Persistent Systems Limited

Twenty Second Annual Report 2011-12

PERSISTENT

Growing Globally

22nd Annual General Meeting

Thursday, July 19, 2012

1100 hrs. (IST)

Venue :
Persistent Systems Limited,
Dewang Mehta Auditorium,
Bhageerath, 402 Senapati Bapat Road,
Pune 411 016, India

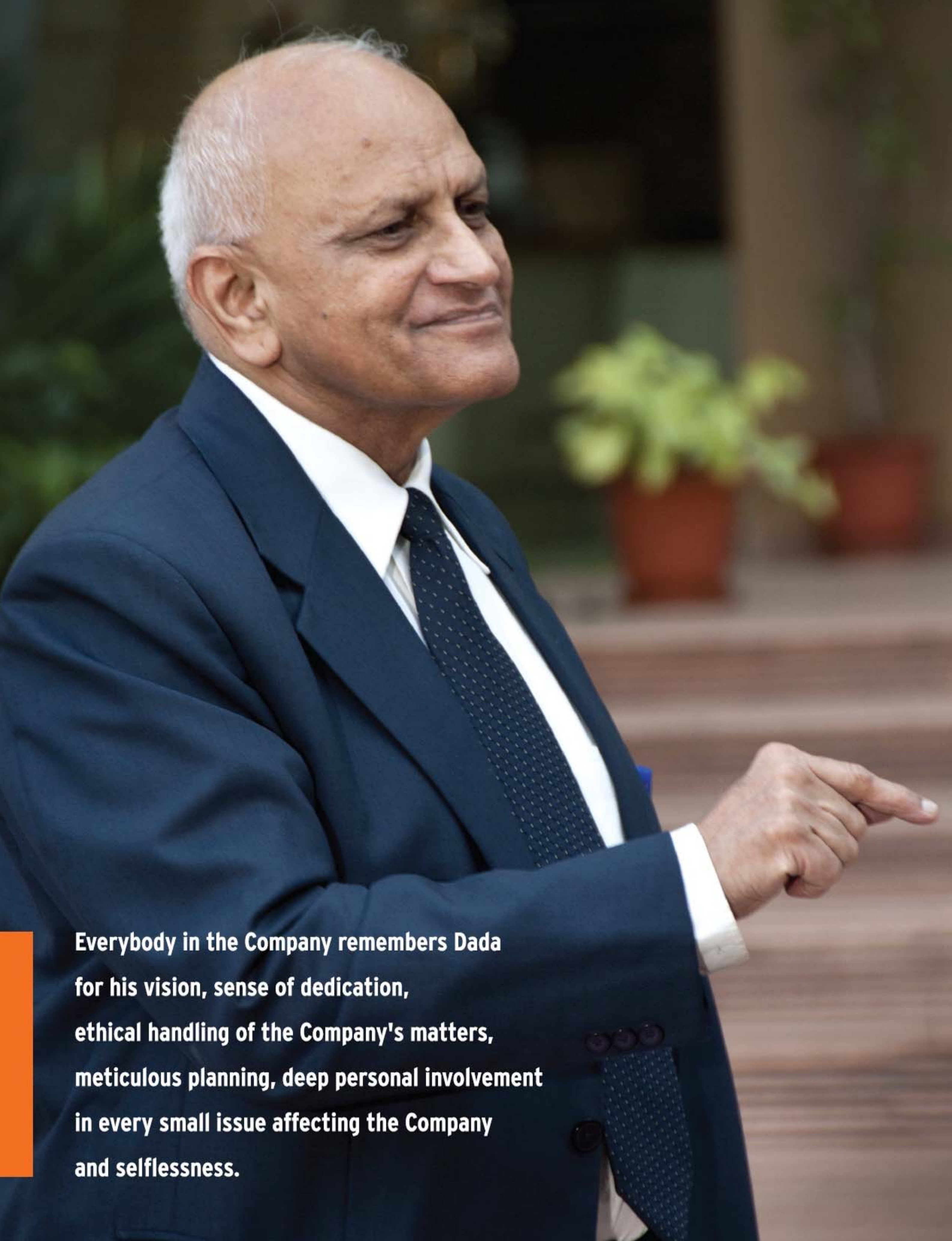
Growing Globally

'Growing Globally', the theme for the Annual Report has been consciously chosen to give a glimpse into how Persistent Systems has blossomed in multiple directions, while steadily strengthening its roots.

A successful company must keep growing in multiple directions to mature fully. Persistent Systems over the last 22 years has acquired all the essential elements to be considered financially, technologically and logistically 'healthy' and 'mature'.

Today, Persistent Systems stands tall on the strength of marquee customers, innovative technological excellence, global reach and superior human resources, all of which have created immense stakeholder satisfaction.

We shall constantly endeavour to nurture this tradition of core competence and holistic expansion to ensure that the roots of our Company are embedded all over the world with the geographical presence extending their reach and the business relationship multiplying and ripening, so that the Company grows greener and richer in all senses of the term.



Everybody in the Company remembers Dada for his vision, sense of dedication, ethical handling of the Company's matters, meticulous planning, deep personal involvement in every small issue affecting the Company and selflessness.

Dada Deshpande :
Inspiring by Example

PERSISTENT

Mr. S. P. Deshpande, Founder Director of Persistent Systems, retired from the Board of Directors of the Company on October 31, 2011, on his 75th birthday. Dada (as almost everybody in the Company called him) had relinquished charge as Executive Director two years before that i.e. on October 31, 2009, and continued to serve on the Board as a Non-Executive Director till October 31, 2011.

Before the formation of Persistent Systems in March 1990, Dada was working with Kirloskar Pneumatic Company (KPC), Pune as Vice President. Dr. Anand Deshpande was then working with Hewlett-Packard in Palo Alto, USA, and having acquired his MS and Ph.D. degrees, was looking forward for an appropriate opportunity to return to India and contribute in his own way to the progress and prosperity of his motherland.

On learning about the Government of India's initiative to establish the first Software Technology Park (STP) in Pune and as desired by Dr. Anand Deshpande, Dada explored the possibility of Dr. Anand Deshpande's starting operations from STP.

After meeting various officials and getting the desired details of the STP scheme, in consultation with Dr. Anand Deshpande, Dada initiated actions for the formation of a new private limited company. He filed initially name availability application with the Registrar of Companies (RoC) on March 27, 1990, on the auspicious day of Gudhi Padwa, and RoC accepted the name Persistent Systems, shortly thereafter. (Incidentally, Gudhi Padwa is celebrated by Persistent Systems as its Foundation Day every year).

Persistent Systems was incorporated on May 30, 1990, by Dada and his wife Mrs. Sulabha Deshpande, who were the first Directors as well. Dr. Anand Deshpande returned to Pune on October 19, 1990 and on the same day took over the reins of Persistent Systems as the First employee and the Chairman & Managing Director. To be able to assist Dr. Anand Deshpande full-time, Dada took early retirement from KPC, effective from November 1, 1990. Although Dada had complied with all required formalities and obtained all permissions that were necessary for Persistent Systems to function as a 100% EOU, the Company could join STP only on March 17, 1991, on Gudhi Padwa of the following year.

Dr. Anand Deshpande looked after the business side and operations, and Dada looked after the administrative functions, viz, general administration including purchases, human resources, accounts & finance, corporate secretarial, legal and facilities in general. He was overseeing most of these functions till he relinquished charge as Executive Director.

Everybody in the Company remembers Dada for his vision, sense of dedication, ethical handling of the Company's matters, meticulous planning, deep personal involvement in every small issue affecting the Company and selflessness. These qualities always inspired and motivated the employees in giving their best. He was a guide and a mentor almost for everybody in the Company.

Dada's vision enabled the Company to establish infrastructure facilities to match the growing needs of the Company. He always orated that, as far as possible, not a single employee of the Company should be required to park his/her vehicle, in open, outside the Company's premises. Presently, all the facilities of Persistent Systems have abundant covered parking space for two wheelers and four wheelers, which is one of the unique features of Persistent Systems. He also saw to it that the Company's buildings have state-of-the-art amenities providing excellent facilities to all the employees. Dada always said that the Government rules and regulations should not only be not broken but not even bent. Employee welfare has been always near to Dada's heart. Since the inception of Persistent Systems, Dada implemented various employee welfare measures, including free lunch and snacks, superannuation scheme, gratuity scheme and providing facility of mediclaim policy covering not only employees but also their family members.

Dada has played a defining role in making the Company what it is today. Through his vision, hard work and indefatigable energy, he inspired all employees and set high standards to follow. Although he has retired as a director of Persistent Systems, Dada continues to be a source of inspiration and commitment to the Company's employees. The Directors and employees of the Company wish Dada all the best of health and happiness to enable him to pursue whatever he wishes, with the same zeal and enthusiasm.

From the Chairman's Desk

It is my pleasure to share our Twenty Second Annual Report with you. I am delighted to share that this year, we joined the elite group of Thousand Crore Companies having crossed the significant milestone of revenues exceeding ₹ 1,000 Crore in a year. This has been an exciting journey for us having crossed revenues of ₹ 1 Crore in 1995-96, ₹ 10 Crores in 1999-00, ₹ 100 Crores in 2004-05 and now ₹ 1,000 Crores in 2011-12.

Another noteworthy accomplishment this year was our continued global expansion. When Persistent started in 1990 and for many years after that, the Company was predominantly an Indian Company. We worked from India to provide outsourced software product development services to our customers. Over the years, we have matured in our thinking and have evolved to become a truly global Company. This year marked an important transition in this journey. During the year, we acquired an excellent team in Grenoble, France from our long-term customer Agilent Technologies. Our French team has deep expertise in analytical instrumentation software and their presence significantly enhances our capabilities in this area. This establishes a European beachhead that will help us expand in the European life sciences industry first and then beyond.

In March 2012, we established another development centre in Kuala Lumpur, Malaysia. The Kuala Lumpur team has proficiency in the telecommunication area and will help us expand our business in the fast growing south-east Asian markets.

Traditionally, our customers have been based in the US. This year we added more customers in different geographies. With new customers in Argentina, Australia, Brazil, Dubai, Malaysia, New Zealand, South Africa, our global customer coverage now extends to all continents. We will continue our global expansion and intend to add sales offices in Europe and Australia soon.

Even though the first customer was from France, most of our customers have traditionally been from USA. This year saw a further increase in the geographic spread of customers with customers in Australia, New Zealand, Japan, Malaysia, Norway, South Africa, Dubai, Brazil and Argentina. Further expansion came in 2011-12, marking Persistent's entry into still newer territories, namely, in France and Malaysia.

Innovation and research are important cornerstones for growth. We enhanced our collaboration with the School of Informatics at Indiana University by funding two Ph.D. students. These students are working with Professors who are conducting research in cloud computing and in bio-informatics. We also participated in the newly established Research program at the University of Pune by sponsoring four of our employees to join the program to pursue research leading to a Ph.D. in Computer Science.

On the business front, we continued our thrust in the four technology areas viz. cloud computing, analytics, collaboration and mobility. Markets in all these four areas are developing well and we are confident that our investments in these areas will result in long-term opportunities for us. During the year, we further strengthened our partnerships with the leaders in these areas. These partnerships are the basis of our 'sell-with' partnership strategy.

Over the last couple of years, we have extended our offerings for our customers beyond product engineering by establishing 'sell-with' partnerships and also by investing in building intellectual property that complements our customers' products. This has helped us transform our business relationship from that of a vendor to becoming a strategic partner for our customers.

Constant change is an integral part of our life and I thank my fellow employee colleagues for their hard work and efforts that have ensured that Persistent remains on the leading edge of these technology changes. Clearly, the success of Persistent Systems depends on the knowledge and imagination of our employees and we value these highly. I must also commend the participation of all our employees in the activities of Persistent Foundation. The activities of the Foundation have increased our involvement with the community. Partnering of Companies with communities is important for building a better tomorrow.

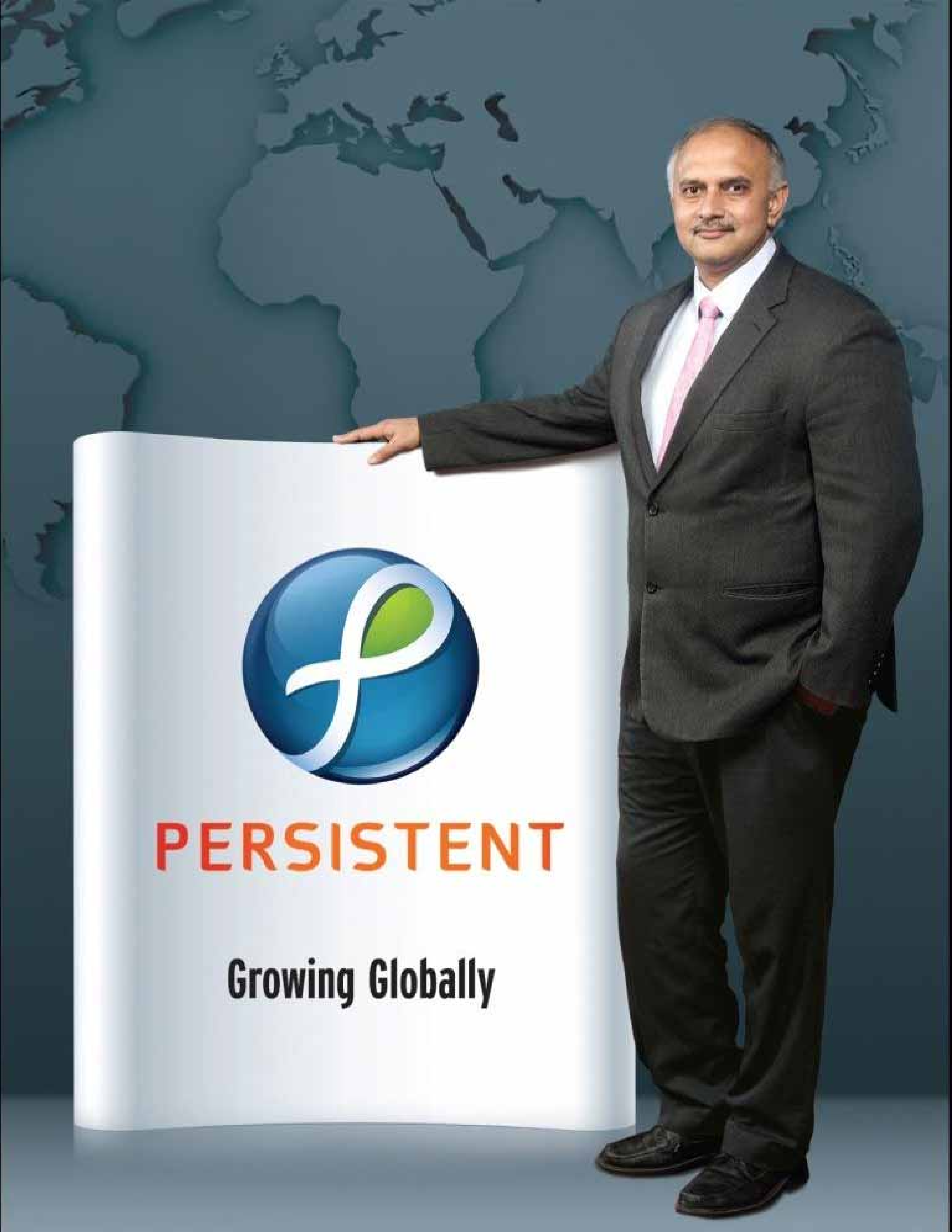
It is very clear that we are in the midst of major technology shifts. Cloud computing is getting mainstream and tablets are becoming the end-users' devices of choice. These market changes, while significant, are well aligned with our investments in technology areas and we are confident that our investments and our business strategies will help us grow our business in the midst of constant change.

I am confident that the strong foundation that we have built over the years in India will help us in creating a similar vibrant culture, grounded in strong ethical values across the globe. Persistent Systems at Ten Thousand Crores would be a very global Company.

I thank our members for their support and I seek continued support in the future as well.

Sincerely,

Anand Deshpande, Ph.D.
Founder, Chairman and Managing Director


PERSISTENT
Growing Globally

PERSISTENT

Board of Directors

Sitting in the Front (L to R) :

- **Prof. Krithivasan Ramamritham**
  Independent Director
- **Mr. P. B. Kulkarni**
  Independent Director
- **Dr. Anand Deshpande**
  Founder, Chairman and Managing Director
- **Mr. Prakash Telang**
  Independent Director
- **Mr. S. K. Bhattacharyya**
  Independent Director

Standing Behind (L to R) :

- **Mr. Pradeep Kumar Bhargava**
  Independent Director
- **Mr. Kiran Umrootkar**
  Independent Director
- **Mr. Nitin Kulkarni**
  Executive Director and Chief Operating Officer
- **Dr. Anant Jhingran**
  Independent Director
- **Dr. Dinesh Keskar**
  Independent Director

Directors' Profile

Dr. Anand Deshpande
Founder, Chairman and Managing Director

Dr. Anand Deshpande is the Founder, CEO, Chairman and Managing Director of Persistent Systems Limited. He earned a Bachelor's Degree (Hons.) in Technology in Computer Science and Engineering from the Indian Institute of Technology, Kharagpur in 1984. He earned a Master's Degree in Computer Science in 1989, and a Doctorate in Computer Science in 1989, both from Indiana University, Bloomington (USA). Before returning to India, he worked at Hewlett-Packard Laboratories as a member of the technical staff in Palo Alto, California from 1989 to 1990. He is a founder of Persistent Systems and has been the Chairman of the Board since 1990. At Persistent, he is responsible for overall leadership and management of the company and drives the sales and technology efforts.

Dr. Deshpande is a member of the Institute of Electrical and Electronics Engineers, Institute of Engineers (India) and Computer Society of India. He is currently the co-convener for Association of Computing Machinery (ACM) India Council, member of the Executive Committee of NASSCOM, serves on the Dean's Advisory Council of the School of Informatics of Indiana University and is on the Executive Committee of Mahratta Chamber of Commerce, Industries and Agriculture. He has been the President of the Software Exporter's Association of Pune for 2005-07 and Chairman of the Pune Chapter of Computer Society of India for 2003-05. He was the Chairman of the Pune Zonal Council of the Confederation of Indian Industries for the year 2008-09.

As an active member of the database community, Dr. Deshpande was responsible for hosting Very Large Data Bases (VLDB) 1996 in Mumbai and International Conference on Data Engineering (ICDE) 2003 in Bengaluru. He has actively participated in program committees of international conferences like member of Industrial Program Committee, VLDB 2003 in Berlin, VLDB 2004 in Toronto, Institute of Electrical and Electronics Engineers (IEEE) 2005, ICDE 2005 in Tokyo, VLDB 2007 in Vienna; Program Committee Chair for Annual Convention of CSI 2009 in Pune; General Chair for COMAD 2008 in Mumbai; Industrial Program Committee Chair for DASFAA 2008 in New Delhi; Organizing Committee Chair for India Software Engineering Conference (ISEC) 2009 in Pune and launching the Association for Computing Machinery (ACM) India Council, 2009.

In recognition of his contribution to the Information Technology sector, Dr. Deshpande was awarded the Entrepreneur Award at the Brihan Maharashtra Mandal Convention held in Atlanta, USA in 2005. He is the recipient of the CSI Fellowship Award in 2007 for outstanding achievement in the field of Information Technology. He was awarded the career achievement award of the School of Informatics at Indiana University, Bloomington in 2009, where he serves on the Dean's Advisory Council.

Mr. Pradeep Kumar Bhargava
Independent Director

Mr. Pradeep Kumar Bhargava is an Independent Director on our Board. Mr. Bhargava is a Director of Cummins India Limited, Pune. He was working as Managing Director of Cummins Generator Technologies India Ltd. from May 2003 till April 2012. He has steered the growth of the organization, made it a market leader and a major global player. Mr. Bhargava's association with Cummins started way back in 2000, where he was first responsible for steering growth and transforming a leading engine business into a wholesome energy solutions enterprise.

A veteran in the industry, Mr. Bhargava has held responsible positions in both private and public sector organizations. His tenure with the State sector spanned a decade, during which he worked with Indian Space Research Organization, Atomic Energy Commission, Electronics Commission, Bharat Heavy Electrical India (BHEL).

He also had tenure of 1 year and 6 months with United Nations Development Programme (UNDP) and World Bank, respectively during his working with the Government. In the private sector, he has held various positions at the Kalyani Group, first helping them diversify and thereafter spearheading the Group's entry into consumer electronics (Kalyani Sharp India). He then helped steer the foray of the Group into infrastructure sector. He was the CEO of the lighting business of General Electric, Bengaluru prior to joining Cummins.

Mr. Bhargava has been actively participating in industry forums, education Institutions as well as various platforms of civic society. His primary focus has been to integrate the experience and knowledge of Industry into causes which benefit both the society and the environment.

Within Confederation of Indian Industry (CII), he was the Chairman of Pune Zonal Council during the year 2004-05, thereafter Chairman of Maharashtra State Council during the year 2008-09. He is the Chairman of Western Region Council of CII for the year 2012-13. His key contributions have been conceiving, steering and implementing the now famous "Pune Model" by virtue of which the city of Pune has been able to mitigate load shedding for the last five years. Likewise, he had a significant role to play in establishing Finishing School with Symbiosis as part of Affirmative Action. Both these initiatives have since been scaled up and replicated in other communities. He has considerable engagement in Skill Development Charter and establishing links between educational institutions and industry.

