Sheet.

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

For and on behalf of the Board

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. F 48125

Nilesh Limaye
Company Secretary

Place : Pune
Date : 22nd April 2010

Place : Mumbai
Date : 22nd April 2010

Profit and Loss Account For the year ended 31st March, 2010

(Rs. in lakhs)

	Schedule	As at 31.03.2010	As at 31.03.2009
INCOME			
Software development and allied services [See Schedule 14, Note 1(c) and 1(j)]		49234.14	42017.94
Sale of System Integration Systems		474.25	169.08
Other Income	11	815.19	875.34
		50523.58	43062.36
EXPENDITURE			
Operating Expenses	12	39317.27	34110.52
Interest and Finance Charges	13	55.34	54.20
Depreciation		2492.40	2229.37
		41865.01	36394.09
PROFIT BEFORE TAXATION		8658.57	6668.27
Provision for Taxation [See Schedule 14, Note 1(n)]			
- Current Tax		1714.69	844.58
- Deferred Tax		53.30	-
- MAT Credit Entitlement		(1293.00)	(631.00)
- Fringe Benefit Tax		-	97.00
Provision for taxation in respect of earlier years (net)		(231.60)	310.52
PROFIT AFTER TAXATION		8415.18	6047.17
Balance brought forward from previous year		8577.30	11291.87
On amalgamation of Zensar OBT Technologies Limited and Zensar Transformation Services Limited (erstwhile subsidiaries of the Company), with the Company [See Schedule 14, Note 2]		967.98	-
PROFIT AVAILABLE FOR APPROPRIATION		17960.46	17339.04
Proposed Dividend		1186.67	1078.46
Tax on Proposed Dividend		197.08	183.28
Transfer to General Reserve		7500.00	7500.00
Profit And Loss Account Balance Carried To Balance Sheet		9076.71	8577.30
Earnings Per Equity Share (Face Value Rs. 10) : (See Schedule 14, Note 10)			
- Basic		35.77	25.23
- Diluted		35.49	25.21

Notes to Accounts 14

Notes as per Schedule 14 and other Schedules referred to herein form an integral part of the Profit and Loss Account. This is the 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. F 48125
Place : Pune
Date : 22nd April 2010

For and on behalf of the Board
H.V. Goenka
Chairman
Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 22nd April 2010

Schedules

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
SCHEDULE 1		
annexed to and forming part of the Balance Sheet as at 31st March 2010		
SHARE CAPITAL		
Authorised		
2,75,00,000 Equity Shares of Rs. 10 each	2750.00	2750.00
2,50,000 Preference Shares of Rs. 100 each	250.00	250.00
	3000.00	3000.00
Issued and Subscribed		
21,575,867 (Previous year: 2,39,65,670) Equity Shares of Rs. 10 each fully paid-up [See note below and Schedule 14, Note 7 and 8]	2157.59	2396.57
	2157.59	2396.57
Note :		
Of the above, 58,95,304 (Previous year: 58,95,304) Equity Shares of Rs. 10 each, are allotted as fully paid-up pursuant to agreements for consideration other than cash.		
SCHEDULE 2		
annexed to and forming part of the Balance Sheet as at 31st March 2010		
RESERVES AND SURPLUS		
Revaluation Reserve	1.56	1.56
Capital Reserve	10.18	10.18
Capital Redemption Reserve		
Balance brought forward	200.00	200.00
Add: Transferred from General Reserve [See Schedule 14, Note 8]	242.40	-
	442.40	200.00
Share Premium		
Balance brought forward	2964.00	2963.41
Add: Received during the year on exercise of stock options issued to employees	43.50	0.59
Less: Utilised for buy-back of equity shares [See Schedule 14, Note 8]	2980.69	-
	26.81	2964.00
General Reserve		
Balance brought forward	11113.20	3613.20
Less: Transferred to Capital Redemption Reserve consequent to the Buy-back of Equity Shares [See note below and Schedule 14, Note 8]	242.40	-

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
Less: Utilised for buy-back of equity shares [See Schedule 14, Note 8]	776.52	-
Less: Adjustment pursuant to the scheme of amalgamation [See Schedule 14, Note 2]	337.25	-
Add : Transferred from Profit and Loss Account	7500.00	7500.00
	17257.03	11113.20
Hedging Reserve		
[See Schedule 14, Notes 1(k)]		
Balance brought forward	(66.17)	-
Add : Movement during the year	326.58	(66.17)
	260.41	(66.17)
Employee Stock Options		
[See Schedule 14, Notes 1(m) and 7]		
Employee Stock Options Outstanding	33.38	30.97
Less : Deferred Employee Compensation	10.91	5.61
	22.47	25.36
Foreign Currency Translation Reserve		
Balance brought forward	222.66	-
Foreign Currency Translation Reserve for the year	(84.19)	222.66
	138.47	222.66
Profit and Loss Account		
Balance in Profit and Loss Account	9076.71	8577.30
	27236.04	23048.09

SCHEDULE 3

annexed to and forming part of the Balance Sheet as at 31st March 2010
FIXED ASSETS [See Schedule 14, Notes 1(e), 1(f) and 1(g)]

Assets	GROSS BLOCK						DEPRECIATION				NET BLOCK	
	Cost as at 31st March 2009	Additions during the year [Refer note (a) below]	Deletions during the year	Cost as at 31st March 2010	Accumulated Depreciation/ Impairment loss as at 31st March 2009	Depreciation for the year	Depreciation written back on deletions during the year [Refer note (b) below]	Accumulated Depreciation/ Impairment loss as at 31st March 2010	As at 31st March 2010	As at 31st March 2009	Rs. in lakhs	
											As at 31st March 2010	As at 31st March 2009
Tangible:												
Land-												
- Leasehold	264.25	-	-	264.25	16.66	2.77	-	19.43	244.82	247.59		
- Freehold	34.67	-	-	34.67	21.69	-	-	21.69	12.98	12.98		
Buildings	5267.60	7.15	-	5274.75	394.10	175.42	-	569.52	4705.23	4873.50		
Improvement to Leasehold												
Premises	407.18	15.16	9.34	413.00	276.66	55.36	9.34	322.68	90.32	130.52		
Plant and Machinery	3534.21	346.91	235.79	3645.33	1781.51	601.46	235.53	2147.44	1497.89	1752.70		
Furniture, Fixtures and												
Office Equipment	2785.78	418.41	48.37	3155.82	1203.14	362.84	46.30	1519.68	1636.14	1582.64		
Motor Vehicles	240.59	10.63	20.75	230.47	99.54	44.23	18.13	125.64	104.83	141.05		
Data Processing												
Equipment-Own use	3881.49	713.52	166.00	4429.01	2958.91	527.40	26.02	3460.29	968.72	922.58		
Intangible:												
Software including Courseware	2049.75	749.94	-	2799.69	1557.01	722.92	-	2279.93	519.76	492.74		
T O T A L	18465.52	2261.72	480.25	20246.99	8309.22	2492.40	335.32	10466.30	9780.69	10156.30		
Previous Year	12372.40	6651.68	558.56	18465.52	6559.13	2229.37	479.28	8309.22				
Capital Work in Progress including advances on Capital Account									135.81	148.66		
									9916.50	10304.96		

Notes:

- (a) Additions include fixed assets of Rs. 216.59 lakhs (Gross Block) transferred on the amalgamation of Zensar OBT Technologies Limited (erstwhile subsidiary of the Company), with the Company [See Schedule 14, Note 2]
- (b) Depreciation written back on deletions during the year is net of Rs. 136.49 lakhs being the amount of Accumulated Depreciation on fixed assets transferred on the amalgamation of Zensar OBT Technologies Limited (erstwhile subsidiary of the Company), with the Company [See Schedule 14, Note 2]

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
SCHEDULE 4		
annexed to and forming part of the Balance Sheet as at 31st March 2010		
INVESTMENTS [See Schedule 14, Notes 1(h) and 1(j)(iii)]		
(I) Long Term		
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
5,000,000 (Previous year: 5,000,000) Equity Shares of Rs. 10 each fully paid-up in Zensar Transformation Services Limited [See Schedule 14, Note 2] (Shares cancelled on amalgamation)	-	500.00
Shares of an aggregate cost of Euro 404,000 (Previous year: Euro 404,000) in Zensar Technologies GmbH, Germany (under liquidation)	197.30	197.30
Unissued shares of an aggregate cost of Euro 200,000 (Previous year: Euro 200,000) in Zensar Technologies GmbH, Germany (under liquidation)	112.36	112.36
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
Shares of aggregate cost of US\$ 102,000 (Previous year: US\$ 102,000) in Zensar Technologies (Shenzhen) Limited	45.78	45.78
50,000 (Previous year: 50,000) Equity Shares of Rs. 10 each fully paid-up in Zensar OBT Global Technologies Limited [See Schedule 14, Note 2] (Shares cancelled on amalgamation)	-	342.25
20 (Previous year: 20) Equity Shares of JPY 50,000 each fully paid-up in Zensar Advanced Technologies Limited	185.82	185.82
	592.65	1434.90
B. Non-Trade		
Quoted		
170 Equity Shares of Rs. 10 each fully paid-up in RPG Cables Limited	0.05	0.05
100 Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited	0.02	0.02
75 Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.05
25 Equity Shares of Rs. 10 each fully paid-up in CHI Investments Limited	0.01	0.01
100 Equity Shares of Rs. 10 each fully paid-up in CESC Limited	0.05	0.05
100 Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited	0.04	0.04
144 Equity Shares of Rs. 10 each fully paid-up in KEC International Limited	0.14	0.14
100 Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
100 Equity Shares of Rs. 10 each fully paid-up in Brabourne Enterprises Limited	0.08	0.08
100 Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
	0.51	0.51

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
Unquoted		
100 Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
	0.08	0.08
(II) Current Invesments		
Non-Trade		
Unquoted		
Nil (Previous year: 2,041,745) units of Birla Sun Life Savings Fund - Instl - Daily Dividend	-	204.31
Nil (Previous year: 1,096,731) units of HDFC Cash Management Fund - Treasury Advantage Plan	-	110.02
Nil (Previous year: 980,449) units of HDFC Short Term Plan Dividend	-	101.51
Nil (Previous year: 437,078) units of ICICI Prudential Institutional Income Plan	-	50.00
Nil (Previous year: 1,796,030) units of Kotak Flexidebt Scheme	-	180.46
Nil (Previous year: 2,000,086) units of Kotak Quarterly Interval Plan series 2	-	200.01
2,980,233 (Previous year: 1,700,000) units of LIC MF savings Plus Fund - Daily Dividend Plan	298.02	170.00
Nil (Previous year: 1,000,000) units of LIC MF Interval Fund - Series 1	-	100.00
Nil (Previous year: 950,904) units of Reliance Short term fund	-	101.30
Nil (Previous year: 1,299,350) units of SBI-SHF- ultra Short Term Fund	-	130.00
Nil (Previous year: 1,849,943) units of Templeton Floating Rate Income Fund Short Term Plan	-	186.06
Nil (Previous year: 19,622) units of UTI liquid Cash Plan	-	200.04
Nil (Previous year: 1,941,794) units of UTI Fixed income Interval Fund - Monthly Interval Plan Series 1	-	194.19
Nil (Previous year: 438,611) units of UTI - Gilt Advantage Fund Long Term Plan	-	51.00
1,506,224 (Previous Year : NIL) units of Kotak Quarterly Interval Plan Series 3 - Dividend	150.65	-
1,004,913 (Previous Year : NIL) units of Birla Sun Life Short Term Opporunities Fund - Retail - Weekly Dividend	100.49	-
2,011,584 (previous Year : NIL) units of UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan V- Institutional Dividned Plan	201.15	-
1,507,277 (Previous Year : NIL) units of Religare Active Income Fund Institutional - Monthly Dividend	150.10	-
9,033 (Previous Year : NIL) units of UTI Floating Rate Fund - STP - IP - Daily Dividend	90.00	-
502,450 (Previous Year : NIL) units of Birla Sun Life Short Term Opporunities Fund - IP - Weekly Dividend	50.26	-
1,003,014 (Previous Year : NIL) units of Birla Sun Life Savings Fund - IP - Daily Dividend	100.53	-
631,057 (Previous Year : NIL) units of HDFC F R I F - STF - WP - Daily Dividend	63.62	-
105,02 (Previous Year : NIL) units of Reliance Money Manager Fund - IP - Daily Dividend	105.14	-
1,029,916 (Previous Year : NIL) units of LIC MF Income Plus Fund - Daily Dividend	102.99	-
989,844 (Previous Year : NIL) units of Kotak Floater - LT - Daily Dividend	99.77	-
	1512.72	1978.90
Grand Total [I+II]	2105.96	3414.39
Aggregate amount of Quoted Investments	0.51	0.51
[Market Value Rs. 1.78 lakhs (Previous year: Rs. 0.60 lakhs)]		
Aggregate cost of Unquoted Investments	2105.45	3413.88
	2105.96	3414.39

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
CURRENT ASSETS, LOANS AND ADVANCES [See Schedule 14, Note 1(j)(ii)]		
SCHEDULE 5 annexed to and forming part of the Balance Sheet as at 31st March 2010		
SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding 6 months :		
- Considered good	46.73	114.16
- Considered doubtful	1086.04	882.72
	1132.77	996.88
Other debts :		
- Considered good [Including dues from subsidiary companies Rs. 7254.72 lakhs (Previous year: Rs. 4107.86 lakhs)]	10035.45	7232.15
- Considered doubtful	318.22	-
	10353.67	7232.15
Less : Provision for doubtful debts	1404.26	882.72
	10082.18	7346.31
SCHEDULE 6 annexed to and forming part of the Balance Sheet as at 31st March 2010		
CASH AND BANK BALANCES		
Cash on hand	7.03	2.60
Balances with Scheduled Banks :		
(a) On Current Account [Including balance in Exchange Earner's Foreign Currency Accounts equivalent to an amount aggregating to Rs. 150.03 lakhs (Previous year: Rs. 427.46 lakhs)]	1727.63	1615.74
(b) On Time Deposit Account	142.54	441.79
Balance with Non-Scheduled Banks on Current Account :		
Commonwealth Bank of Australia Imprest	1.87	0.87
Commonwealth Bank of Australia	2.11	17.04
ABSA Bank, South Africa	979.16	212.21
	2860.34	2290.25
Maximum balance outstanding during the year :		
Commonwealth Bank of Australia Imprest	2.57	35.24
Commonwealth Bank of Australia	103.68	133.65
ABSA Bank, South Africa	1135.67	487.89

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
SCHEDULE 7		
annexed to and forming part of the Balance Sheet as at 31st March 2010		
OTHER CURRENT ASSETS		
Accrued Income (Unbilled Services) [Includes dues from subsidiary companies Rs. 3229.85 lakhs (Previous year: Rs. 2427.26 lakhs)]	4078.36	3625.54
Interest accrued on deposits	6.09	0.23
	4084.45	3625.77
SCHEDULE 8		
annexed to and forming part of the Balance Sheet as at 31st March 2010		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances and Loans to subsidiaries [including a loan of Rs. 906.27 lakhs (Previous year: Rs. 967.74 lakhs)] Maximum amount outstanding during the year Rs. 984.44 lakhs (Previous year: Rs. 967.74 lakhs)]		
- Considered good	1996.42	1976.12
- Considered doubtful	-	-
Advances recoverable in cash or in kind or for value to be received		
- Considered good	1834.93	1319.86
- Considered doubtful	2.22	6.00
Security and other deposits :		
- Considered good	562.43	509.71
- Considered doubtful	32.62	43.46
MAT Credit Entitlement	2464.00	1171.00
Taxes recoverable [taxes paid less provisions Rs. 3008.13 lakhs (Previous year: Rs. 1815.01 lakhs) thereagainst	1331.74	395.92
	8224.36	5422.07
Less : Provision for doubtful Loans and Advances	34.84	49.46
	8189.52	5372.61
SCHEDULE 9		
annexed to and forming part of the Balance Sheet as at 31st March 2010		
CURRENT LIABILITIES		
Sundry Creditors :		
Dues to micro and small enterprises (See Schedule 14, Note 20)		
- Dues to other than micro and small enterprises [including book over draft Rs. Nil (Previous year: Rs. 163.76 lakhs)]	4813.72	4652.06
	4813.72	4652.06

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
SCHEDULE 10		
annexed to and forming part of the Balance Sheet as at 31st March 2010		
PROVISIONS		
Taxation less payments thereagainst	530.01	39.72
Proposed Dividend on Equity Shares	1186.67	1078.46
Tax on proposed dividend	197.08	183.28
Leave Encashment	722.21	580.03
Gratuity	307.91	258.20
Disputed statutory matters (See Schedule 14, Note 19)	36.45	74.71
Other Obligations (See Schedule 14, Note 19)	51.27	43.17
	3031.60	2257.57
SCHEDULE 11		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2010		
OTHER INCOME		
Dividend from Current Investments - Non Trade	147.39	130.38
Interest :		
- on deposits with banks - Gross [Tax deducted at source Rs. 1.62 lakhs (Previous year: Rs. 5.75 lakhs)]	44.50	35.01
- on loans to subsidiaries	32.95	54.42
- on Income Tax refund	45.03	-
- others	14.42	31.23
	136.90	120.66
Exchange gain (net) [See Schedule 14, Note 1(j),(k) and (l)]	-	87.32
Profit on sale of fixed assets	3.57	2.17
Profit on sale of current investments - Non Trade	3.44	8.55
Provisions no longer required and credit balances written back	321.29	376.21
Miscellaneous Income	202.60	150.05
	815.19	875.34
SCHEDULE 12		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2010		
OPERATING EXPENSES		
Salaries, Wages and Bonus	26164.70	22297.24
Contribution to Provident and other funds	1451.87	1250.25
Staff Welfare	799.09	754.58
Employee Stock Compensation Expense	(2.89)	(0.71)
	28412.77	24301.36
Travelling and conveyance	1819.69	2015.28
Cost of manpower hired	1073.08	1260.30
Recruitment Expenses [including Advertisement expenses for recruitment Rs. 32.51 lakhs (Previous year: Rs. 15.94 lakhs)]	248.57	271.88
Training Expenses	71.30	101.12
Electricity and Power	765.05	691.54
Rent	1704.97	1247.08

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
Repairs and Maintenance to :		
- Plant and Machinery	123.14	119.31
- Building	566.47	370.77
- Others	52.18	35.05
	741.79	525.13
Insurance	533.03	454.25
Rates and Taxes	74.54	56.64
Consumable Media	128.05	150.92
Legal and Professional Charges	890.31	717.80
Postage, Telephone and E-Mail	754.63	883.90
Stationery and Printing	79.21	80.02
Carriage, Freight and Octroi	3.14	8.18
Vehicle Running expenses	150.70	107.23
Advertisement and Publicity	261.45	225.14
Purchases of hardware & software for Integration Systems	456.26	145.73
Exchange loss (net) [See Schedule 14, Note 1(j),(k) and (l)]	101.64	-
Bad Debts written off	379.01	43.67
Directors' Fees	7.90	7.45
Claims/Deposits written off	25.53	6.14
Provision for Doubtful Debts	394.14	598.72
Miscellaneous Expenses	240.51	211.04
	39317.27	34110.52
SCHEDULE 13		
annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2010		
INTEREST AND FINANCE CHARGES		
Interest :		
on others	27.19	-
Finance Charges :		
Bank Charges	28.15	54.20
	55.34	54.20

Schedules (Contd.)

SCHEDULE 14

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation of financial statements

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) and other relevant provisions of the Companies Act, 1956 (the Act).

(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

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

Income from Investments

- (i) Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and the then carrying amount of the investment.
- (ii) Dividend income is recognised when the Company's right to receive dividend is established.
- (iii) Interest income on time deposits is recognised using the time proportion method based on underlying interest rates.

(d) 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.

(e) Fixed Assets, Intangible Assets and Capital Work-in-Progress

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

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 advances paid to acquire fixed assets, and the costs of fixed assets that are not ready for their intended use at the balance sheet date.

(f) Depreciation

Depreciation on fixed assets is computed on the straight-line method over their useful lives at rates which are higher than the rates (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.

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

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 Machinery	5 years	20%
Office Equipment	5 years	20%
Furniture and Fixtures	10 years	10%
Data Processing Equipment	4 years	25%
Vehicles	5 years	20%
Leasehold Improvements	5 years	20%
Certain Office Equipment and Data Processing Equipment	3 years	33.33%
Intangible Assets – Software	1-3 years	33.33%
Intangible Assets – Courseware	2 years	50%
Employee – perquisite related Assets	5 years	20%

(g) Impairment

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

(h) Investments

Investments are classified as current investments and long-term investments based on the Management's intention at the time of purchase. Long-term investments are carried at cost and provision is made to recognise any diminution, other than temporary, in the value of such investment. Current investments are carried at lower of cost and fair market value. Also refer paragraph (j) (iii) below.

(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 Life Insurance Corporation 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 Profit and Loss Account 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 who are administered through Life Insurance Corporation (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.

(iii) Provident Fund:

The Company has a post-employment benefit plan in the form of provident fund for all the employees which are administered through a trust administered by the trustees. Liability for this plan is charged based on contributions. Further, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

(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.

(v) Termination benefits are recognised as an expense as and when incurred.

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

(j) Foreign Currency Transactions

(i) Realised gains and losses on foreign currency revenue transactions are recognised in the Profit and Loss Account.

(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 Profit and Loss Account, except for the exchange differences arising on a monetary item that, in substance, forms a part of Company's net investment in a non-integral foreign operation, which are accumulated in a Foreign Currency Translation Reserve until the disposal of net investment.

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

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

(k) Financial instruments**(i) Derivative financial instruments**

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

Forward and options 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 Profit and Loss Account upon the occurrence of the hedged transaction. Changes in fair value relating to the ineffective portion of the hedges and derivatives not designated as hedges are recognized in the Profit and Loss Account as they arise.

(ii) Non-Derivative Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company mainly include cash and bank balances, sundry debtors, accrued income (unbilled services), employee travel and other advances, other loans and advances and derivative financial instruments with a positive fair value. Financial liabilities of the Company mainly comprise sundry creditors, accrued expenses and derivative financial instruments with a negative fair value. Financial assets / liabilities are recognized on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

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

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

The Company measures the short-term payables with no

stated rate of interest at original invoice amount, if the effect of discounting is immaterial.

(l) Foreign Branches

All income and expenditure transactions of the foreign branches during the year are included in these Financial Statements at the average rate of exchange. Monetary assets and liabilities are translated at rates prevailing on the Balance Sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation on fixed assets is recognised as per the Company's policy referred to in paragraph 1(f) above. Net gain/loss on foreign currency translation is recognised in the Profit and Loss Account.

(m) 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 Profit and Loss Account 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".

(n) Taxation**(i) Current Tax**

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

(ii) 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.

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

(iii) 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 Profit and Loss account 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.

(o) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on best estimate

required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates. A disclosure for a contingent liability is made where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

(p) Earnings per share

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

(q) Research and Development expenses

Revenue expenditure on research and development is charged to the Profit and Loss Account in the year in which it is incurred. Capital expenditure is included under fixed assets and depreciated at the applicable rates.

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)	2010	2009
<p>2. (a) Pursuant to the Scheme of Amalgamation of the Company's wholly owned Subsidiaries, erstwhile Zensar OBT Technologies Limited (ZOBT) and Zensar Transformation Services Limited (ZTSL) (i.e. the transferor companies), have amalgamated with the Company. The Scheme of amalgamation was sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated April 9, 2010. The "Appointed Date" of the Scheme is April 1st, 2009. In accordance with the said Scheme and as per the approval of the Hon'ble High Court of Judicature at Bombay, net assets of Rs. 1419.68 lakhs of the transferor Companies have been transferred to and vested in the Company with effect from 1st April, 2009. The Scheme has, accordingly, been given effect to in these accounts.</p> <p>(b) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India. In accordance with the scheme, the difference of Rs. 337.25 lakhs between the amount recorded as share capital issued and the amount of share capital of the transferor company has been adjusted in the General Reserve.</p> <p>(c) In view of the aforesaid amalgamation with effect from 1st April, 2009, the figures for the current year are not comparable to those of the previous Financial Year.</p>		
<p>3. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs.38.86 lakhs (Previous year: Rs. 67.65 lakhs)]</p>	691.04	650.84
<p>4. Contingent Liabilities</p> <p>(a) Income Tax:</p> <p>Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.</p> <p>Matters on which the Company is in appeal</p>	337.65	337.65
	206.12	716.44
<p>(b) Sales Tax / Value Added Tax:</p> <p>Claims against the Company regarding sales tax against which the Company has preferred appeals.</p>	53.52	77.49
<p>(c) Claim in respect of rented premises.</p>	153.61	141.94
<p>(d) Claims against the Company not acknowledged as debts.</p>	70.00	61.85
<p>(e) Guarantees given by the Company in respect of loans and working capital limits taken by the subsidiaries.</p> <p>The loans and working capital limits taken by the subsidiaries are secured by a pari passu charge against the immovable fixed assets of the Company situated at Kharadi.</p>	5209.69	8411.63
<p>(f) Customs Duty:</p> <p>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.</p>		

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**5. Disclosure of Disputed dues not deposited**

Name of the Statute	Nature of Dues	Amount (Rs. In lakhs)	Forum where dispute is pending
Sales Tax Act	Sales Tax Demands	1.96	High Court
	Sales Tax Demands	48.53	Tribunal
Income Tax	Income Tax Demand	9.75	Assessing officer
Total		60.24	

6. During the previous year, the Company 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.

Consequently, exchange gain aggregating Rs. 326.58 Lakhs (Previous year: exchange loss Rs. 66.17 lakhs), in respect of forward exchange contracts which qualify for hedge accounting, has been recognised directly in the Hedging Reserve Account, to be recognised in the Profit and Loss Account when the underlying transactions occur.

7. 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	2009-10		2008-09	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	326657	145.36	333784	150.23
Granted during the year	-	-	43569	120.00
Exercised during the year	26941	123.13	-	-
Cancelled during the year	43290	150.60	50696	155.53
Balance unexercised options	256426	146.81	326657	145.36
Exercisable at end of year	196961	142.29	210264	133.96

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

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

Particulars	2009-10		2008-09	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	473480	187.22	473200	190.60
Granted during the year	79000	145.00	46000	120.00
Exercised during the year	7256	167.42	-	-
Cancelled during the year	11820	174.11	45720	154.51
Balance unexercised options	533404	181.53	473480	187.22
Exercisable at end of year	222660	193.23	140880	195.39

8. Pursuant to the shareholders' approval for buy back of equity shares on proportionate basis through the tender offer route, the Company has bought back 2,424,000 equity shares for an aggregate amount of Rs. 3,999.60 lakhs, by utilizing Share Premium account and General Reserve to the extent of Rs. 2,980.68 lakhs and Rs. 776.52 lakhs respectively. Capital Redemption Reserve has been created out of general reserve for Rs. 242.40 lakhs, being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.

9. 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 Technologies GmbH, Germany
 (under Liquidation)
 Zensar Advanced Technologies Limited
 Zensar Transformation Services Limited
 (merged with Zensar Technologies Limited
 w.e.f 1st April, 2009)
 Zensar OBT Technologies Limited
 (merged with Zensar Technologies Limited
 w.e.f 1st April, 2009)

Zensar OBT Technologies Inc., USA
 (merged with Zensar Technologies Inc.,
 USA w.e.f 31st March, 2009)
 Zensar ThoughtDigital LLC
 (merged with Zensar Technologies Inc.,
 USA w.e.f 31st March, 2009)

b. Other subsidiaries / Entities under joint control

Zensar Technologies (Shenzhen) Limited

c. Parties having control (directly or indirectly):

RPG Industries Pvt. Limited
 Blue Niles Holdings Limited
 Pedriano Investments Limited
 RPG Cellular Investments & Holdings Private Limited
 Universal Industrial Fund Limited
 Summit Securities Limited
 Electra Partners Mauritius Limited

(ii) Key Management Personnel

Dr. Ganesh Natarajan
 Mr. S. Balasubramaniam
 Mr. V. Balasubramanian
 Mr. Parmod Bhalla (upto 30th November, 2008)
 Mr. Sanjay Marathe
 Ms. Prameela Kalive
 Mr. Hiren Kulkarni
 Mr. Ajay Bhandari
 Mr. Krishna Ramaswami

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**9. Related Party Disclosures (Continued)
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			
		2009-10	2008-09	2010		2009	
				Receivable	Payable	Receivable	Payable
A. Rendering of Software Services							
1. Wholly owned subsidiaries:							
(i)	Zensar Technologies, Inc., USA	24170.08	16521.24	7215.41	-	2633.63	-
(ii)	Zensar Technologies (UK) Limited	7345.70	7281.91	3258.44	-	3885.54	-
(iii)	Zensar Technologies (Singapore) Pte. Ltd.	4.16	50.16	-	-	-	-
(iv)	Zensar ThoughtDigital LLC	-	1401.35	-	-	-	-
(v)	Zensar Advanced Technologies Limited	-	(78.84)	-	-	16.61	-
2. Other subsidiaries / (Entities under joint control)							
(i)	Zensar Technologies (Shenzhen) Limited	-	14.81	-	-	15.15	-
Total of rendering of Software Services		31519.94	25190.63	10473.85	-	6550.93	-
B. Receipt of Software Services							
1. Wholly owned subsidiaries:							
(i)	Zensar OBT Technologies Limited	-	109.95	-	-	-	116.80
(ii)	Zensar OBT Technologies Global Inc., USA	-	281.65	-	-	-	-
Total of Software Services received		-	391.60	-	-	-	116.80
C. Rendering of Other Services							
1. Wholly owned subsidiaries:							
(i)	Zensar Technologies (UK) Limited	-	-	0.84	-	0.91	-
Total of rendering of Other Services		-	-	0.84	-	0.91	-
D. Reimbursement of expenses incurred							
1. Wholly owned subsidiaries:							
(i)	Zensar Technologies, Inc., USA	1896.71	1572.40	405.07	-	116.93	-
(ii)	Zensar Technologies (UK) Limited	1054.07	1033.73	480.50	-	819.41	-
(iii)	Zensar Technologies (Singapore) Pte. Ltd.	137.56	95.05	12.69	-	3.72	-
(v)	Zensar Transformation Services Limited	-	44.78	-	-	3.30	-
(vi)	Zensar Advanced Technologies Limited	113.27	51.31	153.34	-	51.31	-
(vii)	Zensar OBT Technologies Limited	-	250.79	-	-	-	-
Total reimbursement of expenses incurred		3201.61	3048.06	1051.6	-	994.67	-