He has been a member of our Board since April 2012.

Mr. S. K. Bhattacharyya
Independent Director

Mr. S. K. Bhattacharyya is an Independent Director on our Board. Mr. Bhattacharyya brings more than 38 years of experience in the banking and financial industry. As an astute senior level banker, his expertise spans in areas such as International and Corporate Banking across geographies, Retail Banking, Credit & Risk Management, Liability Management and Human Resource Management.

He was the Managing Director and Chief Credit and Risk Officer of State Bank of India (SBI) and Chief Executive Officer (CEO) of State Bank of Bikaner & Jaipur (SBBJ) and the SBI (International) Mauritius; participating in providing leadership to the Indian Financial System and being in the forefront of various initiatives undertaken by the SBI Group.

Mr. Bhattacharyya joined the State Bank of India as a Probationary Officer in the year 1972. During his tenure with State Bank of India, Mr. Bhattacharyya has held a number of important positions, including those of Chief General Manager of Hyderabad Circle and DGM (Vigilance) at Chennai Circle. Also, Mr. Bhattacharyya was posted abroad as Managing Director of SBI International (Mauritius) Ltd., Mauritius.

Mr. Bhattacharyya also brings an extensive experience in leading the bank in complex transaction situations affecting both the top-line and bottom-line, regulatory compliance and has also headed bank committees regarding strategic alternatives, capital structure and liquidity, impact on earnings per share and shareholder disputes.

In his role as the head of the highest level credit committee of the bank, he has been involved with the evaluation of large value projects involving sanction of funds for mergers, acquisitions, green field and brown field projects. Mr. Bhattacharyya was also the Member of the Basel-II Implementation and Risk Management Committee of Indian Banks Association, and Member of the Expert Committee on Banking & Finance of ASSOCHAM.

He has been a member of our Board since May 2011.

Dr. Anant Jhingran
Independent Director

Dr. Anant Jhingran is an Independent Director on our Board. Dr. Jhingran, a recipient of the President of India's Gold Medal and Distinguished Alumni of Indian Institute of Technology, Delhi, earned his Bachelor of Technology from Indian Institute of Technology, Delhi and earned his Doctorate in Computer Science from the University of California, Berkeley. Dr. Jhingran has had a remarkable career at IBM Corporation with numerous recognitions in research and technology leadership. Currently, Dr. Anant Jhingran is Vice President, Data & Analytics at Apigee Corporation.

During his tenure at IBM, Dr. Jhingran was an IBM Fellow, which is IBM's highest technical honor. At IBM, he was also recognized for establishing IBM's data warehousing technology business and other critical businesses such as search, e-commerce and Big Data.

He has contributed towards several academic and industry conferences like World Wide Web conference and Hadoop Summit. He has an impressive count of academic papers and several patents in the areas of information management and e-commerce. Dr. Jhingran is a renowned technology leader and is well respected by his peers and senior management at IBM and by technology enthusiasts worldwide.

He has been a member of our Board since November 2011.

Dr. Dinesh Keskar
Independent Director

Dr. Dinesh Keskar is an Independent Director on our Board. Dr. Keskar brings more than two decades of expertise in the aerospace/defense industry. He was appointed as Vice President of Boeing International and President of Boeing India in March 2009. Dr. Keskar is responsible for representing the entire enterprise and for leading Boeing-wide efforts focused on expanding the company's local presence and pursuing new growth and productivity initiatives in India. He is based in New Delhi and reports to Mr. Shep Hill, President of Boeing International. Since he joined Boeing in June 1980, Dr. Keskar has held senior positions in engineering, marketing and sales.

Dr. Keskar serves on several boards and organizations, including the national board of directors of the American Society of Engineers of Indian Origin; Chairman of Amcham India, Chairman of the Federation of Indian Chambers of Commerce and Industry's civil aviation committee; the Advisory Board of the College of Engineering at the University of Cincinnati; U.S.-India Business Council Board Member Emeritus, which operates under sponsorship of the U.S. Chamber of Commerce; is a Fellow of the Royal Aeronautical Society; and an Associate Fellow of the American Institute of Aeronautics and Astronautics.

He served as a member of the board of directors of the International Society of Transport Aircraft Trading from 2003 to 2007, an organization that serves as the official voice for the entire commercial transport aircraft secondary marketplace, and was a member of the executive committee of the Indo-American Society. Dr. Keskar remains an active member of Indian community organizations in the United States.

In June 1999, Dr. Keskar was honored with the “Distinguished Alumni Award” by the University of Cincinnati for meritorious achievement, recognized stature and conspicuous success in the imaginative blending of engineering education with highly productive endeavors in industry. In September 2006, he received the Outstanding Achievement award from the American Society of Engineers of Indian Origin.

He has been a member of our Board since October 2010.

Mr. P. B. Kulkarni
Independent Director

Mr. P. B. Kulkarni is an Independent Director on our Board. He earned Bachelor's Degrees in Commerce and Arts in 1955 and 1956, respectively, and a Post-Graduate Degree in Commerce from Pune University in 1957. He is also a Certified Associate of the Institute of Bankers and is a fellow of the Economic Development Institute of the World Bank, Washington, D.C. Mr. Kulkarni is a senior banker and renowned expert in the area of foreign exchange and commercial banking. He was an Executive Director of the Reserve Bank of India and is a former Chairman and Managing Director of Bank of Maharashtra, a reputed nationalized bank in India. He was also a Non-Executive Chairman of the local advisory board of a foreign bank. He is rendering advisory and consultancy services in finance and banking areas, and functioning as the Director of some companies.

During his illustrious career spanning over 50 years, Mr. Kulkarni handled several responsibilities at the Reserve Bank of India, including management of foreign exchange reserves and exchange rate policy. He was on deputation to the Asian Development Bank, Manila, the Bangladesh Shilpa Bank, Dhaka, and the Myanmar Economic Bank, Yangon (Rangoon). He has also served as a chairman of the local advisory board for the Bank of Bahrain and Kuwait, B.S.C, and has been a Director on the boards of the Punjab and Sind Bank, Bank of India and Central Bank of India and was an alternate Director on the Board of Asian Clearing Union. He has over fifty years of experience in the fields of banking and finance and currently renders advisory and consultancy services in finance and banking areas. He has served as a Chairman of the finance sector sub-committee of the Mahratta Chamber of Commerce, Industries and Agriculture and is a past member of the editorial board of the journal of the National Institute of Bank Management.

He has been a member of Planning and Monitoring Board at the Gokhale Institute of Politics and Economics and was a Chairman of the Committee to monitor code of ethics of the Indian Banks Association. He is the member of the Centre for Advanced Strategic Studies, Pune, the English Speaking Union, Pune and was the member of the Vision Committee of the Pune University. He is the Chief Trustee of the Suparn Charitable Trust and a Founder Trustee of Persistent Foundation. He served on Arbitration Committee of Mahratta Chamber of Commerce, Industries and Agriculture and the Grievance Committee of Pune Stock Exchange.

He has been a member of our Board since June 2001.

Prof. Krithivasan Ramamritham
Independent Director

Prof. Krithivasan Ramamritham is an Independent Director on our Board. Prof. Ramamritham earned a Bachelor's Degree in Technology in Electrical Engineering from the Indian Institute of Technology, Madras in 1976, a Master's Degree in Technology in Computer Science from the Indian Institute of Technology, Madras in 1978 and a Doctorate in Computer Science from the University of Utah in 1981. He was the Dean of Research and Development at the Indian Institute of Technology, Bombay from 2006 to 2009 and holds the Vijay and Sita Vashee Chair in its Computer Science Department. He was a professor at the University of Massachusetts from 1981 to 2001. He has been a visiting fellow at the Science and Engineering Research Council, UK from September 1987 to June 1988 at the University of Newcastle-upon-Tyne, UK and has also held visiting positions at the Technical University of Vienna, Austria from June 1988 to August 1988 and at the Indian Institute of Technology, Chennai from September 1987 to June 1988.

Prof. Ramamritham is a fellow of the Association for Computing Machinery and the Institute of Electrical and Electronics Engineers. He is a member of the board of the Very Large Database Foundation (VLDF), and is an advisory board member to TTech Computertechnik AG, Vienna, Austria (TTTech, Vienna), Microsoft Research India, Bengaluru, India, the Technology Board of Tata Consultancy Service Limited. He is a member of the Advisory Council of the Indian Institute of Information Technology, Hyderabad and Association for Computing Machinery - Special Interest Group on Management of Data, New York, USA (ACM Sigmod). He received the Distinguished Alumnus Award from Indian Institute of Technology, Madras in 2006 and has received the Doctor of Science (Honoris Causa) from the University of Sydney, Australia in May 2007. He received the DASFAA 10+ Best Paper Award for 2010, for DASFAA 1995 paper, the H.H. Mathur Award for Excellence in Research in Applied Sciences in 2010 by Indian Institute of Technology, Mumbai, in recognition of his outstanding research contributions in the area of distributed real-time and data intensive systems.

He has been a member of our Board since June 2001.

Mr. Prakash Telang
Independent Director

Mr. Prakash Telang is an Independent Director on our Board. Mr. Telang is the Managing Director - India Operations of Tata Motors. He is responsible for managing the entire operations for the Tata brand of commercial vehicles and passengers cars in India and international markets. He also oversees the operations of the Company in international markets such as South Korea, Thailand, Spain and South Africa. Mr. Telang earned a Bachelor's degree in Mechanical Engineering from VNIT, Nagpur in 1967 and worked for three years with Larsen and Toubro. He then completed his Masters in Business Administration from IIM Ahmedabad in 1972. He joined the Tata Group through the prestigious Tata Administrative Service (TAS) in 1972 and since then he has been with Tata Motors. He has over four decades of functional expertise in the automotive industry and machinery manufacturing. Prior to his current role, Mr. Telang was the Executive Director responsible for the Commercial Vehicle Business Unit of Tata Motors. He has been responsible for the product development, manufacturing and sales and service functions of the entire range of commercial vehicles. He has also been acclaimed as the architect of Tata Motors' cost reduction drive. He has also overseen the development of Tata Motors' successful products such as the Tata Ace & the Prima.

Mr. Telang is the Chairman of Tata Motors' overseas ventures - Tata Daewoo Commercial Vehicles Company, South Korea, Tata Motors Thailand Ltd., Tata Hispano Motors Carrocera S.A., Spain, and Tata Motors South Africa Pty. Ltd. He is also the Chairman of Tata Cummins, a JV between Tata Motors and Cummins India and Tata Motors Distribution Co. Ltd. He serves as a Director on the Boards of Fiat India Automobiles Pvt. Ltd., Telco Construction Equipment Ltd., Automobile Corporation of Goa Ltd., TAL Manufacturing Solutions Ltd., Tata Marcopolo Motors Ltd., Tata Advanced Systems Ltd, Carroseries Hispano Maghreb, S.A., Morocco and Nita Company Limited, Bangladesh.

He has been a member of our Board since August 2010.

Mr. Kiran Umrootkar
Independent Director

Mr. Kiran Umrootkar is an Independent Director on our Board. Mr. Umrootkar, B.Com. (Hons.), LL.B., FIIBF, MCIPD (UK) had a distinguished career with Standard Chartered Bank for 26 years, from where he voluntarily retired as the Executive Director-Treasury in November 1993.

He is currently the Director-Finance of Jacobs Engineering India Private Limited, which is a part of US based Global Fortune 500 Company with revenues exceeding USD 11 Billion and is one of the world's largest and most diverse providers of technical, professional and construction services. In India, the Company has its registered office in Mumbai with branches located at New Delhi, Ahmedabad, Baroda, Navi Mumbai, etc.

He worked with Tata Group in India and was the Executive Director of Tata TD Waterhouse Securities Limited managing Primary Dealership business involving wholesale trading in government securities, Director of Tata Finance Amex Limited, a Joint Venture between Tata Finance and American Express and is a Director of Tata Home Finance Limited, a Joint Venture between Tata Home Finance and Abbey National Group, UK. During this period, he was also the Director of Primary Dealers' Association of India.

At Standard Chartered Bank, Mr. Umrootkar specialized in Foreign Exchange and Treasury Operations and was instrumental in building Treasury Operations of the Bank since inception. During 1991-92, he was deputed to establish Treasury Operations of the Bank in East and West Africa.

In 1980, he was the recipient of the Lord Aldington Banking Research Fellowship which was awarded by the Indian Institute of Banking and Finance to study foreign exchange markets in the UK and Europe. He is a Fellow of the Indian Institute of Banking and Finance and a Member of the Chartered Institute of Personnel and Development, U.K.

Mr. Umrootkar represented Standard Chartered Bank as a Vice-Chairman at the Foreign Exchange Dealers' Association of India (FEDAI). He was also a member of the Expert Group established by the Reserve Bank of India in 1995, popularly known as the "Sodhani Committee" for introducing forex reforms in India. He has been associated with the Bombay Management Association (BMA) since 1980 and was the President of BMA for the year 2000-2001. He is also a Member of the Finance Committee of All India Management Association (AIMA). He is a Trustee of Foundation for International Taxation in India.

In 2002-2003, he was the Chairman of Banking & Finance Committee of Bombay Chamber of Commerce and Industry and was also the Chairman of Risk Management and Systems Group to prepare "Risk Management Handbook" for Corporates in India and a Member of the Task Force appointed by Indian Merchants' Chamber to hasten the process of establishing Mumbai as the "Regional Financial Hub". He is a member of the Advisory Board of ICFAI Business School, Mumbai and N. L. Dalmia Institute of Management Studies and Research. He is also a Trustee of Students' Literary & Scientific Society and Aryan Education Society which run two schools in South Mumbai.

He has been a member of our Board since August 2010.

Mr. Nitin Kulkarni
Executive Director and
Chief Operating Officer

Mr. Nitin Kulkarni is an Executive Director and Chief Operating Officer of Persistent Systems Limited. He earned a Bachelor's Degree in Engineering in Electronics from Mumbai University in 1988 and a Master's Degree in Engineering in Electronics from VNIT, Nagpur University in 1991.

Prior to joining Persistent Systems Limited in 2006, he worked with NELCO, Mumbai from 1991 to 1992 as a Senior Systems Engineer. He subsequently worked with Siemens Information Systems Limited from October 1992 to February 1996 as a Senior Systems Analyst and with Infosys Technologies Limited between May 1996 to November 2006 in various roles in two tranches ranging from Project Manager to Assistant Vice President and Development Center Head.

He has been a member of our Board since July 2011.

PERSISTENT

Corporate Information

Board of Directors

Founder, Chairman and Managing Director

Dr. Anand Deshpande

Independent Directors

Mr. Pradeep Kumar Bhargava

Mr. S. K. Bhattacharyya

Dr. Anant Jhingran

Dr. Dinesh Keskar

Mr. P. B. Kulkarni

Prof. Krithivasan Ramamritham

Mr. Prakash Telang

Mr. Kiran Umrootkar

Executive Director and Chief Operating Officer

Mr. Nitin Kulkarni

Chief Financial Officer

Mr. Rohit Kamat

Company Secretary and Head - Legal

Mr. Vivek Sadhale

Bankers

Axis Bank

Bank of India

BNP Paribas

Bank of Tokyo-Mitsubishi

Citibank NA

HDFC Bank Ltd.

State Bank of India

Syndicate Bank

Auditors

M/s. S. R. Batliboi & Co.

M/s. Joshi Apte & Co.

Registered Office

Bhageerath,
402 Senapati Bapat Road,
Pune 411 016, Maharashtra, India.

Contact Info

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Tel : +91 (20) 6703 0000
Fax : +91 (20) 6703 0009
Email : info@persistent.co.in

Committees of the Board*

Audit Committee

Mr. Kiran Umrootkar	Chairman of the Committee and Independent Director
Mr. S. K. Bhattacharyya	Independent Director
Mr. P. B. Kulkarni	Independent Director
Mr. Nitin Kulkarni	Executive Director and Chief Operating Officer

Compensation Committee

Mr. Prakash Telang	Chairman of the Committee and Independent Director
Mr. S. K. Bhattacharyya	Independent Director
Dr. Anant Jhingran	Independent Director
Dr. Dinesh Keskar	Independent Director
Mr. P. B. Kulkarni	Independent Director

Executive Committee

Mr. P. B. Kulkarni	Chairman of the Committee and Independent Director
Dr. Anant Jhingran	Independent Director
Mr. Nitin Kulkarni	Executive Director and Chief Operating Officer
Mr. Prakash Telang	Independent Director
Mr. Kiran Umrootkar	Independent Director

Nomination and Governance Committee

Dr. Dinesh Keskar	Chairman of the Committee and Independent Director
Dr. Anant Jhingran	Independent Director
Mr. P. B. Kulkarni	Independent Director
Mr. Prakash Telang	Independent Director
Mr. Kiran Umrootkar	Independent Director

Shareholders' / Investors' Grievance Committee

Mr. S. K. Bhattacharyya	Chairman of the Committee and Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Mr. P. B. Kulkarni	Independent Director
Mr. Nitin Kulkarni	Executive Director and Chief Operating Officer

*As on April 23, 2012


Global Presence

Persistent Systems Limited

Regd. Office : Bhageerath, 402 Senapati Bapat Road, Pune 411 016, India
Tel : +91 (20) 6703 0000 Fax : +91 (20) 6703 0009

Branches in India

Pune

- Panini,
  2A, Senapati Bapat Road, Pune 411 016
  Tel : +91 (20) 6703 9500 Fax : +91 (20) 6703 9509
- Aryabhata-Pingala,
  9A/12, Kashibai Khilare Marg, Erandwana, Pune 411 004
  Tel : +91 (20) 6703 3000 Fax : +91 (20) 6703 4001
- Rigveda-Yajurveda-Samaveda-Atharvaveda
  Plot No. 39, Phase I, Rajiv Gandhi Infotech Park,
  Hinjawadi, Pune 411 057
  Tel : +91 (20) 6798 0000 Fax : +91 (20) 6798 0009

Nagpur

- Gargi-Maitreyi,
  Plot No. 8 & 9, IT Park, MIDC Parsodi, Nagpur 440 022
  Tel : +91 (712) 669 2000
- 2nd & 3rd Floor, Infotech Tower, IT Park, M.I.D.C.,
  Parsodi, Nagpur 440 022
  Tel : +91 (712) 669 1000 Fax : +91 (712) 669 1111

Goa

L-44, Unit-1, Software Technology Park, Verna Industrial Estate,
Verna, Salcete, Goa 403 722
Tel : +91 (832) 662 8300, 668 9000 Fax : +91 (832) 662 8309

Hyderabad

- 2nd Office Floor, Building No.2B, Maximus Towers, Mindspace,
  Survey No.64 (Part), APIIC Software Unit Layout, Hi-Tech City,
  Madhapur Village, Serilingampally Mandal, Hyderabad 500 081
  Tel : +91 (40) 6744 1500 Fax : +91 (40) 6744 1509

SEZ Units

- 4th Floor, Building No. IT 3, Zone Number C-1, Special Economic Zone,
  Rajiv Gandhi Infotech Park, Hinjawadi, Pune 411 057
  Tel : +91 (20) 6798 3500
- 8th Office Floor, Office Unit No.1, Building No. 14, Mindspace,
  Cyberabad, Sy. No. 64 (Part), Hitech City, Madhapur,
  Hyderabad 500 081
  Tel : +91 (40) 6744 4400 Fax : +91 (40) 6744 4409

Overseas Branches

Canada

- C/o Maxims CS Inc.
  181 Bay Street, Suite 1800, Toronto, Ontario M5J 2T9, Canada
  Tel : +1 (416) 863 1500   Fax : +1 (416) 863 1515
- C/o Owen Bird, 2900-595 Burrard Street, PO Box 49130,
  Vancouver BC, V7X 1J5, Canada
  Tel : +1 (604) 688 0401   Fax : +1 (604) 688 2827
- C/o DE Grandpre Chait, 1000, Rue De LA Gaurchetiere Ouest,
  Suite 2900, Montreal, Quebec, H3B 4W5, Canada
  Tel : + 1 (514) 878 4311   Fax : +1 (514) 878 4333

Europe

5th Floor, 125 Princes Street, Edinburgh, EH2 4AD, UK

Japan

SS Building, 8F, 3-4-2 Nishi-Shinbashi, Minato-ku,
Tokyo 1050003, Japan.   Tel : +81 (90) 1777 3100

Malaysia

Persistent Systems Limited

Regd. Office : Level 15-2, Faber Imperial Court,
Jalan Sultan Ismail, 50250, Kuala Lumpur, Malaysia

Branch Office

Unit 901A, Level 9, Tower A, Uptown 5, No.
5, Jalan SS21/39, Damansara Uptown, 47400 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

The Netherlands

Weena 327, 3013 AL, Rotterdam, The Netherlands
Tel : +31 (10) 206 4600   Fax : +31 (10) 206 4601

Subsidiaries

France

Persistent Systems France S.A.S.

Regd. Office : 43 rue Taitbout 75009 Paris, France

Branch Office

1 Rue Berlioz, 38600 Fontaine, Grenoble, France
Tel : +33.4.76.53.35.80   Fax : +33.4.76.53.35.89

Singapore

Persistent Systems Pte. Ltd.

78, Shenton Way, # 26-02A, Singapore 079120
Tel : +65 6223 4355   Fax : +65 6223 7955

USA

Persistent Systems, Inc.