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**9. Related Party Disclosures (Continued)**

Rs. In lakhs

Sr. no.	Description of the nature of the transactions	Volume of transactions during		Amount Outstanding as on 31st March			
		2009-10	2008-09	2010		2009	
				Receivable	Payable	Receivable	Payable
E. Other Income (Guarantee commission)							
(i)	Zensar Technologies, Inc., USA	50.95	52.50	10.82	-	14.01	-
	Total Guaranty commission	50.95	52.50	10.82	-	14.01	-
F. Equity Contribution							
1. Wholly owned subsidiaries:							
(i)	Zensar Transformation Services Limited	-	495.00	-	-	-	-
(ii)	Zensar Advanced Technologies Limited	-	183.76	-	-	-	-
	Total of Equity Contributions	-	678.76	-	-	-	-
G. Loans granted/ (repaid)							
1. Wholly owned subsidiaries:							
(i)	Zensar Advanced Technologies Limited	(84.19)	254.57	804.22	-	888.41	-
	Total of loans granted/ (repaid)	(84.19)	254.57	804.22	-	888.41	-
H. Interest on Unsecured Loans							
1. Wholly owned subsidiaries:							
(i)	Zensar Advanced Technologies Limited	22.71	54.42	102.04	-	79.33	-
	Total of interest on Unsecured Loan	22.71	54.42	102.04	-	79.33	-
I. Remuneration to Key Management Personnel							
(i)	Dr. Ganesh Natarajan	84.83	85.04	-	-	-	-
(ii)	Mr. Parmod Bhalla	-	41.89	-	-	-	-
(iii)	Mr. S. Balasubramaniam	36.19	34.80	-	-	-	-
(iv)	Mr. V. Balasubramanian	42.18	47.86	-	-	-	-
(v)	Mr. Sanjay Marathe	38.03	35.44	-	-	-	-
(vi)	Ms. Prameela Kalive	33.57	29.64	-	-	-	-
(vii)	Mr. Hiren Kulkarni	37.36	31.00	-	-	-	-
(viii)	Mr. Ajay Bhandari	36.34	-	-	-	-	-
(ix)	Mr. Krishna Ramaswami	28.29	-	-	-	-	-
(x)	Others	-	26.75	-	-	-	-
	Total remuneration of Key Management Personnel	336.79	332.42	-	-	-	-

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

10. Earnings Per Share (EPS)		Rs. In lakhs	
Particulars	Year ended 31st March 2010	Year ended 31st March 2009	
a. Profits attributable to equity shareholders (Rs. in lakhs)	8415.18	6047.17	
b. Basic Earnings Per Share			
Weighted Average No. of equity shares outstanding during the year.	23523335	23965624	
Basic EPS (Rs.)	35.77	25.23	
c. Diluted Earnings Per Share			
Weighted Average No. of equity shares outstanding during the year	23523335	23965624	
Effect of dilutive issue of stock options	188905	19157	
Weighted average no. of equity shares outstanding for Diluted EPS	23712240	23984781	
Diluted EPS (Rs.)	35.49	25.21	

11. (A) Forward contracts and options outstanding

Particulars	2010	2009
Forward Contracts		
In US\$	\$13700000	\$6800000
(Equivalent approximate in Rs. lakhs)	6121.16	3433.32
In GBP	-	£650000
(Equivalent approximate in Rs. lakhs)	-	470.54
In ZAR	-	ZAR 7270750
(Equivalent approximate in Rs. lakhs)	-	383.89
Options		
Variable Strike Options in US\$	-	\$450000
(Equivalent approximate in Rs. lakhs)	-	183.26
Variable Strike Options in GBP	-	£200000
(Equivalent approximate in Rs. lakhs)	-	185.90

(B) As of the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by derivative instrument or otherwise is Rs. 7834 lakhs (Previous Year: Rs. 6346 lakhs)

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

12. Managerial Remuneration		Rs. in lakhs	
Particulars	2009-10	2008-09	
(a) Salary and Allowances	68.51	68.51	
(b) Contribution to Provident Fund and Superannuation Scheme	12.14	12.14	
(c) Perquisites (Valued as per the provisions of the Income-tax Act, 1961, where applicable)	4.18	4.39	
	84.83	85.04	

Notes:

- (i) As the liability for gratuity and compensated absence is provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Managing Director is not ascertainable and therefore not included above.
- (ii) Computation of net profit and commission payable to the Directors as per Section 349 of the Act has not been given as no commission is payable to Directors during the year ended 31st March 2010.

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

13. Miscellaneous Expenses include Auditors' Remuneration and Expenses as under:		Rs. In lakhs	
	2009-10	2008-09	
(a) As auditors *	38.50	22.00	
(b) As advisors, or in any other capacity, in respect of			
(i) Taxation matters	-	-	
(ii) Management services	6.00	-	
(iii) Other services	12.00	17.15	
(c) Out of pocket expenses reimbursed [for (a) and (b) above]			
* including audit fees for erstwhile ZOBT and erstwhile ZTSL	0.46	0.62	
14. Earnings in foreign exchange			
Fees for technical services outside India in connection with development / production of Computer Software	45244.92	39718.69	
15. Expenditure in foreign currency (subject to deduction of tax at source, where applicable)			
(a) Travelling (including Salaries & allowances to staff on deputation to other countries)	5827.95	6042.87	
(b) Professional and Consultation fees	113.51	134.40	
(c) Link Charges	60.99	187.53	
(d) Others	1848.29	1446.40	
16. Value of imports calculated on C.I.F. basis			
(a) Software	16.60	80.52	
(b) Capital Goods	362.68	691.38	
17. Remittance in foreign currency on account of dividend to non-resident shareholders			
(a) Number of shareholders	288	320	
(b) Number of shares on which dividend was paid	10639608	10805166	
(c) Years to which dividend relates	2008-09	2007-08	
(d) Amount of dividend remitted (Rs. in Lakhs)	478.78	410.60	
18. Details of Current Investments purchased and sold during the year			
Particulars	Units Purchased	Units Sold	
Birla Sun Life Cash Manager - Weekly Dividend	904745	904745	
IDFC Cash Fund - Plan A - Daily Dividend	387490	387490	
Birla Sun Life Savings Fund - IP - Daily Dividend	1388661	1388661	
HDFC Liquid Fund - Daily Dividend	735496	735496	
Kotak Liquid Regular - Weekly Dividend Re-investment	354246	354246	
LIC MF Liquid Fund - Daily Dividend	1821684	1821684	
ICICI Prudential Liquid - I P - Daily Dividend	42196	42196	

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**Details of Current Investments purchased and sold during the year (Continued)**

Particulars	Units Purchased	Units Sold
UTI Money Market - Ret - Daily Dividend	2721	2721
HDFC Cash Mgmt Fund - Savings Plan - Daily Dividend	235068	235068
IDFC Money Manager - Treasury Plan - Daily Dividend	407724	407724
Birla Sun Life Savings Fund - Daily Dividend	906867	906867
HDFC F R I F - STF - Daily Dividend	997618	997618
HDFC Cash Mgmt Fund - Treasury Advantage - Daily Dividend	750705	750705
Templeton Floating Rate Income Fund Short term Plan Retail option - Dividend reinvestment	20503	20503
Templeton India Treasury management account Institutional plan- daily dividend	216587	216587
Templeton Floating rate Income Fund Long term Plan super Institutional - Daily dividend reinvestment	5049867	5049867
Templeton India Ultra short Bond fund Institutional plan - Daily Dividend reinvestment	9817351	9817351
JP Morgan India Liquid Fund - Super Inst. Daily dividend Plan- reinvest	11881691	11881691
JP Morgan India Treasury Fund Super Inst. Daily Div Plan - reinvest	11910396	11910396
Principal Floating rate fund FMP- Insti. Option - Dividend reinvestment daily	5557024	5557024
Principal cash Management Fund- Liquid Option -Instl plan- Dividend reinvestment - daily	10060403	10060403
Principal Ultra Short Term Fund - dividend Reinvestment Daily	2510226	2510226
Birla Sunlife Savings Fund - Instl Daily Dividend Reinvestment	14514351	14514351
Birla Sun Life Cash Plus - Instl. Daily dividend Reinvestment	17915177	17915177
DSP Blackrock Liquidity Fund Regular Plan Daily dividend	1938427	1938427
DSP Blackrock Money Manager Fund - Regular Daily dividend	13911	13911
Reliance Medium term Fund- Daily dividend Plan	6426263	6426263
Reliance Liquid Fund - Treasury Plan Institutional option -Daily dividend option	13928988	13928988
Reliance Money manager Fund- Institutional Option- Daily dividend plan	219677	219677
Reliance Short term fund - Retail Plan- Dividend Plan	985751	985751
HDFC Cash Management Fund - Savings Plan - Daily dividend reinvestment	58872619	58872619
HDFC Cash Management Fund- Treasury Advantage Plan - wholesale- Daily dividend	23915391	23915391
HDFC Floating rate Income Fund - Short term plan - Wholesale option - Dividend reinvestment	20785081	20785081
HDFC Liquid Fund Premium Plan - Dividend - Daily reinvest	4080531	4080531
HDFC Short Term Plan- Dividend reinvest	1010297	1010297
ING Liquid Fund Institutional - Daily dividend option	1008889	1008889
ING Treasury Advantage Fund - Institutional Daily Dividend	1010271	1010271
Religare Liquid Fund - Institutional Daily Dividend	5999036	5999036
Religare Short Term Plan - Institutional Daily dividend	501639	501639
Religare Ultra Short Term Fund - Institutional Daily dividend	2498916	2498916
Kotak Liquid Institutional Daily dividend	32646898	32646898

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**Details of Current Investments purchased and sold during the year (Continued)**

Particulars	Units Purchased	Units Sold
Kotak Floater Long Term - Daily Dividend	18396937	18396937
Kotak Flexi Debt Scheme Institutional Daily Dividend	22095417	22095417
IDFC Cash Fund Inst Plan B Daily Div	7515659	7515659
IDFC Money Manager Fund Treasury Plan - Inst Plan B - Daily Div	5933975	5933975
SBI Premier Liquid Fund	7976101	7976101
SBI - SHF Ultra Short Term Fund Institutional Plan - Daily Dividend	5303505	5303505
SBI - SHF Ultra Short Term Fund Institutional Plan - Growth	1726023	1726023
LICMF Floating Rate Fund - Short Term Plan- Daily Dividend	1939233	1939233
LICMF Interval Fund - Series 1- Monthly Dividend Plan	1000000	1000000
LICMF - Liquid Fund Dividend Plan	35217409	35217409
LICMF - Income Plus Fund- Daily Dividend Plan	20942138	20942138
LICMF Savings Plus Fund - Daily Dividend Plan	14055569	14055569
Tata Floater Fund - Daily dividend	1974443	1974443
Tata Liquid Super High Investment Fund - Daily Dividend	17768	17768
Fortis Money Plus Institutional Plan - Daily Dividend	2018641	2018641
Fortis Overnight Fund Institutional Daily Dividend	3999057	3999057
HSBC Cash Fund - Institutional Plan Daily Dividend	1819989	1819989
HSBC Floating Rate - Long Term Plan - Institutional Option - Weekly Dividend	1696716	1696716
JM High Liquidity Fund Institutional Plan - Daily Dividend	3984579	3984579
JM Money Manager Fund Super Plus Plan - Daily Dividend	3002693	3002693
ICICI Prudential Flexible Income Plan Premium- Daily Dividend	10095208	10095208
ICICI Prudential Liquid Super Institutional Plan Div- Daily	11263436	11263436
ICICI Prudential Institutional Income Plan Dividend Quarterly	414377	414377
ICICI Prudential Liquid Plan Institutional Plus - Daily dividend Option	9390054	9390054
ICICI Prudential Floating Rate Plan C - Daily Dividend	1850715	1850715
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend option	113345	113345
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	241404	241404
UTI - Floating Rate Fund - Short Term Plan- Institutional Daily Dividend Plan Reinvest	93107	93107
UTI Fixed Income Interval Fund- Monthly Interval Plan Series I- Dividend Plan - Reinvest	11287	11287
UTI Money Market Fund- Daily Dividend Option - Reinvestment	1070396	1070396

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**19. Disclosure as per Accounting Standard – 29**

(Rs. lakhs)

Particulars	2009-10			2008-09		
	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	74.71	43.17	117.88	71.96	76.14	148.10
Addition	-	11.67	11.67	6.83	11.67	18.50
Utilisation	38.26	3.57	41.83	4.08	44.64	48.72
Closing Balance	36.45	51.27	87.72	74.71	43.17	117.88

A. Disputed Statutory matters mainly include:

- (a) Provision for disputed statutory liabilities comprises matters under litigation with Sales-Tax, Customs Duty and ESI authorities.
- (b) The amount of provision made by the Company is based on the estimate made by the Management considering the facts and circumstances of each case.
To the extent the Company is confident that they have a strong case that portion is disclosed under contingent liabilities.
- (c) 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 provision 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.**20. 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 2010, 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

21. Disclosures in accordance with Revised AS-15 on "Employee Benefits":**(A) Defined Contribution Plans**

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

(Rs.in lakhs)

Particulars	For the year ended 31 st March, 2010	For the year ended 31 st March, 2009
(i) Contribution to Employees' Provident Fund	647.32	521.66
(ii) Contribution to Employees' Family Pension Fund	248.94	211.63
(iii) Contribution to Employees' Superannuation Fund	28.60	29.45
Total	924.86	762.74

In terms of the guidance on implementing Revised AS 15, notified under section 211(3C) of the Act, the Provident Fund set up by the Company is treated as a Defined Benefit Plan since the Company is obligated to meet interest shortfall, if any. However, as at year end no shortfall remains unprovided for. As advised by an independent actuary, it is not practical or feasible to actuarially value the liability considering the rate of interest as notified by the

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

Government can vary annually. Further the pattern of investments for investible funds is as prescribed by the Government. Accordingly the other related disclosures as required by the Revised AS 15 have not been made.