Regd. Office : 2055 Laurelwood Road, Suite 210, Santa Clara,
CA 95054.   Tel : +1 (408) 216 7010   Fax : +1 (408) 451 9177

Sales Offices

Connecticut :
12, Old Boston Post Road, Old Saybrook, CT 06475

Illinois :
200, West Adams Street, Chicago, IL 60606

Indiana :
320 N. Meridian Street, Indianapolis, IN 46204

Massachusetts :
303 Congress Street, 2nd Floor, Boston, MA 02210

New York :
111, Eight Avenue, New York, NY 10011

Ohio :
145, Baker Street, Marion, OH 43302

Pennsylvania :
600, North Second Street, Suite 401, Harrisburg, PA 17101

Texas :
1021 Main Street, Suite 1150, Houston, TX 77002

Washington :
1780, Barnes Blvd., S.W. Bldg. G, Tumwater, WA 98512

Persistent Telecom Solutions Inc.

Regd. Office: C/o Incorporating Services, Ltd.
3500 South Dupont Highway, Dover, Kent, DE 19901
Tel : +1 (302) 531-0855

Branch Office

2700 Mission College Blvd., Suite 140-Z, Santa Clara, CA 95054

The map depicted is meant only to identify our global locations. No attempt is made to indicate political or geographical boundaries.

Historical Financials

(Based on consolidated figures)

Profit and Loss Account

(In ₹ Million)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Income						
Revenue	10,003.11	7,758.41	6,011.56	5,938.31	4,248.50	3,156.28
Other Income	335.77	344.36	112.33	68.16	256.16	20.60
Total	10,338.88	8,102.77	6,123.89	6,006.47	4,504.66	3,176.88
Personnel expenses (including cost of technical professionals)	6,407.29	5,122.95	3,687.42	3,324.25	2,711.45	1,743.37
Operating and other expenses	1,351.95	1,052.40	860.49	1,700.15	624.05	607.24
Operating Profit (PBIDT)	2,579.64	1,927.42	1,575.98	982.07	1,169.16	826.27
Interest	-	-	-	-	-	1.12
Depreciation & amortization	610.96	423.89	335.24	296.77	279.99	269.92
Provision for taxation	550.88	107.90	90.50	9.65	22.25	18.19
PAT from ordinary activities	1,417.80	1,395.63	1,150.24	675.65	866.92	537.04
Exceptional / prior period items	-	1.74	-	(14.73)	(35.18)	18.13
Profit after exceptional and prior period items	1,417.80	1,397.37	1,150.24	660.92	831.74	555.17
Dividend (including tax on dividend)	278.93	256.54	114.57	41.95	50.34	35.04

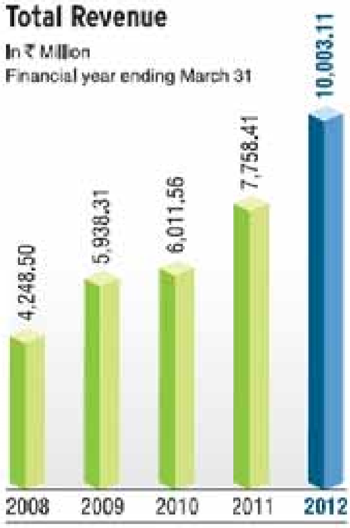
Profit and Loss Account (Ratios)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Personnel expenses / Total revenue (%)	64.05	66.03	61.34	55.98	63.82	55.23
Operating and other expenses / Total revenue (%)	13.52	13.56	14.31	28.63	14.69	19.24
Operating Profit (PBIDT) / Total revenue (%)	25.79	24.84	26.22	16.54	27.52	26.18
Interest / Total revenue (%)	-	-	-	-	-	0.04
Depreciation and amortization / Total revenue (%)	6.11	5.46	5.58	5.00	6.59	8.55
Tax / Total revenue (%)	5.51	1.39	1.51	0.16	0.52	0.58
PAT from ordinary activities / Total revenue (%)	14.17	17.99	19.13	11.38	20.41	17.01
ROCE (%)	16.87	18.70	18.00	17.11	26.34	21.34

Highlights (Based on consolidated figures)

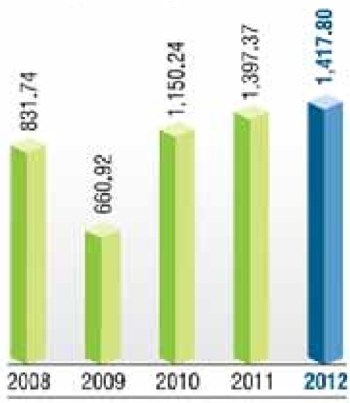
Total Revenue

In ₹ Million
Financial year ending March 31



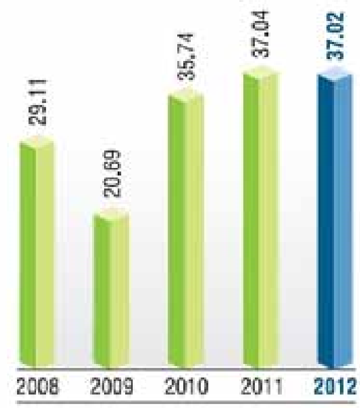
Profit After Tax

(After extraordinary items)
In ₹ Million
Financial year ending March 31



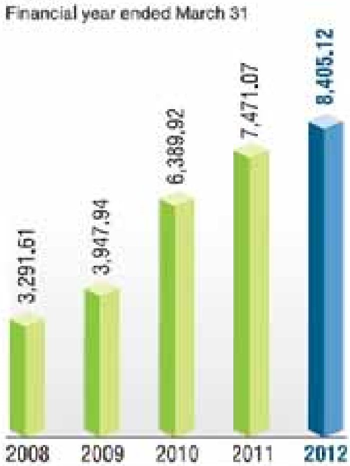
Earning Per Equity Share (Basic)#^

In ₹
Financial year ending March 31



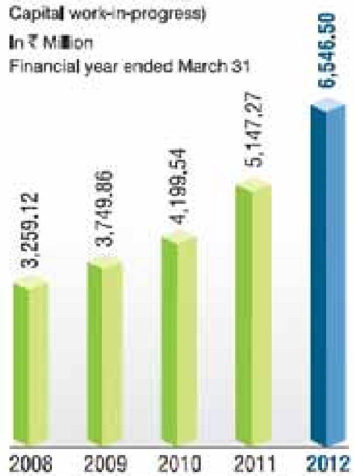
Net Worth*

In ₹ Million
Financial year ended March 31



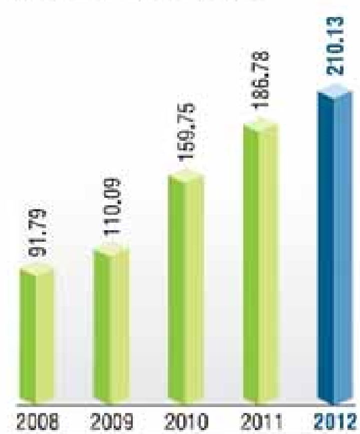
Fixed Assets

(Gross block, including Capital work-in-progress)
In ₹ Million
Financial year ended March 31



Book Value#*

In ₹
Financial year ending March 31

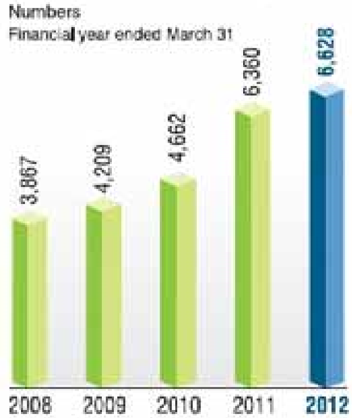


Dividend Payout Ratio^

Percentages
Financial year ended March 31

Persistent Team

(Including trainees and associates)
Numbers
Financial year ended March 31



* Equity Share Capital, Reserves and Surplus (including hedge reserve) and Stock Options Outstanding are considered for the purpose of computing Net Worth and Book Value per share.

\# Adjusted effective 2005, to issue of bonus shares and conversion of preference shares into equity shares in FY 2007-08.

^ Basic EPS is computed after including exceptional and prior period items.

^ Considering aggregate payout of dividend and dividend distribution tax. Dividend pay-out ratio for year ending March 31, 2012 includes recommended final dividend which is subject to shareholders' approval.

Reaping Success

With a rich base of 300 plus customers, Persistent Systems has been steadily expanding its business into new geographies. Even though the first customer was from France, most of the customers have traditionally been from USA. FY 2011-12 saw a further increase in the geographic spread of customers with additions in Argentina, Australia, Brazil, Dubai, Malaysia, New Zealand and South Africa. Further, Persistent Systems set up development centres in France and Malaysia in FY 2011-12.

PERSISTENT

The gigantic strides that Persistent Systems has taken in business expansion can be gauged by the fact that our consolidated revenue has gone up from ₹ 10 Lakh in 1990-91 to over ₹ 1,000 Crores (or USD 207.39 Million) in FY 2011-12. This achievement stands on a solid foundation and a visionary strategy that has been steadily nurtured to branch out into scores of customer-creating and profit-enhancing opportunities.

Our roadmap for expansion into new geographies has been very thoughtfully charted. It rides on a series of strategic moves guaranteed to yield long-term and mutually profitable returns to both the customers and the Company. Business grows by engaging more face-time with customers to understand their specific requirements and creating openings that enhance their niche businesses. The Company has therefore created a wide network of such interface possibilities.

Working consistently over the last decade, the Company has perfected these customer-centric and business-benefitting systems, which include replicating existing success stories in emerging markets, leveraging the early-mover advantage, creating opportunities to up-sell and cross-sell growing accounts, and creating dedicated teams to help speed up sales cycle and customer-response time.

Persistent Systems has evolved an innovative and seamless new grid, comprising offerings, business lines and technology focus which holds out a bouquet of solutions for a wide spectrum of customers. This appropriately named '4x4x4 matrix' offers an amazing set of permutations and combinations that immensely widen the scope of business opportunities for a highly fruitful company-customer partnership.

Core Competence and Focused Strategy

- Persistent Systems continues to focus on working with Software Product Companies and is a leading Outsourced Software Product Development (OPD) player. We have been key development partners for the world's leading product companies. We can proudly claim to have worked on several of their marquee products.
- OPD core competence and product familiarity gives us in-depth knowledge to deploy these products and offer services around them. This expertise sets us apart from regular SIs and defines us as ideal ProServ partners for enterprises.
- Our decision to invest in four focus areas of Cloud, Analytics, Collaboration and Mobility as early as 2008 has now made us front-runners in the field, and opened the door to sell-with partnerships with leading technology companies such as Salesforce, Cisco and IBM.
- 'Riding the wave' is the best strategy for rapid growth. We believe that our focus areas will provide us that opportunity. Accordingly, Persistent Systems has structured its business model and solutions around product engineering, sell-with business, technology consulting and IP-based business model.

Persistent Systems were a surprising find having an extremely wide range of capabilities with a strong history, plus a customer list to envy. They demonstrated both technical and commercial maturity in all aspects of the software development project.

As a publicly listed company, their overall business performance is exposed for the world to see. I can recommend them highly enough.

John Hilton
Chief Executive Officer, Spatial Freedom, Australia

Persistent has been a true partner in working with Pearson. Their technical expertise and business relationships have accelerated Pearson's progression into the software technology space.

We look forward to our continued partnership with Persistent, as we deliver learning technologies that will change the nature of global education.

Charles Rosendahl
SVP of Engineering, Pearson Education, USA

PERSISTENT

In today's competitive global economy, companies have to innovate quicker, produce more effectively, and deliver value more concretely than ever before. At BMC Software, we value the development of technical talents and are constantly striving for innovative ways of achieving this through leveraging the dynamically evolving technology.

One of the ways we have done this is through encouraging our employees to collaborate with each other outside of regular project-specific interactions. To do so, we have partnered with Persistent Systems, who took complete ownership of the licensing, customization, and overall development of the BMC Ninja Club, our employee engagement platform.

The BMC Ninja Club platform on eMee is an online collaboration tool that facilitates employee recognition, business capabilities, and expertise development. Through this platform, we have reduced hiring and training operational costs; created a network for like-minded employees to enhance their skills; provided a platform to organize and participate in common activities; developed our employees' technical skills regardless of their current assignments; and provided an easy-to-use mentorship program.

We believe that through leveraging the gamification and social media concepts, the BMC Ninja Club platform represents a fundamental shift in the way our employees communicate and interact.

Tarun Sharma
VP, R&D, BMC Software & Head of BMC India

If every business relation would be so easy and effective like the one we have had with Persistent Systems France S.A.S. and especially with you as our direct partner, life would be gorgeous. I'd really like to compliment Persistent Systems France for the outstanding service they provide when I need help on Galaxie.

Such a commitment to great customer service is to be commended. You can be sure that I will continue to do business with you for years to come.

Sonja Hajek
Vice President, JASCO Deutschland GmbH,
Labor und Datentechnik, Germany

Persistent has been a strong offshore development partner for us since the early days of our company. We effectively leverage their technical expertise, scale and talent pool in delivering multiple successful releases of our flagship product, StudyOptimizer, to become a market leader in clinical enrollment optimization.

We hope the Persistent team continues their excellent performance and help our products reach greater heights.

Suresh Kannan
Vice President, Product Development,
DecisionView, Inc., USA

New Opportunities and Inroads

- Persistent acquired Agilent's software marketing and development business in Grenoble, which will contribute to the Company's strategic thrust in the life sciences and healthcare markets.
- FY 2011-12 added to the Company's international dimension because of its entry into France and Malaysia (one of the emerging markets of South Asia).
- Launched eMee, a next-generation employee engagement platform, specifically developed for SME and large enterprises with a distributed workforce.
- Developed innovative eCommerce platform called KLISMA that promises to deliver higher value and trusted experience to consumers for their planned, normal and impulse purchases.
- Partnered with IBM InfoSphere BigInsights to provide Strategic Solutions around Email Analytics and Social Media Analytics.
- Partnered with IL&FS Education and Technology Services Ltd. to develop a series of mobile-based learning applications on IL&FS Education's Exploriments learning platform.
- Partnered with Dassault Systèmes, a world leader in 3D and Product Lifecycle Management (PLM) solutions, to offer integrated Dassault Systèmes solutions based services to customers in key sectors such as Energy, Telecommunications, EPC (Engineering Procurement & Construction), Banking & Finance, Pharmaceuticals and Healthcare.
- Partners and co-invests with Life Technologies Corporation, a global bio-technology tools company providing premier systems, consumables and services in the molecular research and diagnostics space, to develop instruments in the Personalized Medicine space.
- Announced a set of professional service offerings and software extensions for Cisco Quad, an enterprise collaboration platform. Persistent now offers deployment, integration and lifecycle services for Cisco Quad.
- Partnered with Salesforce.com to deliver applications on Force.com, tackling the toughest technology challenges and shortening implementation cycles for many customers.

PERSISTENT

I'd like to congratulate Persistent System for their prompt, but more importantly knowledgeable support, and speedy software delivery.

Robert Lott (Ph.D.)
Director, CI Informatics Ltd., UK

I'd like to compliment Persistent Systems, France for the excellent service they provide when I need help on Galaxie. Such a commitment to great customer service is to be commended.

You can be sure that I will continue to do business with you for years to come.

Peter Stemer
R&D Section Manager, System Control, Agilent Technologies R&D and Marketing GmbH & Co KG., Germany

Persistent Systems has been one of the valued partners assisting with the development of our social collaboration platform Cisco Quad.

They continue to add value as a partner, by helping us implement Cisco Quad for our customers in NA and EMEA and in developing innovative solutions on the Cisco Quad platform.

Murali Sitaram
VP/GM Cloud Collaboration Applications Technology Group, Cisco Systems, USA

We are very excited about the partnership with Persistent. Their focus on delivering real value to their clients resonates strongly with our values. They have been incredibly responsive and good to work with.

Dr. Venkat Srinivasan
CEO, Rage Frameworks, Inc., USA

It's been a good experience working with Persistent. From the start when engaging with the sales director for APAC, Sarang, his response to our requests had always been very prompt, from arranging CVs, to staff interview and contracting.

The staffer who worked with us had also been professional and competent in his area of expertise, providing us with the necessary consultancy help and with support from Persistent's headquarters.

We are happy with the services rendered by Persistent.

Tan PowHwee
Director at NCS Pte. Ltd., Singapore

Solidly Rooted

Global vision demands global reach.
Over the past few years, Persistent Systems has expanded geographically, spreading its operations to three continents and establishing a global footprint.
The Company has grown from a tiny sapling into a giant tree, with roots that are today embedded all over the world.

We have achieved this by building state-of-the-art facilities, and installing ultra-modern systems, while consistently expanding our reach and sophistication in both the national and international arena, thereby substantially speeding up our delivery mechanism to ensure customer delight. Starting from a simple 300 sq. ft. office in India's first software technology park twenty-two years ago, we now have owned facilities spreading over 1.16 million sq. ft. in India and 11,000 sq. ft. in France. Internationally, employees of Persistent Systems operate in a bouquet of distinctive premises across the globe, from India to Indiana.

A company which aspires to become globally recognized must be able to deliver its products and services anywhere, anytime. We have taken giant strides to ensure that our people, our skills and our solutions are globally accessible. Thus, today, Persistent can proudly cite its overseas branches in the United Kingdom, The Netherlands, Japan and Canada, wholly owned subsidiaries in Singapore and France, and ten offices in the United States. We are proud to say that this international presence has been further augmented by new offices established in FY 2011-12 in France and Malaysia.

In India, we have two new fabulously designed facilities in Pune and Nagpur in the state of Maharashtra, with branches in Verna in Goa and Hyderabad in Andhra Pradesh. This is in addition to our already-existing four facilities 'Kapilvastu', 'Panini', 'Aryabhata-Pingala' and 'Bhageerath' in Pune, our headquarters. Consistent with the pride that Persistent has in India's rich ancestral heritage, all the facilities of the Company in India are named after great Indian scholars, philosophers and scriptures.

In an age of dynamic economy, we have succeeded in providing our customers consistency of service throughout the product life-cycle by taking a series of pro-active steps that guarantees our presence in every corner, so our customers can always rely on us and get the best.

Pune

'Bhageerath'
Built-up Area : 131,000 sq. ft. • Seating Capacity : 560

'Panini'
Built-up Area : 10,000 sq. ft. • Seating Capacity : 125

'Aryabhata-Pingala'
Built-up Area : 341,000 sq. ft. • Seating Capacity : 2,550

Goa

At Software Technology Park
Built-up Area : 35,306 sq. ft. • Seating Capacity : 382

Nagpur

At IT Tower
Built-up Area : 32,000 sq. ft. • Seating Capacity : 361

- Persistent Systems' global operations are spread across three continents : Asia-Pacific, Europe and the United States.

- Headquartered in Pune, India, Persistent Systems also has offices in Nagpur, Goa and Hyderabad.

  State-of-the-art facilities were added in FY 2011-12 at Nagpur and Pune, where the Company already has a presence. Their scale and style ranks with the global best.

- Persistent Systems has overseas branch offices in Canada, United Kingdom, Japan, The Netherlands and Malaysia.

- In the United States, Persistent Systems, Inc., the wholly-owned subsidiary of the Company, has branch offices in Connecticut, Illinois, Indiana, Massachusetts, New York, Ohio, Pennsylvania, Texas and Washington.

- Persistent Telecom Solutions Inc. was formed in 2012 after acquiring Openwave Systems' business in Delaware.

- In Singapore, Persistent Systems Pte. Ltd. concentrates on business operations covering the ASEAN region.

- During FY 2011-12, Persistent expanded its reach to new geographies: France in Europe and Malaysia in South-East Asia.

- We added an owned facility in Grenoble, France.

PERSISTENT

Additions to Owned Facilities during FY 2011-12

Fabulous Facility at Hinjawadi, Pune

The largest and grandest of all Persistent facilities was recently completed at the Rajiv Gandhi IT Park, Hinjawadi in Pune, India. Speaking at the grand ceremony on the auspicious day of Gudhi Padwa, which marks the beginning of the Indian calendar, Dr. Anand Deshpande, Chairman and Managing Director of the Company said, 'The completion of this facility is a special milestone for Persistent Systems.'

This state-of-the-art facility comprises four buildings named after the four great Sanskrit Vedas : *Rigveda, Yajurveda, Samaveda* and *Atharvaveda*. Spread over a built-up area of 446,000 sq. ft. and a parking area of 250,000 sq. ft., this uniquely planned development centre is an architectural marvel which provides seating capacity for over 3,100 people. The fifth building in the administration block hosts an ultra-modern auditorium having seating capacity for 650 people, and is named in honour of the king among Indian vocalists and a doyen of classical music, Bharat Ratna Pandit Bhimsen Joshi. Boasting an in-lobby escalator system, the new premises are unique in terms of aesthetics and architecture.

Classy Structure at Nagpur

Located in the central part of India is Nagpur, the second capital of Maharashtra, another bastion of Persistent's all-nation reach. With strength of 870 employees, Persistent Systems, which is the largest software company in Central India, has launched a new facility in MIDC Infotech Park having a built-up area of 160,000 sq. ft. and a seating capacity for 1,250 people. The imaginatively built twin structures are named after two great Indian Vedic women scholars, *Gargi* and *Maitreyi*, while the posh auditorium is named after the great Sanskrit poet, *Kalidasa*. Constructed over two acres of land, the facility is a 'Green Building' that is both environmentally-responsible and resource-efficient.