(B) Defined Benefit Plans- Gratuity**(i) Changes in the Present Value of Obligation**

(Rs.in lakhs)

Particulars	For the year ended 31 st March, 2010	For the year ended 31 st March, 2009
(a) Present Value of Obligation as at beginning of the year	1084.82	770.65
(b) Transfer of opening obligation pursuant to scheme of amalgamation		
ZOBT	74.53	-
ZTSL	-	-
(c) Interest Cost	89.85	63.58
(d) Past Service Cost	-	-
(e) Current Service Cost	374.45	124.22
(f) Curtailment Cost/(Credit)	-	-
(g) Settlement Cost/(Credit)	-	-
(h) Benefits Paid	(63.67)	(41.66)
(i) Actuarial (Gain)/Loss	(2.75)	168.03
(j) As at end of the year	1557.22	1084.82

(ii) Changes in the Fair value of Plan Assets

(Rs.in lakhs)

Particulars	For the year ended 31 st March, 2010	For the year ended 31 st March, 2009
(a) Present Value of Plan Assets as at beginning of the year	826.61	650.58
(b) Transfer of opening asset balance pursuant to scheme of amalgamation		
ZOBT	40.58	-
ZTSL	-	-
(c) Expected Return on Plan Assets	67.21	53.67
(d) Actuarial Gain/(Loss)	22.76	(0.31)
(e) Contributions	348.77	164.33
(f) Benefits Paid	(56.60)	(41.66)
(g) As at end of the year	1249.33	826.61

(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 the year ended 31 st March, 2010	For the year ended 31 st March, 2009
(a) Present Value of Funded Obligation	1557.22	1084.81
(b) Fair Value of Plan Assets	1249.31	826.61
(c) Present Value of Unfunded Obligation	-	-
(d) Net Liability recognised in the Balance Sheet	307.91	258.20

(iv) Expenses recognised in the Profit and Loss Account

(Rs. in lakhs)

Particulars	For the year ended 31 st March, 2010	For the year ended 31 st March, 2009
(a) Current Service Cost	374.46	124.22
(b) Past Service Cost	-	-
(c) Interest Cost	89.85	63.58
(d) Expected Return on Plan Assets	(67.21)	(53.67)
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Net actuarial (Gain)/Loss	(25.51)	168.34
(h) Employees' Contribution	-	-
(i) Total Expenses recognised in the Profit and Loss Account	371.59	302.47

(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)

Sr. Particulars	2009-10	2008-09
(a) Actual return on plan assets	84.97	53.36

SCHEDULE 14 (Contd.)

annexed to and forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

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

Sr.	Particulars	2009-10	2008-09
(a)	Discount Rate	8.50%	7.75%
(b)	Expected Rate of Return on Plan Assets	8.50%	7.75%
(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.

22. Expenditure on Research and Development

During the year, the Department of Scientific and Industrial Research has accorded the recognition as In-House R&D unit to the Company. The Company has incurred capital expenditure amounting to Rs. 89.54 lakhs (Previous year: Rs. 78.34 lakhs) on development activities during the year.

23. Other Information

(a) The Company is engaged in the development of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the

quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956 of India.

(b) Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is set out in the Annexure.

24. Total future minimum lease payments under non cancellable operating leases is as follows

Particulars	Year ended 31st March 2010	Year ended 31st March 2009
Not later than one year	17761860	17761860
Later than one year and not later than five years	54173658	71935527

25. Reclassification

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

Signatures to Schedules 1 to 14 forming part of the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010.

For and on behalf of the Board

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

Jeetendra Mirchandani
Partner
Membership No. F 48125

Place : Pune
Date : 22nd April 2010

H.V. Goenka
Chairman

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 22nd April 2010

Ganesh Natarajan
Vice Chairman & Managing Director

Cash Flow Statement for the year ended 31st March 2010

(Rs. in lakhs)

	As at 31.03.2010	As at 31.03.2009
A. Cash Flow from Operating Activities :		
Net Profit before Taxation	8658.57	6668.27
Adjustments for		
Depreciation	2492.40	2229.37
Dividend Income	(147.39)	(130.38)
Interest Expense	55.34	54.20
(Profit) / Loss on Sale of Investments (net)	(3.44)	(8.55)
Interest Income	(136.90)	(120.66)
(Profit) / Loss on Sale of Fixed Assets (net)	(3.57)	(2.17)
Employee Stock Compensation Expense	(2.89)	(0.71)
Provision for Doubtful Debts	394.14	598.72
Provision for Doubtful loans and advances	(14.63)	20.16
	2633.06	2639.98
Operating Profit before Working Capital Changes	11291.63	9308.25
Adjustments for		
Sundry Debtors	(2607.64)	404.36
Other Current Assets	(330.76)	(1912.91)
Loans and Advances	(1522.89)	(581.35)
Current Liabilities and Provisions	(133.48)	466.38
	(4594.77)	(1623.52)
Cash generated from Operations	6696.86	7684.73
Taxes (Paid) / Received	(530.97)	(1371.05)
	(530.97)	(1371.05)
Net Cash from Operating activities (A)	6165.89	6313.68
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets including		
Capital Work in Progress	(1591.65)	(3851.55)
Sale Proceeds of Fixed Assets	12.01	81.45
Investment in Subsidiary / Jointly Owned entities	-	(678.76)
Purchase of Investments in Mutual Funds	(34162.65)	(30249.37)
Sale Proceeds of Investments in Mutual Funds	35024.93	29863.87
Interest Income	136.90	120.66
Dividend Income	147.39	130.38
Net Cash from Investing Activities (B)	(433.07)	(4583.32)

(Rs. in lakhs)

Schedule	As at 31.03.2010	As at 31.03.2009
C. Cash Flow from Financing Activities		
Shares bought back	(3999.61)	-
Shares allotted under ESOP	46.92	-
Interest Payment	(55.34)	(54.20)
Dividend on Equity Shares and Tax Thereon	(1261.74)	(1065.44)
Net Cash from Financing Activities (C)	(5269.77)	(1119.64)
D. Net Increase/(Decrease) in Cash and		
Cash Equivalents (A+B+C)	463.05	610.72
Opening Balance of Cash & Cash Equivalents	2290.25	1679.53
Cash & Cash Equivalents of Zensar OBT Technologies Limited & Zensar Transformation Services Limited as on 1st April 2009	107.02	-
Closing Balance of Cash & Cash Equivalents	2860.34	2290.25

Notes :

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

Notes as per Schedule 14 and other schedules form an integral part of the Cash Flow Statement.

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

For and on behalf of the Board

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

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. F 48125

Nilesh Limaye
Company Secretary

Place : Pune
Date : 22nd April 2010

Place : Mumbai
Date : 22nd April 2010

Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 of India
[See Schedule 14, Note 22 (b)]

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	REGISTRATION DETAILS		
	Registration No.	State Code	
	- - 1 2 6 2 1	- - - - - 1 1	
	Balance Sheet Date		
	3 1 0 3 2 0 1 0		
	Date Month Year		
II.	CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS./THOUSANDS)		
	Public Issue	Rights Issue	
	- - - - N I L	- - - - N I L	
	Bonus Issue	Private Placement	
	- - - - N I L	- - - - - N I L	
	ESOP		
	- - - - - - - 7		
III.	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS./THOUSANDS)		
	Total Liabilities	Total Assets	
	- 3 7 2 3 8 9 5	- 3 7 2 3 8 9 5	
	Sources of Funds		
	Paid-up Capital	Reserves & Surplus	
	- - 2 1 5 7 5 9	- 2 7 2 3 6 0 4	
	Secured Loans	Unsecured Loans	
	- - - - - - - -	- - - - - - - -	
	Share Application Money		
	- - - - - - - -		
	Application of Funds		
	- - - - - - - -		
	Net Fixed Assets	Investments	
	- - 9 9 1 6 5 0	- - 2 1 0 5 9 6	
	Net Current Assets	Miscellaneous Expenditure	
	- 1 7 3 7 1 1 7	- - - - - N I L	
	Accumulated Losses	- - - - - N I L	
	- - - - - - - -		
IV.	PERFORMANCE OF COMPANY (AMOUNT IN RS./THOUSANDS)		
	Turnover	Total Expenditure	
	- 5 0 5 2 3 5 8	- 4 1 8 6 5 0 0	
	+ - Profit/Loss before Tax	+ - Profit/Loss after Tax	
	+ - - 8 6 5 8 5 8	- - 8 4 1 5 1 8	
	Earning per Share in Rs.	Dividend rate %	
	- - - 3 5 . 7 7		
V.	GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)		
	Items code No. (ITC code)	8 5 2 4 9 9	
	Product Description	S O F T W A R E	

For and on behalf of the Board

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Place : Mumbai
Date : 22nd April 2010

Information regarding subsidiary companies

(Rs. in lakhs)

1. Subsidiary companies	Zensar Technologies Inc. 100%	Zensar Technologies (UK) Limited 100%	Zensar Technologies (Singapore) Pte. Ltd. 100%	Zensar Technologies GmbH ** 100%	Zensar Technologies (Schenzen) Limited *** 51%	Zensar Advanced Technologies Limited 100%
2. Country	USA	UK	Singapore	Germany	China	Japan
3. Reporting Currency	USD	GBP	SGD	EUR	RMB	JPY
4. Exchange Rate as at						
March 31, 2010	1 USD = Rs.44.68	1 GBP = Rs.67.38	1 SGD = Rs.31.87	1 EUR = Rs.59.87	1 RMB = Rs.6.55	1 JPY = Rs.0.4784
5. Capital	290.30	38.51	78.02	309.66	89.77	1,642.94
6. Reserves	2743.91	449.73	632.07	(292.49)	(110.14)	(1953.88)
7. Total Assets	18653.39	6152.07	1685.87	-	11.50	175.60
8. Total Liabilities	15619.18	5663.83	975.78	17.17	31.87	486.54
9. Details of Investment	-	-	-	-	-	-
10. Turnover	57577.21	15179.38	4355.94	-	16.32	600.97
11. Profit Before Taxation	5395.54	550.51	391.85	(7.11)	(14.88)	(156.44)
12. Provision for Taxation	1804.09	133.12	49.90	-	-	(41.28)
13. Profit After Taxation	3591.45	417.39	341.95	(7.11)	(14.88)	(115.16)
14. Proposed Dividend	Nil	Nil	478.05	Nil	Nil	Nil

* Company's wholly owned Subsidiaries, erstwhile Zensar OBT Technologies Limited (ZOBT) and Zensar Transformation Services Limited (ZTSL) (i.e. the transferor companies), have amalgamated with the Company, vide a scheme of amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay. The "Appointed Date" of the Scheme is April 1st, 2009.

** Zensar Technologies GmbH has discontinued its operations and was under liquidation during the year. The Company has received the final liquidation order confirming the removal of name from the commercial register with effect from April 22, 2010

*** Zensar Technologies (Shenzhen) Limited has discontinued its operations and process for its liquidation has been commenced.

**** The figures shown above are in accordance with audited accounts prepared as per the GAAP prevailing in the respective countries and converted into Indian Rupees at the average exchange rates

On behalf of the Board of Directors

Place : Mumbai
Date : 22nd April 2010

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman & Managing Director

Nilesh Limaye
Company Secretary

Consolidated Profit Before Tax Reconciliation for the year 09 - 10

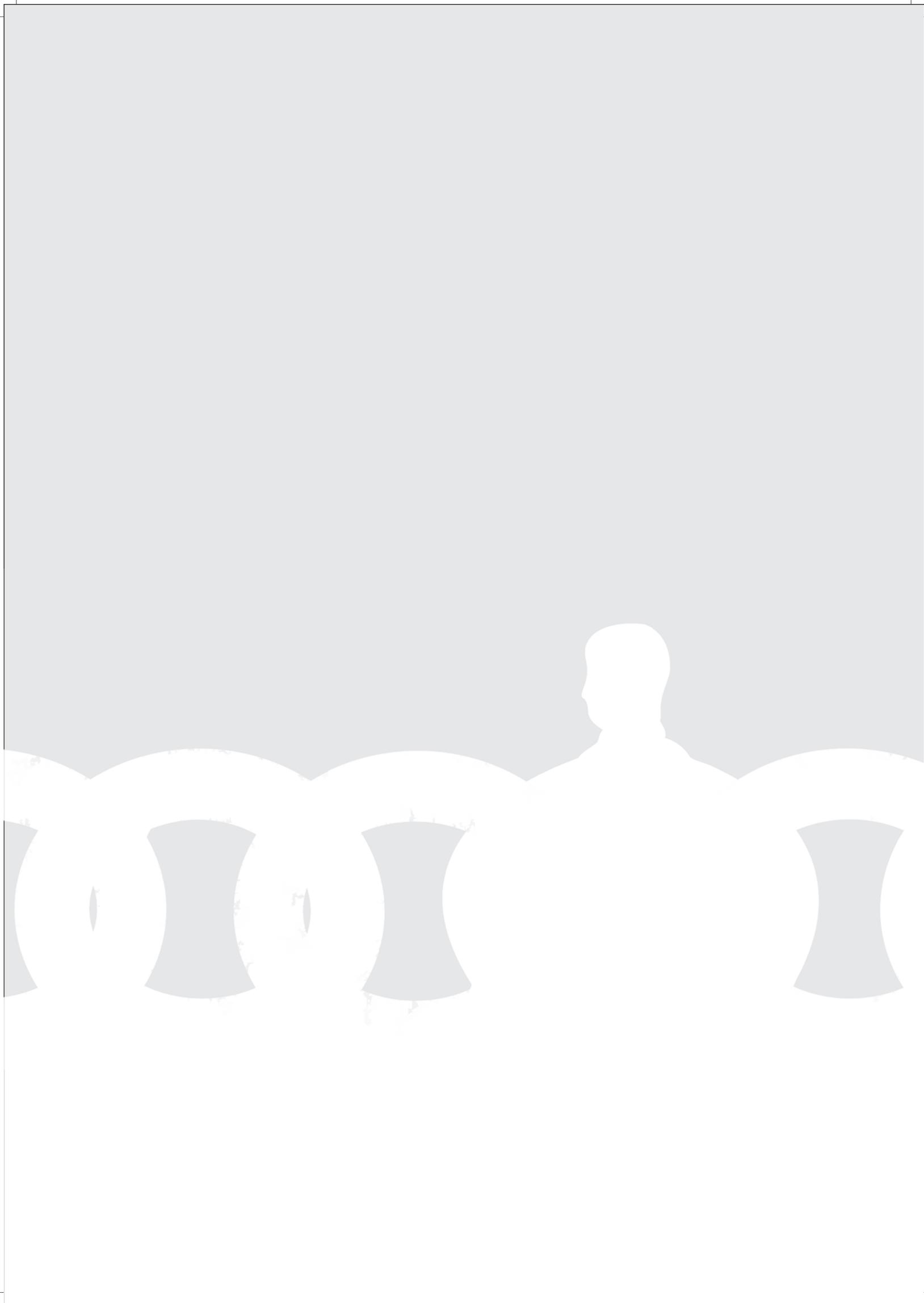
Profit before tax as reported by the subsidiaries

Subsidiaries	Currency	Profit as per subsidiary accounts	Gaap adjustment	Profit before Tax in INR lakhs considered in consolidation
Zensar Technologies Inc.	INR Lacs	5,395.54		5,395.54
Zensar Technologies (UK) Limited	INR Lacs	550.51	16.83	567.34
Zensar Technologies (Singapore) Pte. Ltd.	INR Lacs	391.85	15.17	407.02
Zensar Technologies GmbH	INR Lacs	(7.11)		(7.11)
Zensar Technologies (Shenzhen) Limited	INR Lacs	(14.88)		(14.88)
Zensar Advanced Technologies Limited	INR Lacs	(156.44)		(156.44)
Profit Before Tax of Subsidiaries Consolidated in Statement u/s 212(8)		6,159.47	32.00	6,191.47
Zensar Technologies Limited				8,658.57
Zensar Technologies Limited Unadjusted Consolidated Profit before Tax				14,850.04
Add: Adjustments to Consolidated Profit Before Tax				
Other adjustments - Provision for Doubtful Debts in the books of Zensar Technologies Limited				65.19
Minority Interest - Zensar Technologies (Shenzhen) Limited				-
Net Profit before tax as per consolidated accounts				14,915.23

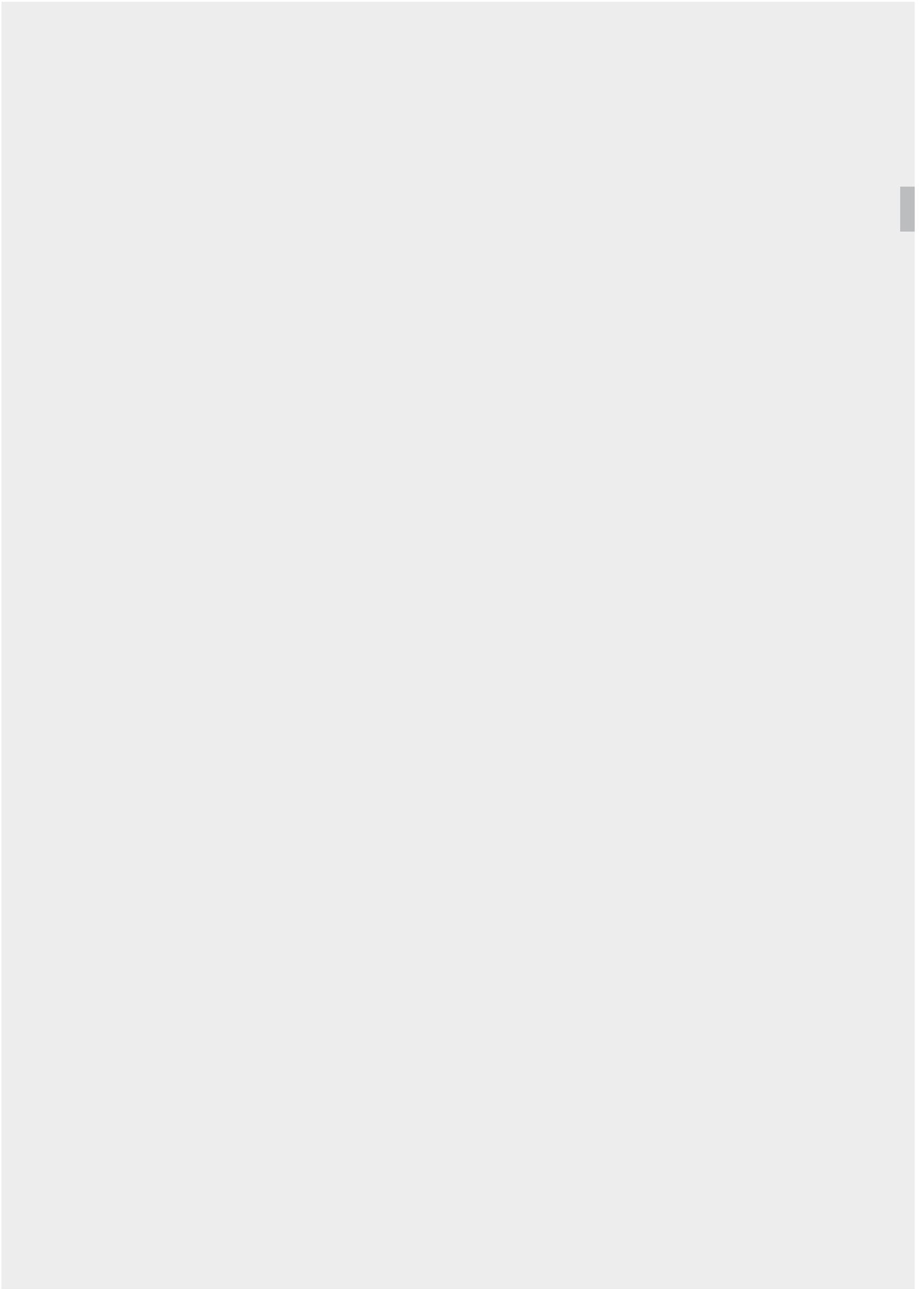
Consolidated Profit After Tax Reconciliation for the year 09 - 10

Profit before tax as reported by the subsidiaries

Subsidiaries	Currency	Profit as per subsidiary accounts	Gaap adjustment	Profit before Tax in INR lakhs considered in consolidation
Zensar Technologies Inc.	INR Lacs	3,591.45		3,591.45
Zensar Technologies (UK) Limited	INR Lacs	417.39	16.83	434.22
Zensar Technologies (Singapore) Pte. Ltd.	INR Lacs	341.95	15.17	357.12
Zensar Technologies GmbH	INR Lacs	(7.11)		(7.11)
Zensar Technologies (Shenzhen) Limited	INR Lacs	(14.88)		(14.88)
Zensar Advanced Technologies Limited	INR Lacs	(115.16)		(115.16)
Profit After Tax of Subsidiaries Consolidated in Statement u/s 212(8)		4213.64	32.00	4,245.64
Zensar Technologies Limited				8,415.18
Zensar Technologies Limited Unadjusted Consolidated Profit After Tax				12,660.82
Add: Adjustments to Consolidated Profit After Tax				
Other adjustments - Provision for Doubtful Debts in the books of Zensar Technologies Limited				65.19
Minority Interest - Zensar Technologies (Shenzhen) Limited				29.81
Net Profit After Tax as per consolidated accounts				12,755.82



**CONSOLIDATED
FINANCIAL STATEMENTS**



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 attached consolidated balance sheet of Zensar Technologies Limited (the "Company") and its subsidiaries, hereinafter referred to as the "Group" (refer Note 1(b) of Schedule 16 to the attached consolidated financial statements) as at March 31, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of two subsidiaries included in the consolidated financial statements, which constitute total assets and net assets each of Rs.742.99 lakhs (negative) as at March 31, 2010, total revenue of Rs. 640.14 lakhs, net loss of Rs 130.04 lakhs and net cash flows amounting to Rs. 78.74 lakhs for the year then ended. These

financial statements and other financial information have been audited by other auditors whose reports have 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.

4. 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, notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached 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 Group as at March 31, 2010;
 - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date: and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Place: Pune
Date: April 22, 2010

Jeetendra Mirchandani
Partner
Membership Number F 48125

Consolidated Balance Sheet As at 31st March, 2010

(Rs. in lakhs)

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2157.59	2396.57
Reserves and Surplus	2	30812.63	23464.59
		32970.22	25861.16
Loan Funds			
Secured Loan	3	4468.00	7573.50
Minority Interest			
		-	29.81
		37438.22	33464.47
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	21279.38	20193.68
Less : Depreciation/ Amortization		11058.70	9042.56
Net Block		10220.68	11151.12
Capital Work in Progress		135.81	589.29
		10356.49	11740.41
Investments	5	1513.31	2372.15
Current Assets, Loans and Advances			
Sundry Debtors	6	14261.45	13327.58
Cash and Bank Balances	7	12996.63	8114.15
Other Current Assets	8	4388.92	5348.43
Loans and Advances	9	7263.78	5258.33
		38910.78	32048.49
Less:			
Current Liabilities and Provisions			
Current Liabilities	10	10156.65	10457.53
Provisions	11	3571.46	2814.89
		13728.11	13272.42
Net Current Assets		25182.67	18776.07
Deferred Tax			
Deferred Tax Asset	12 A	401.81	625.01
Deferred Tax Liability	12 B	(16.06)	(49.17)
		385.75	575.84
		37438.22	33464.47
Notes to Accounts	16		

Notes as per Schedule 16 and other Schedules referred to herein form an integral part of the Balance Sheet.

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

For and on behalf of the Board

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

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. F 48125

Nilesh Limaye
Company Secretary

Place : Pune
Date : 22nd April 2010

Place : Mumbai
Date : 22nd April 2010

Consolidated Profit and Loss Account For the year ended 31st March, 2010

(Rs. in lakhs)

	Schedule	As at 31.03.2010	As at 31.03.2009
INCOME			
Software development and allied services		94477.27	90169.04
Sale of System Integration systems		798.23	639.08
Other Income	13	827.69	1408.21
		96103.19	92216.33
EXPENDITURE			
Operating Expenses	14	78280.46	78220.09
Interest and Finance Charges	15	272.84	387.74
Depreciation/ Amortization		2634.66	2426.95
		81187.96	81034.78
Profit before Taxation and Minority Interest		14915.23	11181.55
Provision for Taxation			
- Current tax		3624.02	2796.31
- Deferred tax		130.46	(71.25)
- MAT Credit Entitlement		(1293.00)	(631.00)
- Fringe Benefit Tax		-	107.25
Short / (Excess) provision for taxation in respect of earlier years (net)		(272.26)	353.92
Profit after Taxation and before Minority Interest		12726.01	8626.32
Minority Interest		(29.81)	(30.00)
Profit after Taxation		12755.82	8656.32
Balance brought forward from previous year		10276.49	19860.08
Profit Available for Appropriation		23032.31	28516.40
Proposed Dividend		1,186.67	1078.46
Provision for Tax on Proposed Dividend		197.08	183.28
Transfer to General Reserve		7,500.00	7500.00
Profit and Loss Account Balance Carried to Balance Sheet		14148.56	19754.66
Earnings Per Equity Share (Face Value Rs. 10):		Rs.	Rs.
[See Schedule 16, Note 12]			
- Basic		54.23	36.12
- Diluted		53.79	36.09
Notes to Accounts	16		

Notes as per Schedule 16 and other Schedules referred to herein form an integral part of the Profit and Loss Account.

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

For and on behalf of the Board

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

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. F 48125

Nilesh Limaye
Company Secretary

Place : Pune
Date : 22nd April 2010

Place : Mumbai
Date : 22nd April 2010

Schedules

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
SCHEDULE 1		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
SHARE CAPITAL		
Authorised		
2,75,00,000 Equity Shares of Rs. 10 each	2750.00	2750.00
2,50,000 Preference Shares of Rs. 100 each	250.00	250.00
	3000.00	3000.00
Issued and Subscribed		
2,15,75,867 (Previous Year: 2,39,65,670) Equity Shares of Rs. 10 each fully paid-up [See note below and Schedule 16, Note 6 and 7]	2157.59	2396.57
	2157.59	2396.57
Note :- Of the above, 58,95,304 (Previous Year : 58,95,304) Equity Shares of Rs. 10 each, are allotted as fully paid-up pursuant to agreements for consideration other than cash.		
SCHEDULE 2		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
RESERVES AND SURPLUS		
Revaluation Reserve	1.56	1.56
Capital Reserve	10.18	10.18
Capital Redemption Reserve		
Balance brought forward	200.00	200.00
Add : Transferred from General Reserve [See Schedule 16, Note 7]	242.40	-
	442.40	200.00
Share Premium		
Balance brought forward	2964.00	2963.41
Add : Received during the year on exercise of Stock Options issued to employees	43.50	0.59
Less : Utilised for buy-back of equity shares [See Schedule 16, Note 7]	2980.69	-
	26.81	2964.00
General Reserve		
Balance brought forward	11113.20	3613.20
Less : Transferred to Capital Redemption Reserve consequent to the Buy-back of Equity Shares [See Schedule 16, Note 7]	242.40	-

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
Less : Utilised for buy-back of equity shares [See Schedule 16, Note 7]	776.52	-
Less : Adjustment pursuant to the scheme of amalgamation [See Schedule 16, Note 4]	312.36	-
Add : Transfer from Profit and Loss Account	7500.00	7500.00
	17281.92	11113.20
Hedging Reserve		
Balance brought forward	(66.17)	-
Add : Movement during the year	326.58	(66.17)
	260.41	(66.17)
Employee Stock Options		
[See Schedule 16, Note 6]		
Employee Stock Options Outstanding	33.38	30.97
Less : Deferred Employee Compensation	10.91	5.61
	22.47	25.36
Foreign Currency Translation Reserve		
Balance brought forward	(1,060.03)	(669.91)
Foreign Currency Translation Reserve for the year	(321.65)	(390.12)
	(1381.68)	(1060.03)
Profit and Loss Account		
Balance in Profit and Loss Account	14148.56	19754.66
Less : Adjustment for Goodwill [See Schedule 16, Note 8]	-	(9478.17)
	14148.56	10276.49
	30812.63	23464.59

SCHEDULE 3

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010

SECURED LOANS

Term Loan from Bank	4468.00	7573.50
[Amount repayable within one year Rs. 2234.00 lakhs (Previous year: Rs. 2524.50 lakhs)]		
	4468.00	7573.50

Note:

Loan is secured by a pari passu charge against the movable and immovable fixed assets of the Company situated at Kharadi, Pune.