Centre of Excellence at Grenoble, France

Persistent Systems has set up a delivery excellence centre in Grenoble, France, which has a team of around 30 employees catering to the needs of customers in Europe. Grenoble is the seventh largest economy in the European Union and is the second largest regional economy after Paris. The facility has a built-up area of 11,000 sq. ft. and a seating capacity for 50 people. This is the Company's first owned facility outside India.

Talent Bloom

People are the core strength of Persistent. The Company prides itself on its unique ability to provide solutions for Outsourced Software Product Development (OPD) requirements in the world and continually emerge as a pathfinder of newer products and newer services. This can be possible only when a company has a highly-skilled and self-motivated team of professionals working for it. This dedicated quality of its personnel is the reason why Persistent Systems is going from strength-to-strength.

Persistent Systems prides itself on retaining its talent and has a long line of top-notch professionals who have stayed with the Company for several successive years. One-third of our staff has been with the Company for more than 3 years. This is a testimony to both the remunerative policies and the caring practices of the Company towards its employees, as well as proof of the single-minded focus and unswerving loyalty of the people who work here. We are immensely proud of our employees.

Over the past two decades since the Company was established, it has increased its workforce from less than 30 people to over 6,600 people! During the past six years alone, the number of persons working with Persistent has gone up by three times. It is significant that over 1,000 new personnel chose to join Persistent Systems through campus recruitment during FY 2011-12. There is a reason why Persistent Systems is a favourite destination for highly qualified professionals in the IT sector. The Company has a culture that attracts the best minds and continues to support their intellectual pursuits.

Pune, our headquarters, is the workplace for over 4,650 of our personnel, followed by our second major work centre Nagpur, with nearly 900 employees. This is followed by Hyderabad and Goa based offices and operations, with over 370 and 325 employees, respectively. Internationally, the United States is home to most of our foreign-based employees. We have 336 people working in a wide spectrum of services, distributed over a string of offices across USA, about 40 persons posted in different cities of Europe and about 75 employees in Malaysia. Together they are known as the 'Persistent people'.

- Steady and substantial rise in workforce has been a significant development at Persistent over the last two decades, in terms of both quality and quantity. By the end of the first decade, we had crossed 100 employees. Now, at the end of 22 years, we have over 6,600 employees!
- Youth and dynamism reign supreme in the Company's workforce. Average employee age is 29.21 years.
- Professional excellence is a byword at Persistent. Two-thirds of our workforce comprises software professionals. Of these, 17 are doctorates, around 1,700 employees are post graduates and over 4,400 employees have graduate qualification.
- The Company is highly sought after by young IT graduates and post graduates. Over 1,000 young persons joined Persistent during FY 2011-12 through campus recruitment.
- Gender balance is high at Persistent. Almost 30% of our workforce is represented by women, which is testimony both to the proficiency of women in software development and other IT jobs, as well as the progressive values upheld by the Company.
- Almost 70% of our workforce is located at Pune, our headquarters, closely followed by Nagpur (13%), Hyderabad (6%) and Goa (5%).

Persistent Systems is a focused services company with a technology vision. It has been an absolute pleasure working as the President of Persistent Systems, Inc. in North America. There is immense support from the CEO to try different business models and invest for aggressive growth.

The Company has a very open communication channel and the entire middle management and leadership are very supportive and eager to grow the business. Global business growth is the mantra here.

As also the Head of Global Sales, it is energizing for me to see management wants to grow into new geographies such as Middle East, Europe, Asia and Africa. This is highly motivating for the sales and the delivery staff. I am excited to be in the front and center of this strategy.

Hari Haran
President, Persistent Systems, Inc., USA

Persistent has invested wisely in Malaysia, part of the Growth Market area, by setting up a development centre. More importantly, through this investment, Persistent will be able to leverage the existing contacts and relationship with customers and business partners to spring forward in the Asia Pacific / ASEAN region.

This presence will also help Persistent to reach out to more business opportunities within the Growth Market.

Azlin Ghazali
Malaysia Development Centre

PERSISTENT

Since joining Persistent in August 2011 as Business Development Manager in Europe, I have been focusing on bringing incremental new business. Being with Persistent allows me to reach out to all major players in the Scientific Software and Analytical Instrumentation domain.

Being able to leverage both our Grenoble and Pune based knowledge, customer base and resources gives me a great opportunity to engage in new and existing projects which focus not only on Outsourced Software Product Development (OPD) but also on the development of Persistent-owned IP.

By tapping into our vast experience and proven track record in mobility, collaboration and business analytics, in combination with my background in Scientific Software, gives me the opportunity to find new customers in these areas and it allows me to offer a wide range of hybrid solutions where formerly I would only be able to offer a single product.

Bringing together different cultures, business knowhow and people is an exciting process from which we all, including our customers, can benefit. I'm sure that our new European presence will enable us to better serve our customers and enable us to address global customers with globally provided knowhow, solutions and support.

Charles van Dortmond
Galaxie Product Manager, The Netherlands

It is a very fulfilling experience to work with Persistent Systems. The involvement and attention from the senior executive team has been very encouraging. The willingness to explore and grow our business in a new geography has been truly infectious and something that keeps me going when the going gets tough.

If I have to summarize working with Persistent Systems in one word, it would be "Freedom". As a business development executive, having the freedom to work on engagements you feel most appropriate is very critical. This is exactly what I experience on a day-to-day basis.

Sarang Sonawane
Manager, Business Development, Singapore

I have been associated with Persistent since October 2005. I strongly believe that I am truly privileged to be an employee of Persistent, seldom finding myself pressurized at work, enjoying necessary independence to take some key decisions pertaining to administration of the Goa centre.

Persistent's culture has been one of the motivating factors for all employees to enjoy the work to the fullest wherein there is an opportunity for learning, practicing and perfecting the skills. Persistent, in my opinion, is a workplace for continuous learning and competency development, which is a key element for creating a sustainable, competitive organization.

Satish Kenkre
AVP Administration, Goa

Life at Persistent

Persistent Systems is committed to personal growth and well-being of employees. We firmly believe that the Company's growth is aligned with the opportunities for the employees to grow as well.

Under Employee Engagement Initiatives, there are nearly 40 interest groups formed. In FY 2011-12, more than 3,000 employees and more than 1,200 family members participated in various events.

We at Persistent believe that work-life balance must include :

- a balance between professional and personal life
- high quality of life at the work place

We provide employees :

- Annual health check-ups
- Anti-Harassment Committee
- Buddy Program
- Children carnival for employees' children
- Doctor and Counsellor at the work place
- Events of Persistent Arts Circle (PAC), Fun games, Welfare Activity Group (WAG)
- Gymnasium at the workplace
- Home drop facility for women employees who work late
- Insurance coverage and medical care for self and family
- Listening post
- Mentoring at the work place
- Prerana Women's Forum
- Open and informal work culture
- Reward and Recognition programme
- Skip level meeting
- Sports facilities at the workplace and outside
- Yoga classes

I joined Persistent in 1998 after completing my Masters from IIT Bombay, enamored by its culture of openness, the technical depth in the Company and the spirit of entrepreneurship that defined the fabric of the Company. We were a family of just 50 back then. Over the years, Persistent has seen tremendous growth and diversification in its portfolio of customers, giving me an amazing exposure to a very wide and exciting spectrum of technologies, domains and business problems.

There comes a time in your career when you want to experiment with something different. The entrepreneurship bug bites hard, and you feel like 'doing something on your own', that one big idea you want to pursue wholeheartedly. The Company has been a tremendous motivation and support in my endeavor to pursue my entrepreneurial instinct, allowing me to drive eMee as a start-up within the company, and opening up avenues for learning, making mistakes, and getting back stronger every day!

Siddhesh Bhobe
Associate Vice President - Operations, Pune

I have now had the opportunity to work with Persistent for four years out of Montreal, Canada. I was a happy Persistent customer for more than five years before that. In my time at Persistent, I saw the Company grow significantly its delivery and sales footprint in terms of expertise, domain, geography and business models.

Looking forward, the qualities that made Persistent great remain, and are further enhanced with technology, IP and scientific knowhow.

Yves Dupont
Vice President Professional Services, Canada

PERSISTENT

My current role is 'Delivery Head', and I am based out of the Persistent Development Center at Nagpur. I joined about 8 years back and have been fortunate to be part of the amazing growth story. Over this period, Nagpur center has gone from strength to strength, delivering projects across a broad spectrum of technologies, product lifecycles and domains.

In a span of 8 years, the center has grown from a headcount of less than 100 to almost 1,000 engineers, and has become the largest software center in Central India. I must say that I am privileged to be working with some of the most talented engineers and managers in the software industry and look forward to being part of more achievements in the years ahead!

Shekhar Patankar
Delivery Head, Nagpur

I am glad to announce that since acquisition of Fontaine (France) facility by Persistent Systems, I've been able to grow my team by two extra software engineers to support all new business opportunities in instrument control. Indeed, since August 1, my team is now independent from any instrument vendor.

We can leverage our 10+ year experience not only in chromatography / mass spectrometry instruments control with any vendors from this domain, but also in new areas like our recent project in the life sciences.

I really enjoyed this 9 month period since I joined Persistent Systems. Integration went fast and smoothly.

Sebastien Rattier
R&D Team Manager, France

What I like most about my work at Persistent is that learning and growth never stops. Starting with technologies in Telecom to BI to Cloud and from 20 odd employees to 400+ in Hyderabad, and growing, Persistent has allowed me the freedom to learn, grow and move up the ladder.

I feel fortunate to have very good mentors all along my journey in Persistent who have helped me learn, develop and harness my skills.

Vijesh Rangaswami
Account Manager, Hyderabad

I joined Persistent a little over three years ago, after having spent a long time with a very large global company. It's been really exciting to be part of a team that moves so quickly to adjust to changes in the market and to meet the needs of our customers. During my time with Persistent, we've continued to deliver great quality, while bringing new solutions and IP to the market.

I've been most impressed with our ability to provide creative new business models and approaches to our customers, so that we address both their technical and financial requirements.

Michael Kerr
Senior Vice President, USA

Driven by Perseverance

PERSISTENT
FOUNDATION

Corporate Social Responsibility (CSR) is an all-inclusive term, be it in relation to conducting business in a socially responsible and ethical way or protecting the environment or ensuring the health and safety of people or supporting the communities with whom we live and work. As an engine of social progress, CSR helps companies live up to their twin responsibilities of being good global citizens and good local neighbours in a fast-changing world.

CSR goes far beyond what is commonly called 'philanthropy'. It is about the contribution of business to sustainable development. Emphasis on social, environmental and economic sustainability has become a focus of many CSR efforts. This happens only when one appreciates the maxim that business is not divorced from the rest of society, but is in fact a crucial constituent of society.

Persistent Foundation, a public charitable trust, was founded to institutionalize the CSR initiatives of the Company. Over the past three years of operations, Persistent Foundation has successfully executed value-addition initiatives in the areas of health, education and community development. The activities of Persistent Foundation are ably supported by 6,600+ employees of Persistent Systems.

PERSISTENT

Persistent Foundation Projects during FY 2011-12

Community Development

- Pune Cyber Lab & Forensic Lab for Pune Police
- Village Upliftment at Village Kodawadi, Pune
- Village Upliftment at Village Salumbre, Pune
  - Healthcare Centre
  - Fitness Centre
  - Agro Development Centre
  - Computer & Technical Education Centre
- Village Upliftment at Village Udasa, Nagpur
- Corporate-NGO-Volunteers Networking Initiative, Pune

Education

- e-Learning School Lab
- Girls' Scholarship Program
- Mobile Science Lab, Hyderabad
- Infrastructure Development at Schools
  - Electrification Work at Kusumtai Bagal Vidyalaya, Pune
  - Donation of benches for Government Primary School, Dargah Hussain Shawali, Hyderabad
- MS-CIT Certification Program for visually impaired girls

Health

- Clinical Health check-up of slum / village children at Pune and Goa
- Breast Cancer Screening Program, Pune
- Anti-Addiction short-film 'Seemaresha', Pune

Projects executed by Persistent Foundation through contribution from Persistent employees

- Operation Blackboard at Hyderabad
- Blood Donation Camp at Pune, Nagpur, Goa & Hyderabad
- Self-Organised Learning Environment Project (S.O.L.E. Project) for creating self-learning environment of internet education
- e-School project providing e-education to students of Saraswati High School at Goa
- SCRATCH - Train the Trainers Program providing fun-based learning approach to computer education
- DREAM JOB - A Career Guidance Initiative for students
- Cyber Genius and Cyber Champ
- National ICT Quiz

Summary of the Foundation's activities during the past three years

Donations made to Institutions

More than ₹ 85 lakh worth donations made to 50 institutions.

Focus area wise break-up :
- Health : 12
- Education : 22
- Community Development : 14

Location wise break-up :
- Pune : 45
- Nagpur : 5

Projects supported by the Foundation

83 Projects*

Focus area wise break-up :
- Health : 19
- Education : 38
- Community Development : 26

Location wise break-up* :
- Pune : 56
- Nagpur : 21
- Hyderabad : 18
- Goa : 9

Contribution by Employees of Persistent Systems

Contribution by 3,800+ employees through participation in various drives.

Preferred modes of contribution :
- Donation in kind
- Donation of funds
- Contribution by way of skills and knowledge
- Contribution by way of time

*Difference in total number of projects and number of total projects location-wise is due to execution of the same project at multiple locations.

Sustainability

Sustainable development is about building a better quality of life for all the stakeholders. Sustainability demands the holistic inclusion of various concerns in business operations and in interactions with stakeholders. Persistent Systems is firmly committed to building a sustainable enterprise for the benefit of its stakeholders.

As an organization, Persistent Systems believes that reducing global warming is our social responsibility and we must play our part to make our planet a better place to live in. As a conscious demonstration of this belief, we have launched the Green Persistent Movement, wherein we have taken a number of initiatives that would help us contribute to make our planet greener.

Conservation of Energy

Conservation of Energy campaign is conducted to bring down overall energy consumption at our offices by encouraging employees to:

- **Switch off computers at the end of workday to achieve 100% CPU Energy Conservation.**
- **Refrain from using hand-dryers in restrooms and cafeterias, and switch off cubicle lights when not in use.**
- **Refrain from using elevators on 'No Elevators Day'.**

Further, we have purchased windmill turbines. One turbine is installed in Dhule district and another will be operational in Sangli district of Maharashtra soon.

Conservation of Trees

Conservation of Trees campaign aims to spread awareness about tree conservation. Employees are encouraged to:

- **Plant at least one sapling in their vicinity. To encourage this, Persistent conducted a free saplings distribution camp.**
- **Reduce paper wastage and take printouts only when necessary. Persistent organizes 'No Printer Days' to promote this awareness.**

Pollution Control

Pollution Control campaign aims to promote activities that would reduce pollution. Employees are encouraged to:

- **Get a PUC-check done for their vehicles to minimize air pollution. Persistent organizes Free PUC Check-up Camps to facilitate this.**
- **Refrain from smoking on 'No Smoking Days'.**
- **Using a Car Pool to minimize dangerous gases that affect the environment from car and motorcycle emissions. Persistent facilitated this by creating a Car/Bike Pool Page that enables employees to search for colleagues who live in the same area and who are willing to share their vehicles.**

Waste Management

The Waste Management initiative aims to ensure reduction of waste at all levels in our routine activities. Employees are encouraged to:

- **Minimise the quantity of food wasted during meals.**
- **Refrain from carrying plastic bags and carry cloth or paper bags wherever possible. Persistent organizes 'No Plastic Days' to promote awareness against use of plastic.**
- **Recycle paper by using both sides.**

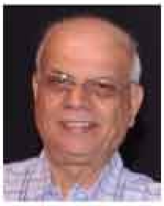
Health and Safety Management

To ensure a safe and secure work environment at all premises of the Company, we have taken the following initiatives:

- **Conducting regular Fire Evacuation Drill**
- **Fire Fighting Equipment Training**

Persistent facilities at Pune and Nagpur are ISO 14001:2004 (Environmental Management System) and OHSAS18001:2007 (Occupational Hazards & Safety Assessment Series) certified.

We did it and we will continue to do it... thanks to Persistent Foundation



Thanks to generous grant received from Persistent Foundation because of which we have been able to accomplish our long pending project of publishing Marathi translation of 'My Dear Ones', a book on Recovery for persons with mental illness and resume publication of our quarterly newsletter.

The Foundation also helped us in launching of the book by allowing us to use their state-of-the-art auditorium of Persistent Systems Limited at Bhageerath.

We look forward to their continuous support in our projects to help persons with mental illness.

Amrit Bakhshy
President, Schizophrenia Awareness Association, Pune

I heartily congratulate Persistent Foundation for providing 'Social Entrepreneurship' platform for their employees and in turn involving them in the service towards fellow beings and nation. Personally, I feel that this encouragement is very much essential to someone who is willing to do something good, constructive for the society. We had set up a SOLE (Self Organized Learning Environment) at Village Yeoli and since last one year, it has benefitted many children from village to learn computer, internet usage and many things.

Helping hand provided by Persistent Foundation will surely help every social entrepreneur to achieve his/her goals of social service and in turn will benefit society.

Bhushan Kolambe
Senior Software Engineer, Persistent Systems
Volunteer for SOLE (Self Organized Learning Environment)

It was my privilege to attend the 2nd annual day function of Persistent Foundation on April 30, 2012. I was fortunate to be there, to witness the presentation of work of the Foundation in last 2 years. It was great to know what an organization can do to express its commitment to society.

Persistent Foundation has done a commendable job in this short span, in the fields of Computer Education in schools, Community Development & in Women's Health sector. Being Hon. President of our organization P.A.C.E. (Prevent Addictions through Children's Education), I was & am associated with the Foundation's personnel, for more than 6 months.

Persistent Foundation's interest in Health Awareness Drives was evident when they were ready to be our sponsor for a film for awareness against addictions, among younger generation.

We will be happy to see Foundation progress in the years to come & it is our pride & privilege to be associated with you in the social drives!

Dr. Vandana C. Joshi
President, P.A.C.E. Foundation

In late 2009, when Samavedana decided to start a unique preventive cancer screening program for underprivileged women, Persistent Foundation was one of the main supporters who strongly believed in the importance of the program. It is through donations such as yours that we are able to continue having a positive impact on the quality of lives of women who are generally ignorant about their health.

Persistent Foundation's commitment to help our neighboring community has percolated to the employees of Persistent Systems. Samavedana is privileged to receive a helping hand not only from the Persistent Foundation but also from employees of Persistent Systems Ltd.

We, at Samavedana, wish to express the deepest gratitude to Persistent Foundation on behalf of thousands of our beneficiaries whose lives were touched by the generous donation by the Foundation.

Your support will greatly enhance our efforts to provide quality health care to underprivileged sections of the society. Thank you!

Preeti Damle
Samavedana

PERSISTENT

It has been a wonderful experience being part of the work done by Persistent Foundation in Goa. Foundation has been engaged in doing work in Goa for 2-3 years and there has been a steady growth in initiatives taken.

The E-school project under the Social Entrepreneurship program presented an opportunity for some of us to work closely with a rural school. We were able to see and appreciate the good work done by Saraswati High School and St. Estevam, to ensure that students don't need to travel far for schooling. It was a warm feeling to share some of our knowledge with the students and teachers and contribute to their growth. The response received from students and teachers was very overwhelming and it was a sense of fulfillment for us being part of this project.

Similar was the experience during the execution of Sponsor a Student scheme at the hostel run by Keshav Seva Sadhana where we met the students and some of the dedicated volunteers of the NGO. These interactions as part of the Foundation activities have been very inspiring and energizing. Hope to see more colleagues joining the Foundation activities in the current year and the social movement become more effective to reach rural areas in Goa.

Ranjit Naik
Senior Project Manager, Persistent Systems
Volunteer for Social Entrepreneurship Program 2011-12

Me and my parents are grateful & thankful to Persistent Foundation to provide this golden opportunity to me. Foundation like yours aims to empower the women of the world. I am also happy that the Foundation has offered scholarship to so many young girl students, and it is very helpful to every girl for her education.

Girls deserve some forms of financial assistance/ scholarships, who have some economic problem or because of their family financial constraint, they may be deprived of the opportunity. But the Foundation provides best opportunity to complete their dreams.

Aparna Surve
Beneficiary of Girls Scholarship Program

I feel very great getting the scholarship from Persistent Foundation under its Girls Scholarship Program. Because of scholarship, I got first chance to visit Persistent Systems and it gave me a very great experience of interview, aptitude test. My parents feel very proud and the burden on them is reduced by financial support provided by Foundation by way of scholarship.

You have provided me not only the scholarship but also some priceless experiences.

Rupali Kocheta
Beneficiary of Girls Scholarship Program

Jnana Prabodhini (JP) is working in backward and under-developed Tal. Velhe block with Persistent Foundation. JP could address the drinking water scarcity issue with the Foundation's financial support. Villagers' initiative and active involvement is supplemented by this vital financial aid.

We successfully completed the repairs of drinking water supply scheme at village Kodawadi. We also undertook spring development activity for augmentation of storage potential of water in three remote hilly villages, namely, Varoti BK, Dopekhind and Dhumalvasti. In this activity, villagers offered their physical labour as 'shramdan'.

JP successfully facilitated the villagers' active involvement and their contribution in this community development projects. All three villages, where spring development activity was conducted, will have enough water availability during coming summer. Now, these villages will not have to wait patiently for water tanker. Names of these villages will be removed either from the list of tanker fed or tanker demanded thirsty villages, forever.

We hereby acknowledge the Foundation's initiative for giving us the opportunity to serve the real needy poor people.

Vivek Giridhari
Project Head Gram Vikasan, Jnana Prabodhini

Report of the Directors

Your Directors are pleased to present the Twenty Second Annual Report of your Company along with the audited Statement of Accounts for the financial year ended March 31, 2012.

Business overview

During the year under report, your Company crossed consolidated revenue of ₹ 1,000 Crores. This is a major milestone for your Company. The Company crossed ₹ 1 Crore turnover in the year 1995-96, ₹ 10 Crores in the year 1999-00, ₹ 100 Crores in the year 2004-05 and now in the year 2011-12 your Company crossed turnover of ₹ 1000 Crores.

The consolidated revenue during the financial year 2011-12 was USD 207.39 Million, an increase of 21.8% in USD terms and was ₹ 10,003.11 Million, an increase of 28.9% in Rupee terms as, compared to the financial year 2010-11, which enabled your Company to maintain its track record of year-on-year growth for the twenty second successive year.

The Company enjoyed a favorable tax regime till the financial year ended March 31, 2011 under the STPI Scheme. Starting from current year, the STPI benefits have ceased to exist, though your Company will have some tax benefits from its SEZ operation. Increased profit after tax is significant on the backdrop of rise in the effective tax rate from 8% to 28%.

Two of your Company's subsidiaries, namely Persistent eBusiness Solutions Limited and Persistent Systems and Solutions Limited merged with effect from April 1, 2011.

Your Company expanded its business presence globally by setting up a subsidiary in France and branch office in Malaysia.

Financial results

The highlights of the financial performance on consolidated basis for the year ended March 31, 2012 are as under

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ₹ Million except EPS and Book Value)		% Change
	2011-12	2010-11	2011-12	2010-11	
Total Revenue	207.39	170.23	10,003.11	7,758.41	28.9%
Profit before interest, depreciation and taxes	48.17	34.73	2,324.03	1,583.05	46.8%
Depreciation	12.67	9.30	610.96	423.89	44.1%
Provision for income tax	11.42	2.33	550.88	106.16	418.9%
Net profit for the year before exceptional and prior period items	29.38	30.66	1,417.80	1,397.36	1.5%
Net profit for the year after exceptional and prior period items	29.38	30.66	1,417.80	1,397.36	1.5%
Transfer to general reserve	10.80	11.99	549.60	534.40	2.8%
Net worth*	165.23	167.59	8,405.12	7,471.07	12.5%
Earnings per share (basic) (EPS)					
after exceptional and prior period items	0.77	0.81	37.02	37.04	-
before exceptional and prior period items	0.77	0.81	37.02	37.04	-
Earnings per share (diluted) (EPS)					
after exceptional and prior period items	0.74	0.77	35.45	34.93	1.5%
before exceptional and prior period items	0.74	0.77	35.45	34.93	1.5%

[Conversion Rate USD 1 = ₹ 48.23 for Profit and Loss items; USD 1 = ₹ 50.87 for Balance Sheet items (financial year 2011-12) and USD 1 = ₹ 45.57 for Profit and Loss items; USD 1 = ₹ 44.58 for Balance Sheet items (financial year 2010-11)]

*Networth = Equity Share Capital + Reserves and Surplus (including Hedge reserve)

The highlights of the financial performance on unconsolidated basis for the year ended March 31, 2012 are as under

Particulars	(Amount in USD Million except EPS and Book Value)		(Amount in ₹ Million except EPS and Book Value)		% Change
	2011-12	2010-11	2011-12	2010-11	
Total income	174.73	142.36	8,427.40	6,487.26	29.91%
Profit before interest, depreciation and taxes	51.12	40.12	2,465.37	1,828.25	34.85%
Depreciation	11.70	8.67	564.39	395.09	42.85%
Provision for income tax	10.93	2.13	527.11	97.29	441.79%
Net profit for the year before exceptional and prior period items	28.49	29.31	1,373.87	1,335.87	2.84%
Net profit for the year after exceptional and prior period items	28.49	29.31	1,373.87	1,335.87	2.84%
Transfer to general reserve	10.80	11.99	549.60	534.40	2.84%
Net worth*	164.68	166.97	8,377.43	7,443.37	12.55%
Earnings per share (basic) (EPS)					
after exceptional and prior period items	0.74	0.78	35.87	35.41	1.30%
before exceptional and prior period items	0.74	0.78	35.87	35.41	1.30%
Earnings per share (diluted) (EPS)					
after exceptional and prior period items	0.71	0.73	34.35	33.40	2.84%
before exceptional and prior period items	0.71	0.73	34.35	33.40	2.84%

[Conversion Rate USD 1 = ₹ 48.23 for Profit and Loss items; USD 1 = ₹ 50.87 for Balance Sheet items (financial year 2011-12) and USD 1 = ₹ 45.57 for Profit and Loss items; USD 1 = ₹ 44.58 for Balance Sheet items (financial year 2010-11)]

*Networth = Equity Share Capital + Reserves and Surplus (including Hedge reserve)

Liquidity

Your Company continues to maintain sufficient cash to meet your Company's strategic objectives. As at March 31, 2012, your Company had cash and cash equivalents (excluding proceeds from initial public offering of the Company) amounting to ₹ 2,979.23 Million as against ₹ 2,567.98 Million as at March 31, 2011, which includes the following investments

(In ₹ Million)

Particulars	As on March 31, 2012	As on March 31, 2011
Investment in Liquid Mutual Funds	1,915.24	1,697.84
Fixed Deposits with scheduled banks	922.44	752.30
Total	2,837.68	2,450.14

Your Company has ensured a balance between earning adequate returns on liquid assets and the need to cover financial and business risks.

During the current financial year, your Company has also invested a sum of ₹ 116.19 Million in quoted tax-free Government Securities. The tenure of these securities is ten years.

Directors

During the year under review, Mr. S. P. Deshpande, Founder and Non-Executive member of the Board of Directors retired from the directorship of the Company with effect from end of day of October 31, 2011.

Your Directors place on record the tremendous contribution made by Mr. S. P. Deshpande to the Company since inception. Mr. S. P. Deshpande played a defining role in making the Company what it is today. Through his hard work and indefatigable energy, Mr. Deshpande has inspired management and employees of the Company and has set very high standards for all of them to follow.

Dr. Anant Jhingran and Mr. Pradeep Kumar Bhargava were appointed as Additional Directors (both as Independent Members on the Board of your Company) with effect from November 10, 2011 and April 26, 2012, respectively. The term of Dr. Jhingran and Mr. Bhargava as Additional Directors of your Company will expire at the ensuing Twenty Second Annual General Meeting. They have confirmed their respective eligibility and willingness to accept the offices of Directorship of your Company, if appointed. The Company has received notices under Section 257 of the Companies Act, 1956, proposing appointment of Dr. Jhingran and Mr. Bhargava as Directors of the Company. Separate proposals seeking approval of the Members for the appointment of Dr. Jhingran and Mr. Bhargava as Directors of the Company have been incorporated in the Notice of the forthcoming Annual General Meeting along with their brief details.

In the opinion of your Directors, Dr. Jhingran and Mr. Bhargava have the requisite qualifications and experience which would be useful to your Company and would enable them to contribute effectively in their capacity as independent directors of your Company.

It is, therefore, considered prudent that your Company should continue to avail of the services of Dr. Jhingran and Mr. Bhargava as Directors and the Board recommends that the proposed resolution relating to the appointment of Dr. Anant Jhingran and Mr. Pradeep Kumar Bhargava as Directors of your Company be approved.

In terms of Section 255 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company, Prof. Krithivasan Ramamritham and Mr. Kiran Umrootkar are liable to retire by rotation at the Twenty Second Annual General Meeting.

Mr. Kiran Umrootkar has confirmed his eligibility and willingness to accept the office of Directorship of your Company, if appointed. In the opinion of your Directors, Mr. Umrootkar has the requisite qualifications and experience which would be useful for your Company and would enable him to contribute effectively to your Company in his capacity as Director of your Company.

It is, therefore, considered prudent that your Company should continue to avail of the services of Mr. Umrootkar as Director and the Board recommends that the proposed resolution relating to re-appointment of Mr. Umrootkar as Director of your Company be approved.

Prof. Krithivasan Ramamritham has expressed his intention not to seek re-appointment. The Board of Directors do not recommend filling for the time being the vacancy to be caused by retirement of Prof. Ramamritham. Prof. Ramamritham has been on the Board of your Company since June 2001 and has made significant contribution and provided guidance in the area of upcoming technology, in last twelve years. The Board places on record its deep sense of appreciation and gratitude for the contribution made by Prof. Ramamritham during his tenure as a member of the Board.

Committees of the Board

During the year under review, the Board of Directors of your Company had reconstituted the Committees of the Board. The details of the powers and functions, composition and meetings of the Committees of the Board held during the year are given in the Report on Corporate Governance forming part of this Annual Report.

Utilisation of funds received from IPO

Your Company had the following objects of the IPO as stated in its Prospectus dated March 23, 2010, (a) to establish the development facilities; (b) to capitalise the Subsidiaries for establishing development facilities and meeting fit outs and interior design costs; (c) to procure hardware; (d) to fund expenditure for general corporate purposes and (e) to achieve the benefits of listing on the Stock Exchanges.

In view of the Company's plan for expanding its operations in SEZ facilities and pursuing non-linear activities, the members at the Twenty First Annual General Meeting of the Company held on July 18, 2011 had approved for use / deployment of unutilised part of the IPO proceeds for (i) capitalizing the subsidiaries of the Company not restricted to establishment of development facilities in SEZ, (ii) establishment of development facilities (iii) procuring hardware and software and (iv) other general corporate purposes, in addition to the Objects of the Issue stated in the Prospectus of the IPO of the Company.

During the year under review, your Company utilised the entire proceeds of the IPO accruing to the Company, after deducting the Company's share of the underwriting and management fees, selling commissions and other expenses associated with the IPO, amounting to ₹ 1,200.60 Million in the manner set forth below

(In ₹ Million)

Sr. No.	Project	Funds allocated for the activity as per Prospectus read along with resolution passed at Annual General Meeting held on July 18, 2011	% of funds consumed as on March 31, 2012
1.	Establishment of development facilities	760.20	100%
2.	Capitalise our Subsidiaries for establishing development facilities	29.59	100%
3.	Procuring hardware / software	204.50	100%
4.	Fund expenditure for general corporate purposes	206.31	100%
	Total	1,200.60	

Acquisition of software marketing and development business based in Grenoble, France from Agilent Technologies, Inc.

In August 2011, your Company acquired Agilent Technologies' software marketing and development business based in Grenoble, France. This acquisition will contribute to the Company's strategic thrust in the life sciences and healthcare markets and will help your Company expand its business operations in Europe.

Acquisition of Location Business of Openwave Systems, Inc.

In February 2012, your Company acquired the Location business from Openwave Systems, Inc. through Persistent Telecom Solutions Inc., a step down subsidiary of Persistent Systems, Inc., wholly owned subsidiary of your Company. Your Directors believe that Location business is a very important aspect of enterprise mobility and mobility in general and the Location product can help your Company leverage this both for 911 and for emergency and other related areas and also on the enterprise mobility front.

Your Company will continue to look out for strategic inorganic growth opportunities.

Infrastructure

During the financial year 2011-12, your Company has added a built-up capacity in excess of 0.32 Million sq. ft. and added more than 2,500 seats in new buildings in Nagpur and Pune. With this, the total owned built-up capacity of your Company in India stands at around 1.16 Million sq. ft. and seating capacity for around 8,400 people. Your Company also operates SEZ operations from leased premises in Hyderabad of approx. 47,000 sq. ft. and in Pune of approx. 46,000 sq. ft.

In November 2011, your Company inaugurated a new, state-of-the-art facility at MIDC Info Tech Park on South Ambazari Road at Parsodi in Nagpur. The facility comprises two buildings that constitute the development centers and are named after the great Indian Vedic women scholars: Gargi and Maitreyi and the auditorium is named after great Sanskrit poet – Kalidasa. The new facility having a built up area of approx. 0.16 Million sq. ft. provides a seating capacity of 1,250 people and has been constructed on 2 acres of land.

In March 2012, your Company completed the construction of its largest facility in Pune at the Rajiv Gandhi IT Park, Hinjawadi Phase 1. The facility was formally inaugurated by Prof. Deepak Phatak of IIT Bombay on the auspicious day of Gudhi Padwa, which is also the Foundation Day of your Company. The facility comprises four buildings that constitute the development centers and are named after the Sanskrit Vedas: Rigveda, Yajurveda, Samaveda and Atharvaveda while the fifth administration block hosts a state-of-art 650 seater auditorium named after great Indian legendary vocalist Bharat Ratna Pandit Bhimsen Joshi. The facility is spread on built up area of approx 0.45 Million sq. ft. and has a parking area of approx 0.25 Million sq. ft. and provides a seating capacity for 3,100+ employees.

The details of owned facilities of your Company are as under

Location	Year of completion of construction	Total Built-up Area (sq. ft.)	Total Seating Capacity
Pune			
Kapilvastu	1994	2,169	35
Panini	1998	10,000	125
Bhageerath	2002	131,000	560
Aryabhata – Pingala	2006	341,000	2,550
Hinjawadi			
Rigveda	2011	113,323	810
Yajurveda		99,213	822
Corporate Building		50,153	44
Samaveda		100,180	711
Atharvaveda		83,256	774
Goa	1997*	35,306	382
Nagpur			
IT Tower	2003	32,000	361
Maitreyi with Kalidas	2011	98,915	658
Gargi		65,568	569
Grenoble, France	2000**	11,000	50
Total		1,173,083	8,451

*Company started to occupy this premises from October 2005 onwards
**Company started to occupy this premises from August 2011 onwards

Dividend

Your Directors declared an Interim Dividend in January 2012 of ₹ 3.50 per share on the paid-up equity share capital. Total outflow on account of interim dividend payout including dividend tax was ₹ 162.71 Million out of the net profits of your Company during the year under report.

Your Directors recommend a final dividend of ₹ 2.50 per share for the financial year 2011-12. The tax on final dividend provided in the financial statements is ₹ 16.22 Million. The payment of final dividend of ₹ 2.50 per share is subject to the approval of the Members. Thus, including the proposed final dividend, the total dividend recommended for the financial year 2011-12 would be ₹ 6.00 per share [previous year ₹ 3.50 per share Dividend + ₹ 2 per share as special one-time Dividend].

Out of the first interim dividend declared in January 2012, ₹ 0.32 Million was unclaimed as on March 31, 2012.

Transfer to reserves

Your Company proposes to transfer ₹ 549.60 Million to the General Reserve and an amount of ₹ 612.96 Million is proposed to be retained in the Profit and Loss Account of your Company. As on March 31, 2012, the balance in the General Reserve is ₹ 2,861.37 Million

Employee stock option plans

Your Company has various stock option plans for its employees. Details of the stock options granted under various employee stock option schemes are annexed to this Report as Annexure A.

No employee has been granted stock options, during the year under review, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

In line with the guidance note on "Accounting for employee share based payments" issued by the Institute of Chartered Accountants of India and the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by the Securities and Exchange Board of India, your Company has calculated the employee compensation cost using the intrinsic value of stock options. Had compensation been determined under the fair value approach described in the guidance note, the Company's net income and basic and diluted earnings per share would have reduced to the proforma amounts as under

(In ₹ Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Profit after tax	1,373.87	1,335.87
Add: Employee stock compensation under intrinsic value method	8.36	7.11
Less: Employee stock compensation under fair value method	(68.83)	(60.70)
Proforma profit	1,313.40	1,282.28
Earnings Per Share		
Basic		
- As reported	35.87	35.41
- Pro forma	34.30	33.99
Diluted		
- As reported	34.35	33.40
- Pro forma	32.84	32.06

Weighted average exercise prices and weighted average fair values of options

The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs

Particulars	March 31, 2012 Scheme X	March 31, 2011 Scheme X
Weighted average share price (₹)	345.70	414.63
Exercise Price (₹)	315.15 – 397.55	389.05 – 403.25
Expected Volatility	31.90%, 32.56%	31.90%, 32.56%
Historical Volatility	31.52% - 61.52%	31.52% - 61.52%

Particulars	March 31, 2012 Scheme X	March 31, 2011 Scheme X
Life of the options granted (Vesting and exercise period)	7 years	7 years
Dividend Yield	1.00%	1.00%
Average risk-free interest rate	7.93% - 8.01%	7.93% - 8.01%
Expected dividend rate	40%	40%

Shares held by Independent Directors of the Company as on March 31, 2012 are as under

Name of the Director	Shares held (through exercise of vested Stock Options)	Shares held (through allot-ment under a pre IPO scheme)	Shares held (through market purchase / IPO)	Total Shares held
Mr. Pradeep Kumar Bhargava(1)	N.A.	Nil	Nil	Nil
Mr. S. K. Bhattacharyya(2)	N.A.	Nil	Nil	Nil
Dr. Anant Jhingran(3)	N.A.	Nil	Nil	Nil
Dr. Dinesh Keskar	N.A.	Nil	Nil	Nil
Mr. P. B. Kulkarni	7,000	7,000	300	14,300(4)
Prof. Krithivasan Ramamritham	3,500	7,000	Nil	10,500(5)
Mr. Prakash Telang	N.A.	Nil	2,000	2,000(6)
Mr. Kiran Umrootkar	N.A.	Nil	Nil	Nil

(1) Appointed as an Additional Director on April 26, 2012
(2) Appointed as an Additional Director on May 12, 2011
(3) Appointed as an Additional Director on November 10, 2011
(4)Shares are held jointly with Mrs. Sudha Prabhakar Kulkarni
(5) Out of these shares, 7,000 shares are held jointly with Mrs. Saraswathi Krithivasan
(6) Shares are held jointly with Mrs. Anjali Prakash Telang

During the year under review, pursuant to the resolutions passed by the Compensation Committee of the Board of Directors by way of circulation, employees including ex-employees and Independent Director exercised their stock options for shares which were already vested in their name. During this exercise, 498,238 (Four Lakhs Ninety Eight Thousand Two Hundred Thirty Eight only) equity shares were transferred from PSPL ESOP Management Trust to the eligible employees, ex-employees and Independent Director at an aggregate value of ₹ 34.25 Million under various ESOP Schemes of the Company.

Your Company has ten ESOP Schemes under which shares were granted to various permanent employees, Independent Directors and the employees of its subsidiary companies, details of which are given elsewhere in this Annual Report.

Unclaimed Securities Suspense Account

Your Company had opened an 'Unclaimed Securities Suspense Account' on behalf of the allottees who were entitled for the equity shares under the initial public offering. Some of the equity shares could not be transferred to the respective allottees due to technical reasons. Such shares were held in Unclaimed Securities Suspense Account', to be transferred to allottees if and when they approach your Company. The details of equity shares held in an 'Unclaimed Securities Suspense Account' are as follows

Sr. No.	Particulars	Details
1.	Aggregate number of shareholders in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2011-12	28 shareholders
2.	Aggregate number of the outstanding equity shares in the Unclaimed Securities Suspense Account lying at the beginning of the financial year 2011-12	560 equity shares
3.	Number of shareholders who approached issuer for transfer of shares from Unclaimed Securities Suspense Account during the financial year 2011-12	1 shareholder
4.	Number of shareholders to whom shares were transferred from Unclaimed Securities Suspense Account during the financial year 2011-12	1 shareholder
5.	Aggregate number of shareholders in the Unclaimed Securities Suspense Account lying at the end of the financial year 2011-12	27 shareholders

Sr. No.	Particulars	Details
6.	Aggregate number of outstanding equity shares in the Unclaimed Securities Suspense Account lying at the end of the financial year 2011-12	540 equity shares

Note – Voting rights on the above mentioned equity shares are kept frozen till the rightful owner of such equity shares claim the shares.

Institutional holding

As on March 31, 2012, the total institutional holding in your Company stood at 32.97%.

Merger of wholly owned subsidiaries in India

During the year under report, two wholly owned subsidiaries of your Company in India viz. Persistent eBusiness Solutions Limited (PeBS) and Persistent Systems and Solutions Limited (PSSL) got merged with your Company. The Honorable High Court of Judicature of Bombay approved the scheme of amalgamation of PeBS and PSSL with your Company vide its order dated February 3, 2012 with effect from April 1, 2011.

Subsidiary companies

The details of the subsidiaries of your Company as on March 31, 2012 are as under:

Persistent Systems, Inc.

Persistent Systems, Inc., (PSI) is a California C-Corp., a US based wholly owned subsidiary of your Company formed in October 2001. PSI is primarily engaged in sales and marketing activities for the group globally; as well as for providing onsite software services in US.

During the financial year 2011-12, PSI recorded a total income of ₹ 2,880.05 Million (USD 59.71 Million) [previous year ₹ 2,325.36 Million (USD 51.03 Million)] and a net profit of ₹ 39.58 Million (USD 0.82 Million) [previous year net profit of ₹ 21.72 Million (USD 0.48 Million)].

Persistent Systems France S.A.S.

Persistent Systems France S.A.S., was formed on April 11, 2011 to explore the strategic opportunities available to your Company in France. During the year under review, Persistent Systems France S.A.S. acquired Agilent Technologies' Software Marketing and development business based in Grenoble, France.

During the financial year 2011-12, Persistent Systems France S.A.S. recorded a total income of ₹ 113.39 Million (USD 2.35 Million) and a net loss of ₹ 5.96 Million (USD 0.12 Million).

Persistent Systems Pte. Ltd.