SCHEDULE 4

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010
FIXED ASSETS [See Schedule 16, Notes 4]

Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 31st March 2009	Additions/Adjustment during the year	Deletions during the year	Cost as at 31st March 2010	Accumulated Depreciation/Amortisation as at 31st March 2009	Depreciation/Amortisation for the year	Depreciation/Amortisation written back on deletions during the year	Accumulated Depreciation/Amortisation as at 31st March 2010	As at 31st March 2010	As at 31st March 2009
Goodwill	766.30	-	312.36	453.94	110.18	69.65	-	179.83	274.11	656.12
Land - Leasehold	264.25	-	-	264.25	16.66	2.77	-	19.43	244.82	247.59
- Freehold	34.67	-	-	34.67	21.69	-	-	21.69	12.98	12.98
Buildings	5268.28	7.15	-	5275.43	394.06	175.42	-	569.48	4705.95	4874.22
Improvement to Leasehold Premises	429.79	15.16	9.34	435.61	296.98	58.33	9.34	345.97	89.64	132.81
Plant and Machinery	3537.41	346.91	235.79	3648.53	1784.76	601.55	235.53	2150.78	1497.75	1752.65
Furniture, Fixtures and Office Equipment	3107.74	422.47	58.09	3472.12	1351.30	387.03	54.91	1683.42	1788.70	1756.44
Motor Vehicles	240.59	10.63	20.75	230.47	99.54	44.23	18.13	125.64	104.83	141.05
Data Processing Equipment-Own use	4414.23	510.99	256.32	4668.90	3365.06	571.76	240.65	3696.17	972.73	1049.17
Intangible Assets (Software including courseware)	2148.73	751.53	-	2900.26	1641.92	723.92	-	2365.84	534.42	506.81
T O T A L	20211.99	2064.84	892.65	21384.18	9082.15	2634.66	558.56	11158.25	10225.93	11129.84
Exchange Fluctuation on Consolidation	(18.31)	(86.49)	-	(104.80)	(39.59)	(59.96)	-	(99.55)	(5.25)	21.28
Total	20193.68	1978.35	892.65	21279.38	9042.56	2574.70	558.56	11058.70	10220.68	11151.12
Previous Financial Year	23172.71	9417.28	12396.31	20193.68	7020.04	2526.88	504.36	9042.56		
Capital Work in Progress including advances on Capital Account Rs. 37.86 lakhs (Previous year: Rs. 67.65 lakhs)									135.81	589.29
									10356.49	11740.41

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
SCHEDULE 5		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
INVESTMENTS		
(I) Long Term		
Non-Trade		
Quoted		
170 Equity Shares of Rs. 10 each fully paid-up in RPG Cables Limited	0.05	0.05
100 Equity Shares of Rs. 10 each fully paid-up in CFL Capital Financial Services Limited	0.02	0.02
75 Equity Shares of Rs. 10 each fully paid-up in CEAT Limited	0.05	0.05
25 Equity Shares of Rs. 10 each fully paid-up in CHI Investments Limited	0.01	0.01
100 Equity Shares of Rs. 10 each fully paid-up in CESC Limited	0.05	0.05
100 Equity Shares of Rs. 10 each fully paid-up in Harrisons Malayalam Limited	0.04	0.04
144 Equity Shares of Rs. 10 each fully paid-up in KEC International Limited	0.14	0.14
100 Equity Shares of Rs. 10 each fully paid-up in Philips Carbon Black Limited	0.06	0.06
100 Equity Shares of Rs. 10 each fully paid-up in Brabourne Enterprises Limited	0.08	0.08
100 Equity Shares of Rs. 10 each fully paid-up in Saregama India Limited	0.01	0.01
	0.51	0.51
Unquoted		
100 Equity Shares of Rs. 10 each fully paid-up in Spencer & Company Limited	0.08	0.08
	0.08	0.08
(II) Current Investments		
Non-Trade		
Unquoted		
Nil (Previous year : 20,41,745) units of Birla Sun Life Savings Fund	-	204.31
Nil (Previous year : 10,96,731) units of HDFC Cash Management Fund - Treasury Advantage Plan	-	110.02
Nil (Previous year : 9,80,449) units of HDFC Short Term Plan Dividend	-	101.51
Nil (Previous year : 4,37,078) units of ICICI Prudential Institutional Income Plan	-	50.00
Nil (Previous year : 17,96,030) units of Kotak Flexidebt Scheme	-	180.46
Nil (Previous year : 20,00,086) units of Kotak Quarterly Interval Plan series 2	-	200.01
29,80,233 (Previous year : 17,00,000) units of LIC MF savings Plus Fund	298.02	170.00
Nil (Previous year : 10,00,000) units of LIC MF Interval Fund - Series 1	-	100.00
Nil (Previous year : 9,50,904) units of Reliance Short term fund	-	101.30
Nil (Previous year : 12,99,350) units of SBI-SHF- ultra Short Term Fund	-	130.00
Nil (Previous year : 18,49,943) units of Templeton Floating Rate Income Fund Short Term Plan	-	186.06
Nil (Previous year : 19,622) units of UTI liquid Cash Plan	-	200.04
Nil (Previous year : 19,41,794) units of UTI Fixed income Interval Fund - Monthly Interval Plan Series 1	-	194.19
Nil (Previous year : 4,38,611) units of UTI-Gilt Advantage Fund Long Term Plan	-	51.00
9,89,844 (Previous year : 6,01,030) units of Kotak Floater Long Term Daily Dividend	99.77	60.58
Nil (Previous year : 5,03,000) units of TFLD Tata Floater Fund Daily Dividend	-	50.48
10,502 (Previous year : 10,083) units of Reliance Money Manager Fund	105.14	100.95
Nil (Previous year : 2,85,536) units of ICICI Prudential Flexible Income Plan	-	30.19
Nil (Previous year : 10,043) units of UTI Treasury Advantage Fund	-	100.46
Nil (Previous year : 2,36,765) units of Reliance Mutual Fund	-	50.00
15,06,224 (Previous year : Nil) units of Kotak Quarterly Interval Plan Series 3 - Dividend	150.65	-
10,04,913 (Previous year : Nil) units of Birla Sun Life Short Term Fund - Retail Weekly Dividend	100.49	-
20,11,584 (Previous year : Nil) units of UTI Fixed Income Interval Fund - Series II	201.15	-
15,00,872 (Previous year : Nil) units of Religare Active Income Fund - Monthly Dividend	150.10	-

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
9,033 (Previous year : Nil) units of UTI Floating Rate Fund - STP - IP - Daily Dividend	90.00	-
5,02,450 (Previous year : Nil) units of Birla Sun Life Short Term Opportunities Fund- Weekly Dividend	50.26	-
10,04,641 (Previous year : Nil) units of Birla Sun Life Savings Fund - IP - Daily Dividend	100.53	-
6,31,057 (Previous year : Nil) units of HDFC F R I F - STF - WP - Daily Dividend	63.62	-
10,29,916 (Previous year : Nil) units of LIC MF Income Plus Fund - Daily Dividend	102.99	-
	1512.72	2371.56
Grand Total (I + II)	1513.31	2372.15
Aggregate amount of Quoted Investments [Market Value Rs. 1.78 lakhs (Previous year: Rs. 0.60 lakhs)]	0.51	0.51
Aggregate cost of Unquoted Investments	1512.80	2371.64
	1513.31	2372.15
CURRENT ASSETS, LOANS AND ADVANCES		
SCHEDULE 6		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding 6 months:		
- Considered good	151.40	301.24
- Considered doubtful	1266.63	1375.17
	1418.03	1676.41
Other debts		
- Considered good	14110.05	13026.34
- Considered doubtful	318.23	-
	14428.28	13026.34
	15846.31	14702.75
Less : Provision for doubtful debts	1584.86	1375.17
	14261.45	13327.58
SCHEDULE 7		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
CASH AND BANK BALANCES		
Cash on hand	9.80	4.71
Balances with Scheduled Banks:		
(a) On Current Account	3438.14	5609.47
(b) On Time Deposit Account	1501.55	1751.97
(c) On Money Market and Treasury Accounts	7064.00	517.88
Balance with Other Banks:		
(a) On Current Account	983.14	230.12
	12996.63	8114.15

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
SCHEDULE 8		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
OTHER CURRENT ASSETS		
Accrued Income (Unbilled Services)	4382.74	5348.20
Interest accrued on deposits	6.18	0.23
	4388.92	5348.43
SCHEDULE 9		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
LOANS AND ADVANCES		
(unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	2754.15	2437.55
- Considered doubtful	2.22	61.66
Security and other deposits:		
- Considered good	626.22	676.88
- Considered doubtful	32.62	43.46
MAT Credit Entitlement	2464.00	1171.00
Taxes recoverable [taxes paid less provisions Rs. 4871.61 lakhs (Previous year Rs. 4183.11 lakhs) thereagainst]	1419.41	972.90
	7298.62	5363.45
Less : Provision for doubtful deposits and advances	34.84	105.12
	7263.78	5258.33
SCHEDULE 10		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
CURRENT LIABILITIES		
Sundry Creditors [Including book overdraft Rs. Nil (Previous year : Rs. 183.85 lakhs)]	10150.78	10385.41
Advances from customers	-	55.11
Interest accrued but not due on Fixed Loans	5.87	17.01
	10156.65	10457.53
SCHEDULE 11		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
PROVISIONS		
Taxation less payments thereagainst	698.50	90.08
Proposed Dividend	1186.67	1078.46
Provision for Tax on Proposed Dividend	197.08	183.28
Leave Encashment	1093.58	1053.03
Gratuity	307.91	292.16
Provision for disputed Statutory Liabilities [See Schedule 16, Note 3 and Note 16]	36.45	74.71
Other obligations [See Schedule 16, Note 16]	51.27	43.17
	3571.46	2814.89

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
SCHEDULE 12 A		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
DEFERRED TAX ASSETS		
Other Miscellaneous Items	401.81	625.01
	401.81	625.01
SCHEDULE 12 B		
annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010		
DEFERRED TAX LIABILITY		
Other Miscellaneous Items	16.06	49.17
	16.06	49.17
SCHEDULE 13		
annexed to and forming part of the Consolidated Profit and Loss Account for the period ended 31st March 2010		
OTHER INCOME		
Dividend from current investments, Non Trade	147.39	133.32
Interest:		
- on deposits with banks	59.30	72.49
- others	61.96	31.43
	121.26	103.92
Exchange gain (net)	-	201.38
Profit on sale of fixed assets	-	2.26
Profit on sale of current investments, Non Trade	3.44	10.24
Provisions no longer required and credit balances written back	347.40	412.28
Miscellaneous Income	208.20	544.81
	827.69	1408.21

Schedules (Contd.)

	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
SCHEDULE 14		
annexed to and forming part of the Consolidated Profit and Loss Account for the period ended 31st March 2010		
OPERATING EXPENSES		
Salaries, Wages and Bonus	49730.88	47131.83
Company's contribution to Provident and other funds	2961.30	2749.22
Staff Welfare Expenses	1068.10	1120.36
Employee Stock Compensation Expense	(2.90)	(0.71)
	53757.38	51000.70
Travelling Expenses	4493.50	4915.11
Cost of manpower hired	8365.70	10326.23
Recruitment Expenses	322.91	379.47
Training Expenses	81.19	129.52
Electricity and Power	768.58	713.55
Rent	2012.23	1806.10
Repairs and Maintenance to:		
- Plant and Machinery	123.14	140.73
- Building	567.91	395.56
- Others	83.24	37.10
	774.29	573.39
Insurance	2071.34	1896.31
Rates and Taxes	127.68	137.11
Consumable Media	135.78	166.77
Legal and Professional Charges	1490.45	1435.70
Postage, Telephone and E-Mail	1048.21	1229.44
Stationery and Printing	103.02	114.29
Carriage, Freight and Octroi	3.14	8.87
Vehicle Expenses	183.19	156.46
Advertisement and Publicity	463.22	656.32
Purchase of hardware and software for Integration System	740.25	615.79
Loss on Disposal of Fixed Assets	9.33	-
Bad Debts written off	545.49	760.46
Claims/Deposits written off	30.52	9.73
Provision for Doubtful Debts	251.27	765.08
Directors' Fees	8.82	8.32
Miscellaneous Expenses	492.97	415.37
	78280.46	78220.09
SCHEDULE 15		
annexed to and forming part of the Consolidated Profit and Loss Account for the period ended 31st March 2010		
INTEREST AND FINANCE CHARGES		
Interest:		
- On Fixed Loans	172.03	278.30
- Others	0.48	34.24
	172.51	312.54
Finance Charges :		
- Bank Charges	100.33	75.20
	272.84	387.74

Schedules (Contd.)

SCHEDULE 16

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Principles of Consolidation

The Consolidated Financial Statements of Zensar Technologies Limited and its domestic and foreign subsidiaries are prepared

(b) List of domestic and foreign subsidiaries considered in the consolidated financial statements

Sr. No.	Name of the subsidiary	Country of Incorporation	Extent of holding as on 31 st March 2010
1	Zensar Technologies Inc. (ZTI) (Refer Note 8)	USA	100%
2	Zensar Technologies (Singapore) Pte Ltd. (ZTS)	Singapore	100%
3	Zensar Technologies, GmbH (ZTG) (under liquidation)	Germany	100%
4	Zensar Technologies (UK) Ltd. [ZT (UK)]	UK	100%
5	Zensar Transformation Services Limited (Refer Note 4)	India	-
6	Zensar OBT Technologies Limited (Refer Note 4)	India	-
7	Zensar Advanced Technologies Limited	Japan	100%
8	Zensar Technologies (Shenzhen) Limited [ZT(China)]	Peoples Republic of China	51%

(c) Foreign Currency Transactions

The Consolidated Financial Statements are prepared in Indian Rupees, which is the functional currency for Zensar Technologies Limited and its domestic subsidiaries. However, the US Dollar, Singapore Dollar, Euro, RMB, British Pound and Japanese Yen are the functional currencies for its foreign subsidiaries located in the US, Singapore, Germany, China, UK and Japan respectively. The translation of the functional currencies into the reporting currency is performed for assets and liabilities of the foreign subsidiaries currency using the current exchange rates in effect at the balance sheet date, for revenues, costs and expenses using average exchange rates prevailing during the reporting periods and for share capital, using the exchange rate at the date of the transaction. The resultant translation exchange gain/loss has been disclosed as Currency Translation Adjustment under Reserves and Surplus.

(d) Foreign Branches

All income and expenditure transactions of the foreign branches during the year are included in these Accounts at the average rate of exchange. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Net gain/loss on foreign currency translation is recognised in the Profit and Loss Account, except for exchange

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) of the Companies Act, 1956 to the extent possible in the same format as that adopted by the parent Company (Zensar Technologies Limited) for its separate financial statements.

Intra group balances and intra group transactions and resulting unrealised profits are eliminated in full. Separate disclosure is made of minority interest. Minority interest represents the minority shareholders' proportionate share of net assets and the income of the Company's majority owned subsidiaries.

differences arising on a monetary item that, in substance, forms a part of Company's net investment in a non-integral foreign operation, which are accumulated in a Foreign Currency Translation Reserve until the disposal of net investment.

(e) 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 amortised.

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 depreciated 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.

(f) Other Significant Accounting Policies

These are set out in the Notes to Accounts under Significant Accounting Policies in the separate Financial Statements of the Company.

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)	2010 (Rs. in lakhs)	2009 (Rs. in lakhs)
2. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs.38.86 lakhs (Previous year Rs.67.65 lakhs)]	691.04	650.84
3. Contingent Liabilities		
(a) Income Tax:		
Matters decided in favour of the Company by appellate authorities, where the Income Tax Department is in further appeal.	337.65	337.65
Matters on which the Company is in appeal.	206.12	716.44
(b) Sales Tax / Value Added Tax		
Claims against the Company regarding sales tax against which the Company has preferred appeals.	53.52	77.49
(c) Claim in respect of rented premises.	153.61	141.94
(d) Claims against the Company not acknowledged as debts.	70.00	61.85
(e) Guarantees given by the Company in respect of loans and working capital limits taken by the subsidiaries.	5209.69	8411.63
The loans and working capital limits taken by the subsidiaries are secured by a pari passu charge against the immovable fixed assets of the Company situated at Kharadi, Pune		
(f) Customs Duty:		
(i) 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.		
(ii) From 16 th August 1988 to 31 st 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.		

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**4. Merger of subsidiaries in India**

(a) Pursuant to the Scheme of Amalgamation of the Company's wholly owned Subsidiaries, erstwhile Zensar OBT Technologies Limited and Zensar Transformation Services Limited (i.e. the transferor companies), have amalgamated with the Company. The Scheme of amalgamation was sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated April 9, 2010. The "Appointed Date" of the Scheme is April 1st, 2009. In accordance with the said Scheme and as per the approval of the Hon'ble High Court of Judicature at Bombay, net assets of Rs. 1472.98 lakhs of the transferor companies have been transferred to and vested in the Company with effect from 1st April, 2009. The Scheme has, accordingly, been given effect to in these accounts.

(b) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14) Accounting for amalgamations. This has resulted in a decrease in goodwill to the extent of Rs. 312.36 lakhs and a corresponding decrease in reserves.