Persistent Systems Pte. Ltd. (Co. Reg. No. 200706736G) is a Singapore based wholly owned subsidiary of your Company formed in April 2007. Persistent Systems Pte. Ltd. was primarily formed to concentrate on the business opportunities in ASEAN region.

During the financial year 2011-12, Persistent Systems Pte. Ltd. recorded a total income of ₹ 21.39 Million (USD 0.44 Million) [previous year ₹ 9.87 Million (USD 0.22 Million)] and a net profit of ₹ 2.21 Million (USD 0.05 Million) [previous year net profit of ₹ 1.28 Million (USD 0.03 Million)].

Persistent Telecom Solutions Inc.

Persistent Telecom Solutions Inc., a step down subsidiary of PSI, was primarily formed on January 12, 2012 to explore the strategic opportunities available to your Company. Persistent Telecom Solutions Inc. acquired Openwave Systems' Location Product business in February 2012.

During the financial year 2011-12, Persistent Telecom Solutions Inc. recorded a total income of ₹ 55.90 Million (USD 1.16 Million) and a net profit of ₹ 7.34 Million (USD 0.15 Million).

New branch office in Malaysia

During the period under report, your Company had set up a new Branch Office in Malaysia to pursue strategic opportunities in the Aisa Pacific region.

Joint Venture with Sprint Nextel Corporation

Your Company had formed a joint venture with Sprint International Holding, Inc. ("Sprint International"). The joint venture company - Sprint Telecom India Private Limited ("Sprint India") received an approval of the Foreign Investment Promotion

Board ("FIPB") for investment by Sprint International's in the joint venture. In terms of FIPB approval, your Company will hold 26% and Sprint International will hold 74% in Sprint India. Your Company has made an initial investment of ₹ 6.50 Million towards equity share capital in Sprint India. Sprint India has made an application to Department of Telecommunication for national long distance, international long distance and Internet service provider licenses. Post receipt of regulatory approvals, Sprint India will commence its operations.

Consolidated financial statements

Consolidated financial statements of your Company and its subsidiaries as at March 31, 2012 are prepared in accordance with the Accounting Standard 21 (AS - 21) on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, and form part of this Annual Report.

Particulars required as per Section 212 of the Companies Act, 1956

As per Section 212 of the Companies Act, 1956, your Company is required to attach the Directors' Report, Auditors' Report, Balance Sheet, Profit and Loss Account, Schedules to Accounts and Notes to Accounts of subsidiaries of your Company along with the Balance Sheet of your Company.

In terms of general circular No. 2 / 2011 and No. 5/12/2007–CL–III dated February 8, 2011, the Ministry of Corporate Affairs has issued a direction under Section 212(8) of the Companies Act, 1956 granting general exemption to all the companies having subsidiaries and which require exemption from attaching the prescribed documents as mentioned in Section 212(1) of the Companies Act, 1956. Such exemption would be available to all the companies after fulfilling certain conditions prescribed in the above mentioned general circular.

Accordingly, the Annual Report of your Company does not contain full financial statements of the subsidiary companies. Your Company will make available the audited annual accounts and related information of subsidiary companies, upon request by any Members of your Company. Your Directors believe that the consolidated financial statements present a more comprehensive picture as compared to standalone financial statements. These documents will also be available for inspection during the business hours at the registered office of your Company and the respective subsidiary companies. A statement showing financial highlights of the subsidiary companies is attached to the consolidated financial statements.

Awards and recognitions to the Company during the financial year 2011-12

During the financial year 2011-12, your Company continued its tradition of winning various awards and getting new recognitions. The Company was a proud recipient of the following awards during the financial year 2011-12:

1. The Maharashtra Information Technology Award - 2011 in the category - IT Software, by the Government of Maharashtra.
2. Bloomberg UTV's 'CXO Award – 2011 Technology Chapter', in the 'Indian IT Company of the Year (with revenues below INR 5,000 Crore) category.
3. Zinnov Management Consulting ranked your Company among the Top 2 players in Cloud Computing R&D segment and Top 3 in Software/ ISV R&D segment.
4. Global Services (GS) 100 provider list – one of the Top 100 companies in the 2011 and also featured in the Top Product Engineering companies category.
5. Ranked 5th in PWC Global Software 100 Leaders - 2011.
6. IR Global Rankings (IRGR) – one of the best top five companies that follow 'Corporate Governance Practices' in India.
7. South Asian Federation of Accountants (SAFA) – Best Presented Accounts Award 2010 and 'Certificate of Merit' in the category 'Communication and Information Technology Sector' for the Company's Annual Report 2010.
8. The Institute of Company Secretaries of India (ICSI) National Award for Excellence in Corporate Governance, 2011 – recognised your Company as one of the top companies adopting Excellent practices in Corporate Governance.
9. The Institute of Chartered Accountants of India – Winner of the Silver Shield Award for Excellence in Financial Reporting for the year 2010-2011.
10. The Asset – Gold Award for Social Responsibility and Investor Relations 2011 – one of the top eight international companies that follow 'Social Responsibility and Investor Relations Practices'.
11. The IIA Influence Award 2011 for Best Application of Continuous Auditing or Monitoring Award by The Institute of Internal Auditors- India (Bombay Chapter).
12. Indira Excellence Award for Employer of the Year in Information Technology Category.
13. Global HR Excellence Awards for Outstanding Contribution for cause of Education in the year 2010-11.

14. The Ideas Exchange' Legal Counsel Congress and Awards India 2012 – Top 3 (Finalist) in the following categories (i) the Best employer for In-House Lawyers (ii) the Best Legal Team of the Year and (iii) the Best use of technology by a Legal Department. Further, Mr. Vivek Sadhale, Company Secretary and Head – Legal was nominated in the General Counsel of the Year category.

Significant events in the area of research and development

With a sole purpose of enhancing the scientific capabilities of the Company and to emerge as thought-leaders in the field, your Company established Persistent Labs in the financial year 2010-11. Persistent Labs has a mandate to work on cutting edge scientific and technology projects and is now a recognized Research and Development center by Department of Scientific and Industrial Research (DSIR), Government of India. Presently, Persistent Labs is focusing on Life Sciences oriented projects. In the Life Sciences, personalized medicine and personalized genomics require information technology and bio-informatics support. To emerge as a major player and achieve the thought-leadership role in personalized medicine/genomics, it is necessary to simultaneously build capabilities in Systems Biology and Epigenetics as they are integral part of personalized medicine/genomics field.

The following were the significant events in the area of Research and Development during the year under review:

a. For systems biology work, your Company received funding of 407.10 Lakhs from Council for Scientific and Industrial Research (CSIR), Government of India under New Millennium Indian Technology Leadership Initiative to build a computational model of Indian skin.

b. For Epigenetics capabilities, your Company received funding of 218 Lakhs under Biotechnology Industry Partnership Program of Department of Biotechnology, Government of India to develop a complete Next Generation DNA sequencing (NGS) data analysis suite

eMee and KLISMA

Your Directors' conscious decision on investing in new IP solutions has started reaping benefits for your Company. Your Company was able to leverage these solutions in multifold ways – adding to existing business models. During the year under review, your Company launched two IP solutions namely eMee and KLISMA, the details of which are as follows

eMee: eMee is a next-generation employee engagement platform, specifically developed for enterprises with a distributed workforce. eMee helps in redefining employee engagement, by offering an intuitive and user friendly platform for interacting with colleagues and peers throughout the organization. eMee platform is based on advanced data visualization and gamification technology.

KLISMA: KLISMA is an innovative eCommerce platform, offering a bouquet of services such as mobile shopping leveraging the inbuilt camera, next generation BI & Analytics that enables retailers better predict consumer shopping behavior, virtual showrooms for retailers to display their products and more. As part of an effort to improve the business efficiency of KLISMA business, KLISMA e-Services Private Limited was formed during the year under report through which KLISMA business will henceforth be conducted.

Corporate governance

A separate section on "Corporate Governance" with a detailed compliance report thereon forms part of this Annual Report.

Voluntary secretarial compliance certificate

Your Company annually obtains a certificate from a whole time Practicing Company Secretary on a voluntary basis for compliance of the provisions of the Companies Act, 1956. The same forms part of this Annual Report.

Management discussion and analysis

Report on Management Discussion and Analysis based on audited, consolidated financial statements for the financial year 2011-12 forms part of this Annual Report.

Outlook

The market is at the threshold of a technology refresh cycle and teams from your Company are actively involved in contributing to new technologies being implemented by customers of your Company. Your Company has invested in thrust areas -- cloud computing, analytics, collaboration and mobility which are well positioned and will help your Company generate sustainable growth in the next few years.

Your Company has established strong partnerships with the Company's customers to establish a "sell-with" program. As part of this program, your Company is deploying next generation products for new enterprise customers.

Your Company continues to invest in intellectual property aligned to customer's needs. IP-led initiatives are based on innovative technology and business models and are able to yield better growth and margins.

Overall, the Management of your Company is confident that the investments and strategies are well aligned to growth opportunities in the market.

Human resource management

Your Company continues to attract the high calibre / quality talent in the industry. Your Company recruits from various engineering colleges in India for fresh talent. During the period under report, your Company welcomed a batch of 1,095 new graduates through campus recruiting students with engineering background across the Company locations.

During the financial year 2011-12, your Company recruited about 2,397 employees on a consolidated basis (2,266 employees on standalone basis) consisting of regular employees, trainees/interns, consultants, business consultants, contract consultants consisting of (technical and non-technical) professionals as a part of growth plan during the financial year ended March 31, 2012, including several qualified and experienced professionals returning from USA. This steady stream of US returning professionals has provided a very strong middle management group to your Company.

Your Company's human resource strength as on March 31, 2012, was 6,628 personnel (including trainees and associates) on a consolidated basis (6,257 personnel on standalone basis) during the year under report. The technical strength was 6,223 employees which comprised 5,544 graduates (Engineers and Technicians), 622 post graduates and 17 PhDs on a consolidated basis.

During the period under report, your Company conducted an Employee Satisfaction Survey which helped your Company address employees motivation and growth more proactively. This survey is based on a 5-point scale (from Strongly Agree to Strongly Disagree). 67.09% employees participated in the survey this year and the satisfaction index is 75.78%. The top 3 strengths identified from the response to this survey are work culture, infrastructure and facilities (office location, safety, provision of food and snacks, provision of free transport) and Policies and processes (flexi timing, Green Persistent Movement, Persistent Foundation, etc.)

The attrition rate for the year under report was 18.35% as against 19.58% for the previous financial year 2010-11. Various employee welfare activities such as sports and cultural events that were organised for and by the employees had wide participation at all levels.

Your Company considers training as an important activity towards human resource development. In this endeavour, several courses, seminars and conferences in technical and domain specific areas were conducted. Your Company also conducted training courses for the benefit of the employees in different areas such as leadership skills specifically for senior middle management and above, team building, personal effectiveness and foreign languages.

Your Company's value proposition is based on providing value to the customers, through innovation and by consistently improving efficiency. With a view to create a resource bandwidth for the future, your Company initiated various measures such as investing in new skills, technologies, business models and training programmes for key technology areas.

Your Company had started Prerana, a woman forum three years back for the development of women leaders in the organization by identifying, nurturing & empowering the leadership abilities in female employees. Year-on-year, 'Prerana' is actively working towards women development. Through Prerana, your Company takes various initiatives such as experience sharing sessions by renowned woman leaders, team building activities, woman focused programs.

Corporate social responsibility

Sustainability, consciousness and actions on environment and climate change and awareness and contributions to reducing social imbalance are the corner stones of our Corporate Social Responsibility.

Your Company conducts its business in a sustainable and socially responsible manner. This principle has been an integral part of your Company's corporate values for last two decades. Your Directors are committed to the safety and health of our employees, protecting the environment and the quality of life in all regions in which your Company operates.

Your Directors are convinced that the Company's continued focus on sustainability will help to grow the long-term value of your Company and to realize our strategic priorities. Corporate social responsibility strengthens the motivation of your Company's employees and their identification with the Company and thereby creates the basis for a strong global team.

To institutionalise the Corporate Social Responsibility initiative of your Company, your Company had formed a Public Charitable Trust by the name "Persistent Foundation" in the financial year 2008-09.

During the year under review, Persistent Foundation was able to create excitement among employees to participate in socially relevant causes. With the co-operation of the employees of your Company, Persistent Foundation has set up several well-defined programs. Persistent Foundation has decided to focus on activities relating to promotion of education, health, community welfare and in speical situations for national calamities, if any. These activities are carried out through projects undertaken by the Foundation with the support of the employees and through reputed social organisations and institutions.

In addition to contributing ₹ 13.13 Million to Persistent Foundation, your Company made donations of ₹ 0.84 Million to various charitable institutions directly. During the year, the Company donated ₹ 13.97 Million, about 1% of the consolidated net profit of the financial year 2010-11.

Report on activities of Persistent Foundation during the financial year 2011-12 is given elsewhere in this Annual Report.

Employees' remuneration

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees are set out in the Annexure to the Director Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information, is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary of the Company.

Conservation of energy, technology absorption, research and development, foreign exchange earnings and outgo

Your Company has made the necessary disclosures in this Report in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. Your Company strives to conserve energy on a perpetual basis. Your Company has procured various energy saving devices and systems, which help in conserving energy. Bulk of the electric fixtures is equipped with electronic ballast which has resulted in significant savings in the energy cost.

Carbon management and sustainable development provides businesses with some of the greatest opportunities towards sustainability. Your Company reduced carbon footprints by taking energy conservation measures. Your Company continues to take various measures on energy saving.

Your Company has continued to maximise the use of flat LCD monitors, VRV air-conditioning system, solar energy for hot water, LED logo on buildings, LED lighting in common areas, installation of power management software for desktops, WattMiser system in AHUs for conservation of energy. A building automation system has been implemented to control working of air conditioners and to make them more power efficient. Further, in view of your Company's commitment to green movement, your Company installed a 2.1 MW windmill turbine in Dhule district which became operational in July 2011. Further, your Company has installed additional 2.1 MW windmill turbine in Sangli District which will be operational soon.

As power costs constitute an insignificant part of the total expenses, the financial impact of these measures is not material.

As your Company has not entered into technical collaboration with any entity, there are no particulars relating to technology absorption.

The particulars of expenditure on research and development (accrual basis) are as follows

(In ₹ Million)

Particulars	2011-12	2010-11
Capital expenditure	8.33	8.80
Revenue expenditure	36.39	38.70
Total research and development expenditure	44.72	47.50
As % of total income	0.53%	0.74%

The particulars of foreign exchange earnings and outgo (accrual basis) are as follows

(In ₹ Million)

Particulars	2011-12	2010-11
Revenue		
Earnings	7,328.75	5,670.12
Outgo	749.02	637.43
Capital items		
Outgo	206.88	103.64

Reappointment of statutory auditors

M/s. Joshi Apte & Co., Chartered Accountants and M/s. S. R. Batliboi & Co., Chartered Accountants, the joint auditors of your Company retire at the Twenty Second Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed. Further in terms of the Clause 41(1)(h) of the Listing Agreement, the statutory auditors of your Company are subjected to the Peer Review Process of the Institute of Chartered Accountants of India (ICAI); and hold a valid certificate issued by Peer Review Board of ICAI. M/s. Joshi Apte & Co. and M/s. S. R. Batliboi & Co. have confirmed that they hold a valid certificate issued by Peer Review Board of ICAI; and have provided a copy of the said certificate to your Company for reference and records.

Fixed Deposits

In terms of the provision of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975, the Company has not accepted any fixed deposits during the year under review.

Directors' responsibility statement

The Directors state that

1. in the preparation of the annual accounts, the applicable mandatory Accounting Standards have been followed and there is no material departure;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2012 and of the profit of your Company for that year;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities, if any;
4. the annual accounts have been prepared on a going concern basis.

Acknowledgments and appreciation

Your Board places on record the help and cooperation received from the Government of India, particularly the Department of Electronics and Information Technology, the Ministry of Corporate Affairs, the Ministry of Finance, the Ministry of Commerce and the Reserve Bank of India throughout the financial year.

Your Company extends its sincere thanks to the officers and staff of the Software Technology Parks of India - Pune, Nagpur, Goa, Hyderabad, Visakhapatnam Special Economic Zone, Andhra Pradesh, SEEPZ Special Economic Zone, Andheri, Mumbai, Central Excise and Customs Department, Income Tax Department, Development Commissioners, Pune and Hyderabad, Regional Director of Western Region, Registrar of Companies, Maharashtra, Pune, Sales Tax Department, Securities and Exchange Board of India, High Court of Judicature of Mumbai, office of the Official Liquidator, Collector of Stamps, National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Central Depository Services (India) Limited, National Securities Depository Limited, Pune Municipal Corporation, Maharashtra State Electricity Distribution Company Limited, Andhra Pradesh State Electricity Board, Maharashtra Industrial Development Corporation, Department of Revenue, and Directorate of Industries.

Your Board also extends their thanks to Bank of India, Citibank N.A., State Bank of India, HDFC Bank Limited, Syndicate Bank, Axis Bank, Bank of Tokyo Mitsubishi, Japan, BNP Paribas and its officials for extending their excellent support in all banking related activities.

Your Board takes this opportunity to express their sincere appreciation for the contribution made by employees at all levels. The consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director

June 12, 2012

Annexure A to the Report of the Directors

Details of the options granted under various employee stock option schemes as on March 31, 2012

ESOP I

Particulars	Details
Options granted	2,280,250
Options granted	2,280,250
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	1,607,308
Options exercised from vested options	1,603,056
Total number of Equity Shares arising as a result of full exercise of options granted	2,280,250
Options forfeited/ lapsed/ cancelled	672,709
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	11,437,530
Options outstanding (in force)	4,485
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	₹ 34.35

Details of options granted to employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Mr. Ajay Dubey (2003-04)	7,000	NIL	NIL (Resigned)
Mr. Prashant Raje (2003-04)	3,500	3,500	NIL (Resigned)
Mr. Shashank Bhatt (2003-04)	2,187	2,186	NIL
Mr. Vinayak Gadkari (2003-04)	2,187	2,186	NIL (Resigned)

ESOA II

Particulars		Details
Options granted		376,600
Pricing formula		Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested		238,542
Options exercised from vested options		217,187
Total number of Equity Shares arising as a result of full exercise of options granted		376,600
Options forfeited/ lapsed/ cancelled		138,057
Variations in terms of options		NIL
Money realised by exercise of options (purchase of Equity Shares)		6,593,178
Options outstanding (in force)		21,355
Person wise details of options granted to		
i.	Directors	NIL
ii.	Key Managerial Personnel	#
iii.	Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year	As per details given below
iv.	Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20		₹ 34.35

Details of options granted to employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Mr. Ajay Dubey (2004-05)	21,000	NIL	NIL (Resigned)
Mr. Suneel Prasad (2007-08)	10,500	100	10,400 (Resigned)
Mr. Suhas Wale (2007-08)	5,250	NIL	NIL (Resigned)
Mr. Abhijit Naik (2007-08)	3,500	3,500	Nil
Mr. Pankaj Kumar (2007-08)	5,250	NIL	NIL (Resigned)
Mr. Anish Bhuwania (2007-08)	3,500	NIL	NIL (Resigned)
Mr. Deepak Shastri (2007-08)	8,750	NIL	NIL (Resigned)
Mr. Sunil Godse (2007-08)	10,500	6,300	NIL (Resigned)
Mr. Sanjay Marathe (2007-08)	10,500	NIL	NIL (Resigned)

ESOP III

Particulars		Details
Options granted		1,266,650
Pricing formula		Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested		841,444
Options exercised from vested options		576,033
Total number of Equity Shares arising as a result of full exercise of options granted		1,266,650
Options forfeited/lapsed/cancelled		417,795
Variations in terms of options		NIL
Money realised by exercise of options (purchase of Equity Shares)		26,766,039
Options outstanding (in force)		272,822
Person wise details of options granted to		
i.	Directors	NIL
ii.	Key Managerial Personnel	#
iii.	Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
iv.	Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20		₹ 34.35

ESOA IV

Particulars	Details
Options granted	3,479,125
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	1,808,799
Options exercised from vested options	1,262,429
Total number of Equity Shares arising as a result of full exercise of options granted	3,479,125
Options forfeited/ lapsed/ cancelled	1,071,892
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	67,820,550
Options outstanding (in force)	1,144,804

Particulars	Details
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	#
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	₹ 34.35

Details of options granted to employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Mr. Sudhir Alekar (2007-08)	35,000	35,000	NIL
Mr. Rajesh Ghonasgi (2007-08)	63,000	23,750	39,250 (Resigned)

ESOP V

Particulars	Details
Options granted	945,262
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	666,161
Options exercised from vested options	526,283
Total number of Equity Shares arising as a result of full exercise of options granted	945,262
Options forfeited/ lapsed/ cancelled	278,416
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	25,593,453
Options outstanding (in force)	140,563
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	₹ 34.35

ESOA VI

Particulars	Details
Options granted	608,125
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	388,390
Options exercised from vested options	379,421
Total number of Equity Shares arising as a result of full exercise of options granted	608,125
Options forfeited/ lapsed/ cancelled	215,250
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	19,244,270
Options outstanding (in force)	13,454
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	As per details given below
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	₹ 34.35

Details of options granted to employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Dr. Srikanth Sundararajan (2006-07)	159,687	159,687	NIL
Mr. Raj Sirohi (2006-07)	358,750	143,500	NIL (Resigned)
Dr. Srikanth Sundararajan (2007-08)	89,687	76,234	8,969

Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Mr. Raj Sirohi (2006-07)	358,750	143,500	NIL (Resigned)

ESOA VII

Particulars	Details
Options granted	892,487
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	370,827
Options exercised from vested options	243,140
Total number of Equity Shares arising as a result of full exercise of options granted	892,487
Options forfeited/ lapsed/ cancelled	464,860
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	13,960,958
Options outstanding (in force)	184,487
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	₹ 34.35

Details of options granted to employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Mr. Muneer Taskar (2006-07)	23,362	9,345	14,017
Mr. Hemant Ramnani (2006-07)	26,250	15,750	10,500 (Resigned)
Mr. Vinaynathan Vishwanathan (2006-07)	24,500	19,600	4,900
Mr. Sandeep Bhowmick (2006-07)	28,000	16,800	11,200
Mr. Anil Nair (2006-07)	24,500	19,600	4,900
Mr. Sudhir Kulkarni (2006-07)	61,250	49,000	NIL (Resigned)
Mr. Manu Gupta (2006-07)	52,500	31,430	70 (Resigned)
Mr. Kiran Naik (2006-07)	35,000	NIL	35,000
Mrs. Scales Joyce Davis (2006-07)	28,000	NIL	NIL (Resigned)
Mr. Michael Bauer (2007-08)	28,000	NIL	NIL (Resigned)
Mr. Harmandir Singh (2007-08)	61,250	12,250	NIL (Resigned)
Mr. Shrikanth Medapalli (2007-08)	35,000	NIL	NIL (Resigned)
Mr. Anand Ghalsasi (2007-08)	28,000	16,800	11,200
Mr. Ravi Krishnan (2007-08)	52,500	NIL	NIL (Resigned)
Mr. Sudip Dutta (2007-08)	28,000	NIL	NIL (Resigned)
Mr. Prateek Raturi (2007-08)	28,000	NIL	NIL (Resigned)
Mr. Ramkrishnan Balasubramanian (2007-08)	28,000	NIL	NIL (Resigned)

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Mr. Sumit Chhabra (2007-08)	28,000	11,200	16,800
Mr. Yesh Subramanian (2007-08)	42,000	8,400	NIL (Resigned)
Mr. Ranjan Guha (2007-08)	52,500	NIL	NIL (Resigned)
Mr. Aditya Phatak (2009-10)	8,000	NIL	8,000
Mr. Sidharth Sujir (2009-10)	8,000	1,600	6,400
Mr. Lakshminarayan Vishwanath (2009-10)	42,000	NIL	42,000
Mr. Ryan Trout (2009-10)	35,000	NIL	NIL (Resigned)

ESOA VIII

Particulars	Details
Options granted	21,000
Pricing formula	Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested	17,500
Options exercised from vested options	14,000
Total number of Equity Shares arising as a result of full exercise of options granted	21,000
Options forfeited/ lapsed/ cancelled	3,500
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	1,349,760
Options outstanding (in force)	3,500
Person wise details of options granted to	
i. Directors	As per details given below
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	₹ 34.35

Details of options granted to Directors

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options outstanding
Prof. Krithivasan Ramamritham (2007-08)	7,000	3,500	3,500
Mr. P. B. Kulkarni (2007-08)	7,000	7,000	NIL
Mr. Ram Gupta (2007-08)@	7,000	3,500	NIL (Resigned)

@ Ceased to be a director with effect from June 8, 2010.

ESOA IX

Particulars		Details
Options granted		687,231
Pricing formula		Grant price of Options is Book Value of the Equity Share as per the latest quarterly audited Balance Sheet at the time of grant
Total options vested		262,065
Options exercised from vested options		59,947
Total number of Equity Shares arising as a result of full exercise of options granted		687,231
Options forfeited/ lapsed/ cancelled		228,153
Variations in terms of options		NIL
Money realised by exercise of options (purchase of Equity Shares)		6,562,999
Options outstanding (in force)		399,131
Person wise details of options granted to		
i.	Directors	NIL
ii.	Key Managerial Personnel	#
iii.	Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv.	Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20		₹ 34.35

Details of options granted to employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options Outstanding
Mr. Hari Haran (2009-10)	260,000	50,000	210,000
Mr. Bradley Scott (2009-10)	35,000	NIL	NIL (Resigned)
Mr. Michael Kerr (2009-10)	42,000	500	41,500
Mr. Ramchandran Kumar (2009-10)	52,500	NIL	NIL (Resigned)
Dr. Joerg Turnhoff (2009-10)	35,000	NIL	7,000 (Resigned)

ESOA X

Particulars	Details
Options granted	1,002,365
Pricing formula	Grant price of Options is Market Price, or such price including discount not exceeding 10% on the Market Price, as the Board / Committee may determine in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India or other appropriate authority, from time to time
Total options vested	2,592
Options exercised from vested options	NIL

Particulars	Details
Total number of Equity Shares arising as a result of full exercise of options granted	1,002,365
Options forfeited/ lapsed/ cancelled	157,000
Variations in terms of options	NIL
Money realised by exercise of options (purchase of Equity Shares)	NIL
Options outstanding (in force)	845,365
Person wise details of options granted to	
i. Directors	NIL
ii. Key Managerial Personnel	NIL
iii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	As per details given below
iv. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20	₹ 34.35

Details of options granted to employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Name and year of grant	Number of Options granted	Number of Options exercised	Number of Options Outstanding
Mr. Ryan Trout (2010-11)	33,000	NIL	NIL (Resigned)
Mr. Peter Boler (2010-11)	33,000	NIL	33,000
Mr. Sanjeev Sisodiya (2010-11)	33,000	NIL	33,000
Mr. Paul Murphy (2010-11)	33,000	NIL	33,000
Mrs. Desiree Castillejos (2010-11)	33,000	NIL	33,000
Mr. Rangnath Puranik (2010-11)	56,000	NIL	56,000
Mr. Jay Chopde (2011-12)	25,000	NIL	25,000

Details of the options granted to the Key Managerial Personnel including the Company Secretary and Head – Legal under our ESOP Schemes (excluding ESOA – VIII)

Sr. No.	Name of Key Managerial Person	ESOP I	ESOA II	ESOP III	ESOA IV	ESOA IX	Total
1.	Mr. Hari Haran	NIL	NIL	NIL	NIL	260,000	260,000
2.	Mr. Nitin Kulkarni	NIL	NIL	NIL	92,500	NIL	92,500
3.	Mr. Rajesh Ghonasgi	NIL	NIL	NIL	63,000	NIL	63,000 (Resigned)
4.	Mr. Vivek Sadhale	7,875	875	3,150	28,600	NIL	40,500
	Total	7,875	875	3,150	1,84,100	260,000	4,56,000

Report on Corporate Governance

Company's philosophy on Corporate Governance

"Re-affirming that good corporate governance practices are sine qua non for sustainable business that aims at generating long-term value to all its stakeholders and the companies should keep in view the objective of encouraging the use of better practices through voluntary adoption."

From Concept Paper on National Corporate Governance Policy, 2012
Prepared by The Institute of Company Secretaries of India

The Company believes that corporate governance is a set of guidelines to help fulfill its responsibilities to all its stakeholders i.e. investors, customers, vendors, Government, employees, associates and society. It is a voluntary code of self-discipline to ensure transparency, accountability and integrity. The Company has set its corporate governance philosophy to enhance the long-term value of the Company's stakeholders.

Corporate governance practised by the Company is not restricted to the Board of Directors. It is an approach to sustainable development. Good governance is an essential ingredient of good business. The following report on the implementation of the Corporate Governance Code is a sincere effort of the Company to follow the Corporate Governance Principles in its letter and spirit. It may be worth mentioning that consecutively second year after Initial Public Offering, the Company has been recognized as one of the top five companies for excellence in Corporate Governance by the Institute of Company Secretaries of India. Further, during the year under report, The Company was ranked by IR Global Rankings (IRGR) as one of the best top five companies that follow 'Corporate Governance Practices' in India.

1. Board of Directors

A. Size and composition of the Board

The Board of Directors of the Company has a combination of Executive and Independent Directors with varied professional background. Independent Directors help to maintain the independence of the Board and separate the Board functions of governance and management. As on March 31, 2012, the Company's Board consisted of nine Directors, of whom two are Executive Directors and seven are Independent Directors. The Board is headed by a full time Director. Table 1 gives the composition of the Board and the number of outside directorships held by each of the Directors as on March 31, 2012.

Table 1: Board of Directors

Name of the Director and Directors' Identification Number (DIN)	Category	Directorships Indian Companies Public*	Directorships Indian Companies Private	Directorships Foreign Companies	Number of Committee positions held** Chairman	Number of Committee positions held** Member
Dr. Anand Deshpande*** (DIN 00005721)	Chairman and Managing Director	Nil	NIL	4	NIL	1
Mr. S. K. Bhattacharyya@ (DIN 01924770)	Independent Director	1	1	NIL	NIL	2
Mr. S. P. Deshpande*** / @@ (DIN 00005776)	Non-Executive Director	N.A.	N.A.	N.A.	N.A.	N.A.
Dr. Anant Jhingran@@@ (DIN 05116722)	Independent Director	NIL	NIL	NIL	NIL	NIL
Dr. Dinesh Keskar (DIN 02568771)	Independent Director	NIL	4	NIL	NIL	NIL
Mr. Nitin Kulkarni@@@@ (DIN 03058881)	Executive Director and Chief Operating Officer	NIL	NIL	NIL	NIL	1
Mr. P. B. Kulkarni (DIN 00008451)	Independent Director	1	NIL	NIL	2	NIL
Prof. Krithivasan Ramamritham (DIN 00040686)	Independent Director	1	NIL	NIL	NIL	1
Mr. Prakash Telang (DIN 00012562)	Independent Director	12	NIL	6	NIL	NIL
Mr. Kiran Umrootkar (DIN 00326672)	Independent Director	1	3	NIL	NIL	1

@ Appointed as an Independent Director with effect from May 12, 2011.

@@ Retired from the Directorship of the Company with effect from end of day of October 31, 2011

@@@ Appointed as an Independent Director with effect from November 10, 2011.

@@@@ Appointed as an Executive Director with effect from July 18, 2011.

* Excluding directorship in Persistent Systems Limited.

** Disclosure includes Chairmanship / Membership of Committees as required for computation of maximum number of Committees of which Director can be Chairman or Member in terms of Clause 49 of the Listing Agreement (i.e. Chairmanship / Membership of Audit Committee and Shareholders' / Investors' Grievance Committee in all Indian public companies including Persistent Systems Limited).

*** Except Dr. Anand Deshpande, Chairman and Managing Director and Mr. S. P. Deshpande, former Non-Executive Director, who are relatives, none of the other Directors is related with other Director.

None of the Directors of the Company were members of more than 10 Committees nor acted as the Chairman of more than five Committees across all companies in India, in which he is a Director, in terms of Clause 49 of the Listing Agreement.

In addition to disclosure of Chairmanship / Membership of Committees of Directors disclosed in Table 1 above, the Chairmanship / Membership of Directors of the Company in other Committees as on March 31, 2012 is given below

Name of the Director	Category	Membership in Committees*	Chairmanship in Committees*
Dr. Anand Deshpande	Chairman and Managing Director	NIL	NIL
Mr. S. K. Bhattacharyya@	Independent Director	1	NIL
Dr. Anant Jhingran@@	Independent Director	NIL	NIL
Dr. Dinesh Keskar	Independent Director	2	NIL
Mr. Nitin Kulkarni@@@	Executive Director and Chief Operating Officer	1	NIL
Mr. P. B. Kulkarni	Independent Director	1	2
Prof. Krithivasan Ramamritham	Independent Director	NIL	NIL
Mr. Prakash Telang	Independent Director	3	1
Mr. Kiran Umrootkar	Independent Director	2	NIL

@ Appointed as an Independent Director with effect from May 12, 2011.

@@ Appointed as an Independent Director with effect from November 10, 2011.

@@@ Appointed as an Executive Director with effect from July 18, 2011.

* Includes Committees (other than Audit Committee and Shareholders' / Investors' Grievance Committee) of all companies in India and aboard, including Persistent Systems Limited.

B. Brief description of terms of reference of the Board of Directors

i. To manage and direct the business and affairs of the Company;

ii. To manage, subject to the Articles of Association of the Company, its own affairs, including planning its composition, selecting its Chairman, appointing Committees, establishing the terms of reference and duties of Committees and determining Directors' compensation;

iii. To act honestly and in good faith in the best interests of the Company;

iv. To exercise due care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;

v. To participate directly or through its Committees, in developing and approving the mission of the business, its objectives and goals and the strategy for their achievement;

vi. To ensure congruence between shareholders' expectations, Company's goals, objectives and management performance;

vii. To monitor the Company's progress towards its goals and to revise and alter its direction in light of changing circumstances;

viii. To approve and monitor compliance with all significant policies and procedures by which the Company is operated;

ix. To ensure that the Company operates at all times within applicable laws and regulations and ethical and moral standards;

x. To ensure that the performance of the Company is adequately reported to shareholders, other stakeholders and regulators on a timely and regular basis;

xi. To ensure that the audited annual financial statements are reported fairly and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India;

xii. To ensure that any developments that have a significant and material impact on the Company are reported from time to time to the concerned authorities; and

xiii. To act in accordance with the laws and regulations of the country and the Memorandum and Articles of Association of the Company.

C. Board meetings and deliberations:

The Company Secretary in consultation with the Chairman of the Company and Chairman of the respective Board Committees prepares the agenda and supporting papers for discussion at each Board meeting and Committee meetings, respectively. Members of the Board or Committees are free to suggest any item to be included in the agenda, in addition to their right to bring up matters for discussion at the meeting with the permission of the Chairman.

Information and data that is important to the Board to understand the business of the Company in general and related matters are tabled for discussion at the meeting. Agenda is circulated in writing to the members of the Board well in advance of the meeting.

The Board and the Audit Committee meets in executive session, at least, four times during a financial year, mostly at quarterly intervals *inter alia* to review quarterly financial statements and other items on the agenda. Additional meetings are held, if deemed necessary to conduct the business. Those members of the Board, who are not able to participate in the Board meetings in-person generally, participate in the meeting through audio conferencing or video conferencing. The President of Persistent Systems, Inc., the wholly owned subsidiary of the Company in the USA, the Chief Operating Officer, the Chief Financial Officer and the Chief Planning Officer of the Company attend the Board and Committee meetings upon invitation. The other executives and divisional heads are generally invited at the meetings on need basis. In terms of Clause 49(I)(c) of the Listing Agreement, the gap between two Board meetings has not exceeded four months. The maximum gap between two Board meetings held during the financial year 2011-12 was three months and four days. The Executive Committee of the Board meets between the two Board Meetings as detailed elsewhere in this report.

During the financial year 2011-12, the Board of Directors met four times on April 17 & 18, 2011, July 17 & 18, 2011, October 16 & 17, 2011 and January 21 & 22, 2012. Further, certain decisions were taken by passing the resolutions by way of circulation and were subsequently ratified by the Board at its next meeting. Table 2 below gives the attendance record of the directors at the Board meetings and last Annual General Meeting held on July 18, 2011.

Table 2 Attendance of Directors at the Board Meetings and Annual General Meeting

Name of the Director	< ---------- Board Meetings ---------- >				Annual General Meeting held on July 18, 2011
	April 17 & 18, 2011 (April 2011)	July 17 & 18, 2011 (July 2011)	October 16 & 17, 2011 (October 2011)	January 21 & 22, 2012 (January 2012)	
Dr. Anand Deshpande	Y	Y	Y	Y	Y
Mr. S. K. Bhattacharyya@	N.A.	Y	Y	Y	Y
Mr. S. P. Deshpande@@	Y	Y	Y	N.A.	Y
Dr. Anant Jhingran@@@	N.A.	N.A.	N.A.	Y	N.A.
Dr. Dinesh Keskar	Y	Y	Y	Y	Y
Mr. Nitin Kulkarni@@@@	N.A.	Y	Y	Y	Y
Mr. P. B. Kulkarni	Y	Y	Y	Y	Y
Prof. Krithivasan Ramamritham	Y	AVC*	Y	Y	N
Mr. Prakash Telang	Y	Y	AVC*	Y	Y
Mr. Kiran Umrootkar	Y	Y	Y	Y	Y

@ Appointed as an Independent Director with effect from May 12, 2011.
@@ Retired from the directorship of the Company with effect from end of day of October 31, 2011.
@@@ Appointed as an Independent Director with effect from November 10, 2011.
@@@@ Appointed as an Executive Director with effect from July 18, 2011.
* Present for the part of the meeting through Audio Conferencing

In this report, the signs below, wherever they appear, denotes the following:
Y – Present for the meeting in person
N – Absent for the meeting
AVC – Present for the meeting through Audio / Video Conferencing
N. A. – Not Applicable being not a director at the time of meeting

2. Committees of the Board of Directors

The Company has five Committees of the Board of Directors viz. Audit Committee, Compensation Committee, Executive Committee, Nomination and Governance Committee and Shareholders' / Investors' Grievance Committee as on March 31, 2012. The Board Committees are represented by a combination of Executive and Independent Directors. The Chairman of all Committees is an Independent Director.

As per the charter of respective Committees, Committees deliberate on the matters assigned / referred to it by the Board or as mandated by the statutes. Information and data that is important to the Committees to discuss the matter is distributed in writing to the members of the Committees well in advance of the meeting. Recommendations of the Committees are submitted to the Board to take decision on the matter referred.

The members of the Committee, who are not able to participate in the meeting physically, generally participate through audio conferencing or video conferencing.

A. Audit Committee

Brief description of terms of reference

An Audit Committee was voluntarily constituted by the Board at its meeting held on April 23, 2004, even before the Company was converted into a public limited company.

The Committee was reconstituted by the Board of Directors at its meeting held in July 2011 and was further reconstituted by the Board of Directors at its meeting held in October 2011.

The Audit Committee ensures prudent financial and accounting practices, fiscal discipline and transparency in financial reporting. The Audit Committee has been reviewing the proposed implementation of International Financial Reporting Standards (IFRS) and road-map to implement the same. In terms of one of its important charter, the quarterly audited accounts are reviewed by the Audit Committee and recommended to the Board for its adoption.

All the members of the Committee are financially literate whereas the Chairman of the Committee is a financial management expert. Table 3 gives the composition of the Audit Committee of the Board of Directors as on March 31, 2012.

Table 3: Composition of the Audit Committee

Name of the Director	Category
Mr. P. B. Kulkarni	Chairman of the Committee and Independent Director
Mr. S. K. Bhattacharyya@	Independent Director
Mr. Nitin Kulkarni@@	Executive Director and Chief Operating Officer
Mr. Kiran Umrootkar	Independent Director

@ Appointed as a member of the Committee with effect from July 18, 2011.

@@ Appointed as a member of the Committee with effect from October 17, 2011.

In addition to the Audit Committee members, the Chief Financial Officer, the Chief Operating Officer, the Chief Planning Officer, Internal Auditor, Statutory Auditors, HR and Administration Division Head, other executives and Divisional Heads are invited to the Audit Committee Meetings, on need basis.

Necessary information such as Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions submitted by the management, management letters / letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses and the terms relating to internal auditors as required by Clause 49(II)(E) of the Listing Agreement are reviewed by the Audit Committee.

The Audit Committee members meet statutory auditors without the executive management atleast once in a year.

The Company Secretary of the Company is the Secretary of the Committee.

The Committee has the following powers and responsibilities including but not limited to

i. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

ii. To review, with the management, annual financial statements before submission to the Board for approval, with particular reference to
   a. Matters required to be included in the Directors' 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.

iii. To review, with the management, the quarterly financial statements before submission to the Board for approval;

iv. To recommend to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees;

v. To grant approval of payment to statutory auditors for any other services rendered by the statutory auditors;
vi. To hold discussion with the 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;
vii. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
viii. To recommend appointment, removal and terms of remuneration of the Chief Internal Auditor;
ix. To hold discussion with Internal Auditors on any significant findings and follow up there on;
x. To review internal audit reports relating to internal control weaknesses;
xi. To review, with the management, performance of statutory and internal auditors and adequacy of internal control systems;
xii. To review 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;
xiii. To review the findings of any internal investigations by the internal auditors in the 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;
xiv. To review financial and risk management policies;
xv. To review report on compliance of laws and risk management, reports issued by Statutory/Internal Auditors;
xvi. To review management discussion and analysis of financial condition and results of operations;
xvii. To review statement of significant related party transactions (as defined by the audit Committee), submitted by management;
xviii. To review substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
xix. To develop a policy on the engagement of statutory auditors for non-audit services;
xx. To ensure the compliance with the statutory auditors' recommendations;
xxi. To meet internal and statutory auditors without presence of the Company's executive management annually;
xxii. To confirm the engagement of an Independent valuer for the valuation of shares, whenever called for and verify whether the valuer for valuation has an advisory mandate and had past association with the Company management;
xxiii. To review certificates regarding compliance of legal and regulatory requirements;
xxiv. To review the functioning of the Whistle Blower mechanism;
xxv. To review, with the management, the statement of uses / application of funds raised through an initial public offering of the Company, the statement of funds utilized for purposes other than those stated in prospectus and making appropriate recommendations to the Board to take up steps in this matter;
xxvi. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
xxvii. To carry out any other function as is mentioned in the terms of reference of the Audit Committee and entrusted by the Board.