5. During the previous year, the Company 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. Consequently, exchange gain aggregating Rs. 326.58 lakhs, (Previous year: exchange loss Rs. 66.17 lakhs), in respect of forward exchange contracts which qualify for hedge accounting, have been recognised directly in the Hedging Reserve Account, to be recognised in the profit and loss account when the underlying transactions occur.

6. Employees' Stock Option Scheme

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	2009-10		2008-09	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	326657	145.36	333784	150.23
Granted during the year	-	-	43569	120.00
Exercised during the year	26941	123.13	-	-
Cancelled during the year	43290	150.60	50696	155.53
Balance unexercised options	256426	146.81	326657	145.36
Exercisable at end of year	196961	142.29	210264	133.96

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

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

Particulars	2009-10		2008-09	
	Number of options	Weighted average exercise price in Rupees	Number of options	Weighted average exercise price in Rupees
Opening Balance	473480	187.22	473200	190.60
Granted during the year	79000	145.00	46000	120.00
Exercised during the year	7256	167.42	-	-
Cancelled during the year	11820	174.11	45720	154.51
Balance unexercised options	533404	181.53	473480	187.22
Exercisable at end of year	222660	193.23	140880	195.39

7. Pursuant to the shareholders' approval for buy back of equity shares on proportionate basis through the tender offer route, the Company has bought back 2,424,000 equity shares for an aggregate amount of Rs. 3,999.60 lakhs, by utilizing Share Premium account and General Reserve to the extent of Rs. 2,980.69 lakhs and Rs. 776.52 lakhs respectively.

Capital Redemption Reserve has been created out of general reserve for Rs. 242.40 lakhs, being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.

8. Merger of step down subsidiaries in US

The Company's wholly owned subsidiary Zensar Technologies Inc, USA had acquired 100% stake in OBT Technologies Inc (now known as Zensar OBT Technologies Inc) on 12th December 2005 and 100% stake in Thought Digital LLC (now known as Zensar ThoughtDigital LLC) on 23rd February 2007.

On 31st March 2009, Zensar OBT Technologies Inc and Zensar ThoughtDigital LLC merged with Zensar Technologies Inc. The Company had accounted for the merger under the pooling of interests method under AS - 14 – Accounting for amalgamations. This had resulted in a decrease in goodwill to the extent of Rs. 9,478.17 lakhs, (net of foreign currency translation reserve adjustment of Rs 1165.92 lakhs) and a corresponding decrease in reserves in the previous year.

9. Primary Segment

Effective 1st April 2008, the Company has reorganised its business by combining Global Outsourcing Services (GOS) and Innovative Technology Solutions (ITS) into a single reporting unit, Global Transformation Services (GTS). Enterprise Application Services (EAS) continues to be the other reportable segment.

(i) Global Transformation Services (GTS) providing application development and modernisation, support and maintenance services, product engineering and embedded systems and system software services and voice / non voice services.

(ii) Enterprise Application Services (EAS) providing package implementation, upgrade, migration, support and maintenance services.

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 consistently used in the preparation of financial segments 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.

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**Business Segments** Rs. in lakhs

2009-10	GTS	EAS	Unallocated	Total
Sales to External Customers	68332.11	26901.40	41.99	95275.50
Segment Result	14899.05	2526.97	(46.35)	17379.67
Depreciation	-	-	2634.66	2634.66
Interest and Finance Cost	-	-	27284	272.84
Unallocable Income (net)	-	-	443.06	443.06
Profit before tax	14899.05	2526.97	(2510.79)	14915.23
Taxes	-	-	2189.22	2189.22
Profit after Tax	14899.05	2526.97	(4700.01)	12726.01
Prior period items	-	-	-	-
Exceptional items	-	-	-	-
Minority Interest	-	-	(29.81)	(29.81)
	14899.05	2526.97	(4670.20)	12755.82

Rs. in lakhs

2008-09	GTS	EAS	Unallocated	Total
Sales to External Customers	62032.21	28438.96	336.95	90808.12
Segment Result	11708.37	1783.10	77.44	13568.91
Depreciation	-	-	2426.95	2426.95
Interest and Finance Cost	-	-	387.74	387.74
Unallocable Income (net)	-	-	427.33	427.33
Profit before tax	11708.37	1783.10	(2309.92)	11181.55
Taxes	-	-	2555.23	2555.23
Profit after Tax	11708.37	1783.10	(4865.15)	8626.32
Prior period items	-	-	-	-
Exceptional items	-	-	-	-
Minority Interest	-	-	(30.00)	(30.00)
	11708.37	1783.10	(4835.15)	8656.32

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**Secondary Segments**

Secondary segmental reporting is performed on the basis of geographical locations.

Revenue attributable to location of customers is as follows:

Geographical Location	Rs. in lakhs	
	2009-10	2008-09
United States of America	57571.81	52626.76
United Kingdom	15051.80	14830.42
Rest of the World	22651.89	23350.94
	95275.50	90808.12

10. 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):

RPG Industries Pvt. Limited

Blue Niles Holdings Limited

Pedriano Investments Limited

Electra Partners Mauritius Limited

RPG Cellular Investments & Holdings Private Limited.

Universal Industrial Fund Limited

Summit Securities Limited

(ii) Key Management Personnel

Dr. Ganesh Natarajan

Mr. Vivek Gupta

Mr. Nitin Parab

Mr. S. Balasubramaniam

Mr. V. Balasubramanian

Mr. Sanjay Marathe

Ms. Prameela Kalive

Mr. Hiren Kulkarni

Mr. Ramesh Kodali

Mr. Ajay Bhandari

Mr. Krishna Ramaswami

Mr. Parmod Bhalla (upto 30TH November, 2008)

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**Related Party Disclosures (Continued)
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			
		2009-10	2008-09	2010		2009	
				Receivable	Payable	Receivable	Payable
	Remuneration of Key Management Personnel						
(i)	Dr. Ganesh Natarajan	301.17	254.74	-	-	-	-
(ii)	Mr. Pramod Bhalla	-	41.89	-	-	-	-
(iii)	Mr. Vivek Gupta	163.20	174.40	-	-	-	-
(iv)	Mr. Nitin Parab	167.34	144.02	-	-	-	-
(v)	Mr. Ramesh Kodali	59.87	122.27	-	-	-	-
(v)	Others	251.96	205.49	-	-	-	-
	Total Remuneration of Key Management Personnel	943.54	942.81	-	-	-	-

11. Lease Obligations

Operating Leases

The Company has leased certain facilities and equipment under operating lease agreements that expire over the next four years.

Total Minimum Lease Payments Outstanding as on 31st March 2010

Rs. in lakhs

	31 st March 2010	31 st March 2009
Less than one year	370.78	197.07
More than one year, but less than five years	707.72	428.02
More than five years	-	-
	1078.50	625.09

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**12. Earnings per Share (EPS)**

Particulars	2009-10	2008-09
a. Profits attributable to equity shareholders		
Net profit after taxation (Rs. in Lakhs)	12755.82	8656.32
b. Basic Earnings Per Share		
Weighted Average No. of equity shares outstanding during the year.	23523335	23965624
Basic EPS (Rs.)	54.23	36.12
c. Diluted Earnings Per Share		
Total No. of equity shares outstanding as at the year end	23523335	23965624
Effect of dilutive issue of stock options	188905	19157
Weighted average no. of equity shares outstanding for Diluted EPS	23712240	23984781
Diluted EPS (Rs.)	53.79	36.09

13. Forward contracts and options outstanding

Particulars	2010	2009
Forward Contracts		
In US\$	\$13700000	\$6800000
(Equivalent approximate in Rs. lakhs)	6121.16	3433.32
In GBP	-	£650000
(Equivalent approximate in Rs. lakhs)	-	470.54
In ZAR	-	ZAR 7270750
(Equivalent approximate in Rs. lakhs)	-	383.89
Options		
Variable Strike Options in US\$	-	\$450000
(Equivalent approximate in Rs. lakhs)	-	183.26
Variable Strike Options in GBP	-	£200000
(Equivalent approximate in Rs. lakhs)	-	185.90

14. Managerial Remuneration

Particulars	2010	2009
(a) Salary and Allowances	284.85	238.21
(b) Contribution to Provident Fund and Superannuation Scheme	12.14	12.14
(c) Perquisites (Valued as per the provisions of the Income-tax Act, 1961 of India, where applicable)	4.18	4.39
	301.17	254.74

Note: As the liability for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, amounts pertaining to the Managing Director is not ascertainable and therefore not included above.

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

Rs. in lakhs

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

Particulars	2010	2009
(a) As auditors	88.12	64.66
(b) As advisors, or in any other capacity, in respect of		
(i) Taxation matters	-	-
(ii) Management services	6.00	-
(iii) Other services	12.00	6.65
(c) Out of pocket expenses reimbursed [for (a) and (b) above]	1.20	1.40
Total	107.32	72.19

16. Disclosure as per Accounting Standard – 29

(Rs. lakhs)

Particulars	2009-10			2008-09		
	Disputed Statutory Matters	Other Obligations	Total	Disputed Statutory Matters	Other Obligations	Total
Opening Balance	74.71	43.17	117.88	71.96	76.14	148.10
Addition	-	11.67	11.67	6.83	11.67	18.50
Utilisation	38.26	3.57	41.83	4.08	44.64	48.72
Closing Balance	36.45	51.27	87.72	74.71	43.17	117.88

A. Disputed Statutory matters mainly include:

- Provision for disputed statutory liabilities comprises of matters under litigation with Sales Tax, Customs Duty, ESI authorities.
- The amount of provision made by the Company is based on the estimate made by the Management considering the facts and circumstances of each case.
To the extent the Company is confident that they have 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.

- Provisions for Other Obligations mainly include provision 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.

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)**17. Disclosures in accordance with Revised AS- 15 on "Employee Benefits":****(A) Defined Contribution Plans**

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

(Rs.in lakhs)

Particulars	For the year ended 31 st March 2010	For the year ended 31 st March 2009
(i) Contribution to Employees' Provident Fund	647.32	562.51
(ii) Contribution to Employees' Family Pension Fund	248.94	231.09
(iii) Contribution to Employees' Superannuation Fund	28.60	29.45
(iv) Contribution to Employees' Social Security Fund in USA	814.76	849.10
(v) Contribution to Employees' 401 K Fund in USA	78.12	102.99
(vi) Contribution to Central Provident Fund in Singapore	74.27	54.73
Total	1892.01	1829.87

In terms of the guidance on implementing Revised AS 15, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, the Provident Fund set up by the Company is treated as a Defined Benefit Plan since the Company is obligated to meet interest shortfall, if any. However, as at year end no shortfall remains unprovided for. As advised by an independent actuary, it is not practical or feasible to actuarially value the liability considering the rate of interest as notified by the Government can vary annually. Further the pattern of investments for investible funds is as prescribed by the Government. Accordingly the other related disclosures as required by the Revised AS 15 have not been made.

(B) Defined Benefit Plans- Gratuity**(i) Changes in the Present Value of Obligation**

(Rs.in lakhs)

Particulars	For the year ended 31 st March 2010	For the year ended 31 st March 2009
(a) Present Value of Obligation as at beginning of the year	1159.36	770.65
(b) Interest Cost	89.85	67.29
(c) Past Service Cost	-	-
(d) Current Service Cost	374.45	183.43
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Benefits Paid	(63.67)	(41.66)
(h) Actuarial (Gain)/Loss	(2.75)	179.65
(i) As at end of the year	1557.24	1159.36

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

(ii) Changes in the Fair value of Plan Assets

(Rs. in lakhs)

Particulars	For the year ended 31 st March 2010	For the year ended 31 st March 2009
(a) Present Value of Plan Assets as at beginning of the year	867.20	650.58
(b) Expected Return on Plan Assets	67.21	56.88
(c) Actuarial Gain/(Loss)	22.76	(7.92)
(d) Contributions	348.76	209.32
(e) Benefits Paid	(56.60)	(41.66)
(f) As at end of the year	1249.33	867.20

(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 the year ended 31 st March 2010	For the year ended 31 st March 2009
(a) Present Value of Funded Obligation as at 31 st March	1557.24	1159.36
(b) Fair Value of Plan Assets as at 31 st March	1249.33	867.20
(c) Present Value of Unfunded Obligation as at 31 st March	-	-
(d) Net Liability recognised in the Balance Sheet	307.91	292.16

(iv) Expenses recognised in the Profit and Loss Account

(Rs. in lakhs)

Particulars	For the year ended 31 st March 2010	For the year ended 31 st March 2009
(a) Current Service Cost	374.45	183.43
(b) Past Service Cost	-	-
(c) Interest Cost	89.85	67.29
(d) Expected Return on Plan Assets	(67.21)	(56.88)
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Net actuarial (Gain)/Loss	(25.51)	187.57
(h) Employees' Contribution	-	-
(i) Total Expenses recognised in the Profit and Loss Account	371.58	381.41

SCHEDULE 16 (Contd.)

annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010

NOTES TO ACCOUNTS (Contd.)

- (v) As at 31st March, 2010 and 31st March, 2009, 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)

Sr.	Particulars	2009-10	2008-09
(a)	Actual return on plan assets	84.97	48.97

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

Particulars	2009-10	2008-09
(a) Discount Rate	8.50%	7.75%
(b) Expected Rate of Return on Plan Assets	8.50%	7.75%
(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.

18. Reclassification

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

Signatures to Schedules 1 to 16 forming part of the Consolidated Balance Sheet as at 31st March 2010 and the Consolidated Profit and Loss Account for the year ended 31st March 2010.

For and on behalf of the Board

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

H.V. Goenka
Chairman

Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. F 48125

Nilesh Limaye
Company Secretary

Place : Pune
Date : 22nd April 2010

Place : Mumbai
Date : 22nd April 2010

Consolidated Cash Flow Statement for the year ended 31st March 2010

(Rs. in lakhs)

	As at 31.03.2010	As at 31.03.2009
A. Cash Flow from Operating Activities :		
Net Profit before Tax Prior Period Expenses and Exceptional Items	14915.23	11181.55
Adjustments for		
Depreciation	2634.66	2426.95
Dividend Income	(147.39)	(133.32)
Interest Expense	272.84	387.74
Loss / (Profit) on Sale of Investments (net)	(3.44)	(10.24)
Interest Income	(121.26)	(103.92)
Loss / (Profit) on Sale of Fixed Assets (net)	9.33	(2.26)
Employee Stock Compensation Expense	(2.90)	(0.71)
	2641.84	2564.24
Operating Profit before Working Capital Changes and other adjustments	17557.07	13745.79
Adjustments for		
Sundry Debtors	(1037.86)	1437.87
Other Current Assets	927.51	(1527.39)
Loans and Advances	7.67	(519.27)
Current Liabilities and Provisions	(374.85)	1468.27
	(477.53)	859.48
Cash generated from Operations	17079.54	14605.27
Taxes (Paid) / Received (Net of TDS)	(3130.32)	(4113.33)
	(3130.32)	(4113.33)
Net Cash from Operating activities (A)	13949.22	10491.94
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets including CWIP	(1584.73)	(6775.46)
Sale Proceeds of Fixed Assets	12.40	1250.12
Purchase of Investments in Mutual Funds	(34162.64)	(31070.67)
Sale Proceeds of Investments in Mutual Funds	35024.93	30304.19
Interest Income	121.26	103.92
Dividend Income	147.39	133.32
Net Cash from Investing Activities (B)	(441.39)	(6054.58)

Consolidated Cash Flow Statement for the year ended 31st March 2010

(Rs. in lakhs)

Schedule	As at 31.03.2010	As at 31.03.2009
C. Cash Flow from Financing Activities		
Shares bought back	(3999.61)	-
Shares allotted under ESOP	46.92	-
Secured Loans taken / (repaid)	(3138.08)	1370.34
Interest Payment	(272.84)	(387.74)
Dividend on Equity Shares and tax thereon	(1261.74)	(1065.44)
Net Cash from Financing Activities (C)	(8625.35)	(82.84)
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	4882.48	4354.52
Opening Balance of Cash & Cash Equivalents	8114.15	3759.63
Closing Balance of Cash & Cash Equivalents	12996.63	8114.15

Notes :

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

Notes as per Schedule 16 and other Schedules form an integral part of the Cash Flow Statement.

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

For and on behalf of the Board

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

H.V. Goenka
Chairman

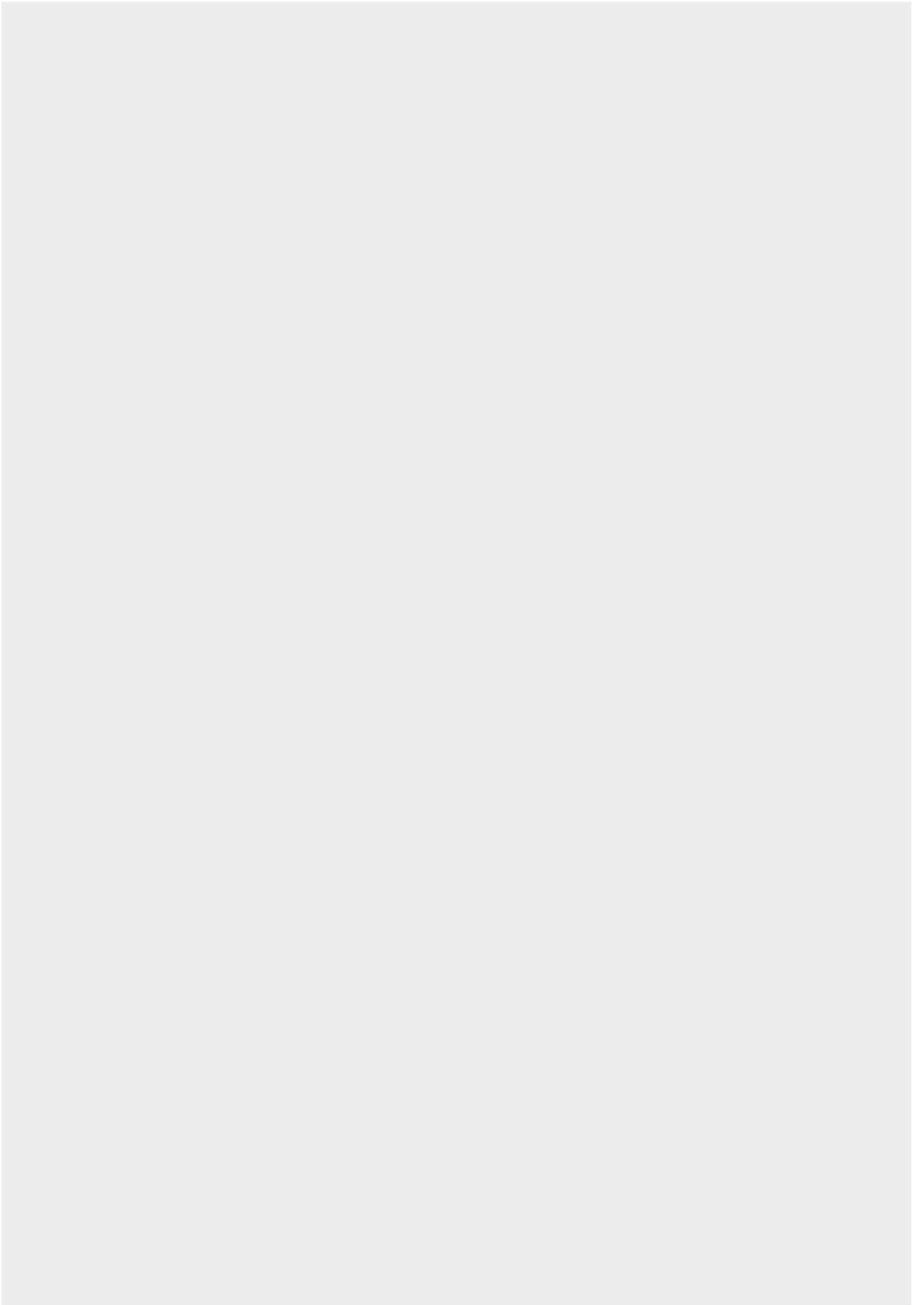
Ganesh Natarajan
Vice Chairman & Managing Director

Jeetendra Mirchandani
Partner
Membership No. F 48125

Nilesh Limaye
Company Secretary

Place : Pune
Date : 22nd April 2010

Place : Mumbai
Date : 22nd April 2010



Zensar net climbs 20%



aged about 11%, and plans to recruit over 300 people this year, which will take the total employ- ee count to over 5,000.

IBM RPG Group's software services company Zensar Technologies on Wednesday reported a 20% jump in its first quarter net profit to Rs 75.3 crore, largely due to an increase in operational efficiency, reports Our Business in Mumbai. The Pune-based company said revenues in the April-June period grew 11% to Rs 108.97 crore. The mid-sized software solutions company, which has subsidiaries in the US, UK, Singapore, India, China, Japan and Germany, also said its annual dated net profit grew 26.2% to Rs 29.7 crore, while consolidated revenues grew 9% to Rs 229.2 crore.

The company is recruiting for positions across the globe. In the first quarter, it reported 14 new hires with revenues of Rs 19-125 crore, said chairman Ganesh Natarajan. "It's a good time to acquire companies, and one of the decisions that we have taken is to look at some global acquisitions in our chosen areas," he said. Zensar is keen to acquire companies in industry management and data centre outsourcing.

Zensar has a negligible attrition rate of 3.6%, much lower than the industry average.

Zensar in news

Zensar on hiring spree, jobs for 300 more in 3 months

EXPRESS NEWS SERVICE
MAY 13

CITY-BASED Zensar Technologies IT and BPO will recruit over 300 IT professionals over the next three months from across India to staff projects for their global Insurance customers.

Ganesh Natarajan, vice chairman and CEO of Zensar Technologies said, that the company's insurance vertical has seen significant growth over the past one year, with the global customer base expanding rapidly and contributing

over 10 per cent of the company's total revenues.

"In the current challenging environment, organizations are looking to increase efficiency and stability of systems and agility in order to stay competitive - we have been able to prove to our customers that business transformation can be achieved through operational excellence, business model innovation and strong domain expertise. We have been able to double our Insurance business over the last two years" he said.

The Company's Insurance sector customers include lead-

ing Insurance services providers in US, UK and South Africa. "Zensar provides an entire range of IT services and solutions to the Insurance industry and this team is slated to grow from their current strength of 750 to over 1000 in this fiscal year, said Natarajan.

He said that Zensar has also been declared as a strategic partner for one of South Africa's leading Insurance organizations, and will be providing services worth over Rs 100 crores to this customer over a five-year period.

Zensar profits rise 47% in 2009-10

TIMES NEWS NETWORK

Pune: IT and BPO services provider Zensar Technologies has reported 47 per cent growth in profits during the year 2009-10 on a 5 per cent revenue rise.

The company said in a press release on Thursday that the revenues for the year 2009-10 were Rs 952.76 crore as compared with the Rs 908.08 crore revenues earned in 2008-09. The net income grew from Rs 86.56 crore in 08-09 to Rs 127.56 crore in 2009-10, the press release said.

Ganesh Natarajan, vice chairman and MD of the company said in the press release, "Though the economic environment continues to be volatile, we have delivered a strong net income growth in the year. With order booking in all geographies across all our service areas, we are very confident of continuing our successful

run during the current financial year."

The company has added 25 new customers during the last quarter of the year 2009-10. Six new customers, which include two leading life insurance companies in South Africa and one in the UK, two utilities customers in the domestic market and an airline major in Australia, have a potential of becoming multi-million dollar accounts, the press release said.

The company has created four independent strategic business units and appointed very senior managers to head them, the communication said. Vivek Gupta - erstwhile head of the India operations will now be the chief executive of Global Transformation Services, Zensar's largest business unit. Gopalji Mehrotra, a seasoned human resource leader with a proven track record nationally and internationally in ITC and Kennametal USA, will be the global head of Human Resources.

RATE CARD

earned in 2008-09. The net income grew from Rs 86.56 crore in 08-09 to Rs 127.56 crore in 2009-10, the press release said.

Ganesh Natarajan, vice chairman and MD of the company said in the press release, "Though the economic environment continues to be volatile, we have delivered a strong net income growth in the year. With order booking in all geographies across all our service areas, we are very confident of continuing our successful

Zensar's growth strategy shrugs off recession

BY ANISH BRUNCE
Mumbai, 11 December

Ganesh Natarajan, vice chairman and CEO, Zensar Technologies, the Information Technology (IT) business unit of the BPO group, doesn't complain about the recent downturn. The mid-cap IT company's top line has been growing in double digits. During 2008-09, when the IT industry was in the doldrums, Zensar's top line grew 16 per cent and net profit was up 23 per cent on a year-on-year basis. This at a time when the overall net profit of mid-cap IT companies declined 14.3 per cent.

In the past seven quarters, Zensar's net profit grew substantially higher than front-line IT companies, said analysts. According to a recent ShareScan analysis, the company's revenue, after adjusting for interest, tax, depreciation and amortisation and net profit grew at a compounded quarterly growth rate (CQGR) of 3.5, 7.7 and 9.9 per cent, respectively, over the period.

That was reason enough for the Harvard Business School to prepare a case study on the company's business model - how it sustained during the slowdown.

Natarajan, who was deep in the red in 2001, said the reason for the smart turn-



Ganesh Natarajan
Vice-Chairman and CEO
Zensar Technologies

BEATING THE SLOWDOWN

Rs cr	FY09	% chg
Revenue	108.97	11
PAT	75.35	20
Q1FY10	23.23	8.6
Q2FY10	23.74	20.7
Q3FY10	27.17	9.9
PAT	27.50	10.4

around was due to the initial investment the company had made on people, cost efficiencies and geographical expansion.

"On the revenue side, one has to adapt to change. We entered three new verticals right in the midst of slowdown - utilities, media and entertainment, and education - and they are all doing well. The other aspect is non-linear focus, cost efficiencies and delegation of work," he said. "At the beginning of 2008,

the company introduced a variable pay component, which meant 80 per cent of the salary is linked to performance. The other major push was increasing utilisation, now 80-90 per cent, probably one of the highest in the industry. And, finally the focus is on non-linear technology. So far, 30 per cent of the company's revenue is IP-developed property led.

Early this year, Zensar launched a service called 'Impact Sourcing' for customers facing pressure on costs and revenue due to the economic slowdown. This service is being offered in the US, Europe, Japan and India. While the offering was to be a \$40 million opportunity, it gave customers a savings of 10 per cent in any chosen process.

Zensar has indeed come a long way from being just a joint venture with Japanese IT company Fujitsu, with only two clients, to a \$930 crore firm in revenue and 295 customers. Natarajan, of course, is busy with future goals and not looking back. "When I joined in 2001, we started from scratch, like creating a collective vision, getting the employees back with a confidence and vigour," he adds.

He is already busy implementing a three-year growth strategy. Some of the targets are doubling the company's revenue to Rs 2,000 crore by FY13, making its market capitalisation at least four times

of what it is today, increasing the customer base, maintaining the profitability at 13-14 per cent and focusing on innovation.

"Acquisition will be one route, but not the only one. By March-end, we should be able to close a deal in the \$20-25 million range. We are also open to looking at a larger acquisition that will give us entry into a new vertical. We might also look at a foreign listing in the medium term," said Natarajan.

The company forayed into South Africa in 2003, something that has grown into a Rs 1,000-crore business. Many of the top-tier companies are looking at this region only now.

The other growth areas the company plans to work on are sectors like infrastructure management services and testing, which have proved recession-proof. Add to this insurance and retail, segments that have done well during the past year.

People issues are something close to Natarajan's heart. By next year, Zensar will have 11-12 vertical heads who will oversee like mini-CEOs - people who would be responsible for profit and sales of their unit. The company will also appoint a chief innovation officer shortly, who would spearhead initiatives of business. "That will provide the differentiation over three-to-five years," Natarajan says.

Zensar posts 61% higher PAT in Q3

TIMES NEWS NETWORK

Pune: IT and BPO services provider Zensar Technologies has reported 61 per cent higher profit after tax (PAT) of Rs 32.50 crore during the third quarter of 2009-10 (Oct-Dec) from Rs 20.22 crore PAT it reported in the third quarter of last year (2008-09).

The company's revenue for the nine-month period April-December 2009 was Rs 720.11 crore against Rs 693.32 crore during the nine-month period in April-December 2008, a press release said on Thursday.

Ganesh Natarajan, vice chairman and managing director, said in the press release, "We have crossed Rs 100 crore in PAT in nine months and continue to do well in spite of currency fluctuations and sluggish market conditions. In this quarter we have added a number of marquee customers with five new wins in the Oracle Applications space in the US. With a good pipeline in all markets and robust IT-BPO synergies, we are confident of exceeding a PAT of Rs.125 crore this year."

Zensar Tech, Australian univ plan innovation campus

Times News Network

Pune: Australia's University of Wollongong (UOW) and software services company Zensar Technologies have signed a joint venture to set up an innovation campus in Australia.

The UOW and Zensar will jointly own and operate the campus, which will be located in Wollongong, New South Wales, Australia.

The campus will be a hub for research and development in the fields of IT, software and services. It will also serve as a training ground for students and professionals in the industry.

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Ganesh Natarajan, Vice-Chairman and CEO of Zensar Technologies

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Zensar announces stock buyback at Rs165 per share

The company is planning to raise close to Rs100 cr through the plan

What is stock buyback

A stock buyback, also known as a share repurchase, is a company's buying back its shares from the marketplace. It is done by using its cash to buy its own shares. By doing this, the company reduces the number of shares outstanding in the market, which increases the value of each share. This is done by the company to increase its profitability and to return value to its shareholders.

The company's revenue for the nine-month period April-December 2009 was Rs 720.11 crore against Rs 693.32 crore during the nine-month period in April-December 2008, a press release said on Thursday.

Ganesh Natarajan, vice chairman and managing director, said in the press release, "We have crossed Rs 100 crore in PAT in nine months and continue to do well in spite of currency fluctuations and sluggish market conditions. In this quarter we have added a number of marquee customers with five new wins in the Oracle Applications space in the US. With a good pipeline in all markets and robust IT-BPO synergies, we are confident of exceeding a PAT of Rs.125 crore this year."

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Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Zensar Technologies Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Zensar Technologies Limited annual report 2009-10.



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