The Audit Committee is further empowered to do the following:
i. To investigate any activity within terms of reference;
ii. To seek information from any employee;
iii. To obtain outside legal professional advice; and
iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Meetings and attendance

Four meetings of the Audit Committee were held during the financial year 2011-12. Table 4 gives the details of the attendance of the members of the Audit Committee at its meetings held during the financial year 2011-12.

Table 4: Details of the attendance at the Audit Committee meetings held during the financial year 2011-12

Name of the Director	<------------------------------ Audit Committee Meeting ------------------------>			
	April17, 2011	July 17, 2011	October 16, 2011	January 21, 2012
Mr. P. B. Kulkarni	Y	Y	Y	Y
Mr. S. K. Bhattacharyya@	N.A.	N.A.	Y	Y
Mr. S. P. Deshpande@@	Y	Y	Y	N.A.
Mr. Nitin Kulkarni@@@	N.A.	N.A.	N.A.	Y
Mr. Kiran Umrootkar	Y	Y	Y	Y

@ Appointed as a member of the Committee with effect from July 18, 2011.
@@ Retired from the directorship of the Company with effect from end of day of October 31, 2011.
@@@ Appointed as a member of the Committee with effect from October 17, 2011.

B. Shareholders' / Investors' Grievance Committee

Brief description of terms of reference

The Shareholders' / Investors' Grievance Committee was constituted on October 4, 2007. The Committee was reconstituted during the year by the Board of Directors vide resolution passed at the meeting of the Board of Directors held in July 2011.

The Committee specifically looks into the redressal of shareholders' and investors' complaints such as transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends.

The Chairman of the Committee is an Independent Director. Table 5 gives the composition of the Shareholders' / Investors' Grievance Committee of the Board of Directors as on March 31, 2012.

Table 5: Composition of the Shareholders' / Investors' Grievance Committee

Name of the Director	Category
Mr. P. B. Kulkarni	Chairman of the Committee and Independent Director
Mr. S. K. Bhattacharyya@	Independent Director
Dr. Anand Deshpande	Chairman and Managing Director
Prof. Krithivasan Ramamritham	Independent Director

@ Appointed as a member of the Committee with effect from July 18, 2011.

Company Secretary is the Compliance Officer of the Company for the purpose of shareholders' / investors' related matters.

The Committee was constituted with powers and responsibilities including but not limited to

i. To supervise and ensure efficient share transfers, share transmission, transposition, etc;
ii. To approve allotment, transfer, transmission, transposition, consolidation, split, name deletion and issue of duplicate share certificate of equity shares of the Company;
iii. To redress shareholder and depositor complaints like non-receipt of Balance Sheet, non-receipt of declared dividends, etc.;
iv. To review service standards and investor service initiatives undertaken by the Company;
v. To address all matters pertaining to Registrar and Share Transfer Agent including appointment of new Registrar and Share Transfer Agent in place of existing one;
vi. To address all matters pertaining to Depositories for dematerialisation of shares of the Company and other matters connected therewith; and
vii. To attend to any other responsibility as may be entrusted by the Board within terms of reference.

Meetings and attendance

The Committee meets as and when need arises. No meeting of the Committee was held during the financial year 2011-12. However, certain decisions were taken by passing the resolutions by way of circulation and were subsequently ratified by the Board at its next meeting.

During the financial year 2011-12, the Company received some complaints from the shareholders / investors. Table 6 gives the status of the investor complaints for the financial year 2011-12.

Table 6: Status of Investor Complaints for the financial year 2011-12

Nature of investor complaints	Opening Balance	Additions	Disposal	Closing Balance
Non-IPO Related				
Non-Receipt of Dividend	0	3	3	0
Total	0	3	3	0
IPO Related				
Non-Receipt of Shares	0	1	1	0
Total	0	1	1	0

The members may contact the Company Secretary of the Company for their queries, if any, at the contact details provided in the Shareholders' Information in this report.

C. Compensation Committee

Brief description of terms of reference

The Compensation Committee of the Board was constituted on April 23, 2004. In terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI ESOP Guidelines"), the Company reconstituted Compensation Committee for the administration and superintendence of the employee stock options schemes on October 4, 2007. The Committee was reconstituted by the Board of Directors at its meeting held in July 2011.

The Chairman of the Committee is an Independent Director.

Table 7 gives the composition of the Compensation Committee of the Board of Directors as on March 31, 2012.

Table 7: Composition of the Compensation Committee

Name of the Director	Category
Mr. Prakash Telang	Chairman of the Committee and Independent Director
Mr. S. K. Bhattacharyya@	Independent Director
Dr. Dinesh Keskar	Independent Director
Mr. P. B. Kulkarni	Independent Director

@ Appointed as a member of the Committee with effect from July 18, 2011.

The Committee is constituted with powers and responsibilities including but not limited to

i. To decide the quantum of equity shares / options to be granted under Employee Stock Options Schemes (ESOS), per employee and the total number in aggregate;

ii. To determine at such intervals, as the Compensation Committee considers appropriate, the persons to whom shares or options may be granted;

iii. To determine the exercise period within which the employee should exercise the option and condition in which option will lapse on failure to exercise the option within the exercise period;

iv. To decide the conditions under which shares or options vested in employees may lapse in case of termination of employment for any reason;

v. To lay down the procedure for making a fair and reasonable adjustment to the number of shares or options and to the exercise price in case of rights issues, bonus issues and other corporate actions;

vi. To lay down the right of the employee to exercise all the options vested in him at one time or at various points of time within the exercise;

vii. To specify the grant, vest and exercise of shares / option in case of employees who are on long leave;

viii. To construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration; The Compensation Committee may correct any defect, omission or inconsistency in the plan or any option and/or vary/amend the terms to adjust to the situation that may arise;

ix. To approve transfer of shares in the name of employee at the time of exercise of options by such employee under ESOS;

x. To lay down the procedure for cash less exercise of options;

xi. To make recommendations to the Board about the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment;

xii. To advise the Board in framing remuneration policy for key managerial persons of the Company from time to time;

xiii. To review general compensation policy of the Company (including that of ESOPs) and convey its recommendation to the Board, if any; and

xiv. To attend any other responsibility as may be entrusted by the Board.

Remuneration policy

i. The remuneration of full time directors (Managing Director and Executive Director) is divided in the following components

a. Fixed component which is 60% of the Annual Gross Salary.

b. Variable component by way of Bonus which is 40% of the Annual Gross Salary. The variable portion of the remuneration is payable in terms of the targets set for various parameters including consolidated revenue and consolidated net profits.

c. Such perquisites and benefits as authorised by the resolution passed by members of the Company from time to time.

ii. The Independent Directors are entitled to payment of commission at a sum not exceeding 1% per annum of net profits and eligible Independent Directors are entitled for Employee Stock Options under ESOA - X Scheme of the Company.

iii. The total managerial remuneration not to exceed 11% of the net profits of the Company and the total remuneration to the managerial persons not to exceed 10% of the net profits of the Company.

Remuneration to the Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and performance incentives (variable component) to its Executive Directors. Annual increments are decided by the Compensation Committee of the Board of Directors within the range of the remuneration approved by the members.

Table 8 and Table 9 gives details of remuneration paid to Executive and Independent Directors of the Company, respectively, in the financial years 2010-11 and 2011-12.

Table 8: Remuneration to Executive Directors (In ₹ Million)

Name of the Director	Category	Year ended March 31,	Salary and allowance	Performance Linked Incentive/ Commission	Company's contribution to provident and superannuation fund	Perquisite and other payments	Total
Dr. Anand Deshpande	Chairman and Managing Director	2012	4.03	3.55	0.79	0.10	8.47
		2011	4.76	3.63	0.66	0.09	9.35
Mr. Nitin Kulkarni@	Executive Director and Chief Operating Officer	2012	3.21	2.63	0.17	0.00	6.01
		2011	N.A.	N.A.	N.A.	N.A.	N.A.
Total		2012	7.24	6.18	0.96	0.10	14.48
		2011	4.76	3.63	0.66	0.09	9.35

@ Appointed as an Executive Director of the Company with effect from July 18, 2011.

Dr. Anand Deshpande was appointed as the Chairman and Managing Director of the Company for a period of five years with effect from April 1, 2007 pursuant to a resolution of the Members dated July 23, 2007. His appointment was renewed for further period of five years with effect from April 1, 2012, pursuant to a resolution of the Members dated July 18, 2011. The members have authorised the Board to determine the remuneration of Chairman and Managing Director within the limits prescribed by them under the above resolution.

Mr. Nitin Kulkarni was appointed as an Executive Director and Chief Operating Officer of the Company for a period of five years with effect from July 18, 2011, pursuant to a resolution of the Members dated July 18, 2011. The members have authorised the Board to determine the remuneration of Executive Director and Chief Operating Officer within the limits prescribed by them under the above resolution.

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution authorises such payment. Members of the Company at the Annual General Meeting of the Company held on July 23, 2007, approved payment of remuneration by way of commission to Independent Directors, at a sum not exceeding 1% per annum of net profits. The Company has paid ₹ 6.00 Million as a commission and ₹ 0.58 Million as sitting fee to the Independent Directors for the financial year 2011-12. No remuneration or commission or sitting fee was paid to Mr. S. P. Deshpande, Non-Executive Non-Independent Director during the financial year 2011-12, who retired from the Directorship of the Company with effect from end of day of October 31, 2011.

Table 9: Remuneration to Independent Directors (In ₹ Million)

Name of the Director	Category	Year ended March 31,	Salary and Allowance	Commission	Sitting fees	Total
Mr. S. K. Bhattacharyya@	Independent Director	2012	N.A.	0.849	0.07	0.919
		2011	N.A.	N.A.	N.A.	N.A.
Dr. Anant Jhingran@@	Independent Director	2012	N.A.	0.374	0.01	0.384
		2011	N.A.	N.A.	N.A.	N.A.
Dr. Dinesh Keskar	Independent Director	2012	N.A.	0.956	0.07	1.026
		2011	N.A.	0.423	0.01	0.433
Mr. P. B. Kulkarni	Independent Director	2012	N.A.	0.956	0.17	1.126
		2011	N.A.	1.003	0.11	1.113
Prof. Krithivasan Ramamritham	Independent Director	2012	N.A.	0.956	0.04	0.996
		2011	N.A.	1.003	0.01	1.013
Mr. Prakash Telang	Independent Director	2012	N.A.	0.956	0.08	1.036
		2011	N.A.	0.618	0.04	0.658
Mr. Kiran Umrootkar	Independent Director	2012	N.A.	0.956	0.14	1.096
		2011	N.A.	0.618	0.05	0.668
Total		2012	N.A.	6.003	0.58	6.583
		2011	N.A.	3.665	0.22	3.885

@ Appointed as an Independent Director with effect from May 12, 2011

@@ Appointed as an Independent Director with effect from November 10, 2011

Travel and/ or stay arrangements have been provided to Mr. S. K. Bhattacharyya, Dr. Anant Jhingran, Dr. Dinesh Keskar, Mr. P. B. Kulkarni, Prof. Krithivasan Ramamritham, Mr. Prakash Telang and Mr. Kiran Umrootkar for attending Board and Committee Meetings.

Under the ESOA - VIII of the Company, the eligible Independent Directors were granted stock options and the same are exercisable by them according to the terms of the scheme.

Table 10 gives the following details

A. Details of stock options granted to Independent Directors, which are vested but not exercised as on March 31, 2012
B. Details of Shares held by Independent Directors as on March 31, 2012

Table 10A: Stock Options granted to Independent Directors, which are vested but not exercised as on March 31, 2012

Name of the Director	Year ended March 31,	Stock Options vested but not exercised
Mr. P. B. Kulkarni	2012 2011	Nil 1,750*
Prof. Krithivasan Ramamritham	2012 2011	3,500 3,500
Total	2012 2011	3,500 5,250

*1,750 Stock Options exercised during the financial year 2011-12

Table 10B: Shares held by Independent Directors as on March 31, 2012

Name of the Director	Year ended March 31,	Shares held (through exercise of vested Stock Options)	Shares held (through allotment under a pre IPO scheme)	Shares held (through market purchase / IPO)	Total Shares held
Mr. P. B. Kulkarni	2012 2011	7,000 5,250	7,000 7,000	300 300	14,300* 12,550**
Prof. Krithivasan Ramamritham	2012 2011	3,500 3,500	7,000 7,000	Nil Nil	10,500*** 10,500***
Mr. Prakash Telang	2012 2011	N.A. N.A.	Nil Nil	2,000 Nil	2,000**** Nil
Total	2012 2011	10,500 8,750	14,000 14,000	2,300 300	26,800 23,050

* Shares are held jointly with Mrs. Sudha Prabhakar Kulkarni
** Out of these shares, 7,300 shares were held jointly with Mrs. Sudha Prabhakar Kulkarni.
*** Out of these shares, 7,000 shares are held jointly with Mrs. Saraswathi Krithivasan.
**** Shares are held jointly with Mrs. Anjali Prakash Telang

There is no pecuniary and non-pecuniary relationship between the Independent Directors vis-a-vis the Company except as stated above.

Meetings and attendance

The Compensation Committee generally meets in the first or second quarter of the financial year to recommend the remuneration to be paid to the Managing Director and Executive Director/s of the Company and to advise the Board in framing remuneration policy for key managerial persons of the Company from time to time. Apart from this, the Compensation Committee meets as and when there is any business to be transacted which has been assigned to it.

Compensation Committee meeting was held on April 17, 2011 during the financial year 2011-12. However, certain decisions were also taken by passing the resolutions by way of circulation. The said resolutions were subsequently ratified by the Board at its next meeting. Table 11 gives the details of the attendance of the members of the Compensation Committee at its meetings held during the financial year 2011-12.

Table 11: Details of the attendance at the Compensation Committee meetings during the financial year 2011-12

Name of the Director	Compensation Committee Meeting April 17, 2011
Mr. Prakash Telang	Y
Mr. S. K. Bhattacharyya@	N.A.
Dr. Dinesh Keskar	Y
Prof. Krithivasan Ramamritham@@	Y
Mr. P. B. Kulkarni	Y

@ Appointed as a member of the Committee with effect from July 18, 2011.
@@ Ceased to be a member of the Committee with effect from July 18, 2011.

D. Executive Committee

Brief description of terms of reference

The Executive Committee of the Board was constituted on January 29, 2005. The Committee was reconstituted by the Board of Directors at its meeting held in July 2011 and further reconstituted by the Board of Directors at its meeting held in October 2011.

The Executive Committee was constituted to review the implementation of decisions taken by the Board of Directors. The Chairman of the Committee is an Independent Director. Table 12 gives the composition of the Executive Committee of the Board of Directors as on March 31, 2012.

Table 12: Composition of the Executive Committee

Name of the Director	Category
Mr. P. B. Kulkarni	Chairman of the Committee and Independent Director
Mr. Nitin Kulkarni@	Executive Director and Chief Operating Officer
Mr. Prakash Telang@@	Independent Director
Mr. Kiran Umrootkar	Independent Director

@ Appointed as a member of the Committee with effect from July 18, 2011.
@@ Appointed as a member of the Committee with effect from October 17, 2011.

The Committee is constituted with powers and responsibilities including but not limited to

i. To review and follow up on the action taken on the Board decisions;
ii. To review the operations of the Company in general;
iii. To review the systems followed by the Company;
iv. To examine proposal for investment in real estate;
v. To review, propose and monitor annual budget including additional budget, if any, subject to the ratification of the Board;
vi. To review capital expenditure against the budget;
vii. To authorise opening and closing of bank accounts;
viii. To authorise additions/deletions to the signatories pertaining to banking transactions;
ix. To approve investment of surplus funds for an amount not exceeding ₹ 25 Crores as per the policy approved by the Board;
x. To approve transactions relating to foreign exchange exposure including but not limited to forward cover and derivative products;
xi. To approve donations as per the policy approved by the Board;
xii. To delegate authority to the Company officials to represent the Company at various courts, government authorities and so on; and
xiii. To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of reference.

Further, the Executive Committee is empowered to do the following

i. To seek information from any employee as considered necessary;
ii. To obtain outside legal professional advice as considered necessary;
iii. To secure attendance of outsiders with relevant expertise; and
iv. To investigate any activity within terms of reference.

Meetings and attendance

The Executive Committee meets generally between two board meetings. The Committee met on May 26, 2011, August 25, 2011, December 4, 2011 and March 11, 2012 during the financial year 2011-12. In addition to this, certain decisions were also taken by passing the resolutions by way of circulation and were subsequently ratified by the Board at its next meeting. Table 13 gives the details of the attendance of the members of the Executive Committee at its meetings held during the financial year 2011-12.

Table 13: Details of the attendance at the Executive Committee meetings during the financial year 2011-12

Name of the Director	<---------------------- Executive Committee Meetings ---------------------->			
	May 26, 2011	August 25, 2011	December 4, 2011	March 11, 2012
Mr. P. B. Kulkarni	Y	Y	Y	Y
Dr. Anand Deshpande@	N	N.A.	N.A.	N.A.
Mr. S. P. Deshpande@@	Y	Y	N.A.	N.A.
Mr. Nitin Kulkarni@@@	N.A.	Y	Y	Y
Mr. Prakash Telang@@@@	N.A.	N.A.	Y	Y
Mr. Kiran Umrootkar	AVC	AVC	Y	Y

@ Ceased to be a member of the Committee with effect from July 18, 2011.
@@ Retired from the directorship of the Company with effect from end of day of October 31, 2011.
@@@ Appointed as a member of the Committee with effect from July 18, 2011.
@@@@ Appointed as a member of the Committee with effect from July 18, 2011.

E. Nomination and Governance Committee

Brief description of terms of reference

The Nomination and Governance Committee of the Board was constituted on August 21, 2008.

The Committee was formed mainly to ensure overall diversity of representatives and provide guidance to the Board for appointment of top management and to address issues such as required expertise, background, leadership skills, time available, conflict of interest, willingness to participate actively and inter-organisational relationships of the proposed appointee as a Director or member of the senior management. Table 14 gives the present composition of the Nomination and Governance Committee of the Board of Directors as on March 31, 2012.

Table 14: Composition of the Nomination and Governance Committee

Name of the Director	Category
Mr. P. B. Kulkarni	Chairman of the Committee and Independent Director
Dr. Dinesh Keskar	Independent Director
Mr. Prakash Telang	Independent Director
Mr. Kiran Umrootkar	Independent Director

The Committee is constituted with powers and responsibilities including but not limited to

i. To develop a pool of potential director candidates for consideration in the event of a vacancy on the Board of Directors;

ii. To determine the future requirements for the Board as well as its Committees and make recommendations to the Board for its approval;

iii. To identify, screen and review individuals qualified to serve as executive directors, non-executive directors and independent directors;

iv. To provide its recommendation to the Board for appointment of CEO;

v. To evaluate the current composition and governance of the Board of Directors and its Committees and make appropriate recommendations to the Board, whenever necessary;

vi. To review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a significant change in status such as employment change etc., and shall recommend whether or not the director should be reappointed;

vii. To evaluate and recommend termination of membership of an individual director for cause or for other appropriate reasons;

viii. To evaluate and make recommendations to the Board of Directors concerning the appointment of Directors to Board Committees and the Chairman for each of the Board Committees;

ix. To recommend to the Board candidates for (a) nomination for reelection of Directors by the members; and (b) any Board vacancies which are to be filled by the Board; and

x. To play a consultative role for any appointment at top management level namely, COO, CMO, CFO, President of Persistent Systems, Inc., or appointment requiring Board approval such as Company Secretary.

The Nomination and Governance Committee is further empowered to

i. To conduct or authorise studies of matters within the Committee's scope of responsibility with full access to all books, records, facilities and personnel of the Company;

ii. To hire legal, accounting, financial or other advisors in their best judgment;

iii. To have sole authority to retain or terminate any search firm to be used to identify Director candidates;

iv. To have sole authority to approve the search firm's fees and other retention terms;

v. The Committee may act on its own in identifying potential candidates, inside or outside the Company or may act upon proposals submitted by the Chairman of the Board; and

vi. The Committee may consider advice and recommendations from the management, shareholders or others, as it deems appropriate.

Meetings and attendance

The Nomination and Governance Committee meets in the first quarter of the financial year to recommend to the Board the Directors retiring by rotation to be reappointed at the Annual General Meeting. Apart from this, the Nomination and Governance Committee meets as and when there is any business to be transacted which has been assigned to it.

Two meetings of the Committee were held on April 17, 2011 and July 17, 2011. Table 15 gives attendance record of members of the Committee at its in-person meeting held during the financial year 2011-12.

Table 15: Attendance at the Nomination and Governance Committee meetings held during the financial year 2011-12

Name of the Director	Nomination and Governance Committee Meetings	
	April 17, 2011	July 17, 2011
Mr. P. B. Kulkarni	Y	Y
Dr. Dinesh Keskar	Y	Y
Mr. Prakash Telang	Y	Y
Mr. Kiran Umrootkar	Y	Y

3. Subsidiary companies

The Company does not have any material non-listed Indian subsidiary Company, whose turnover or net worth (paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth of the Company.

Further, the Audit Committee and the Board of Directors review the consolidated financial statements of the Company and its subsidiary companies on a quarterly basis.

The Audit Committee and the Board of Directors look into the related party transactions entered into by the Company including those with the subsidiary companies.

Details of percentage holding of the Company in the subsidiary companies as on March 31, 2012

Name of the Subsidiary Company	Registered in	Holding percentage
Persistent eBusiness Solutions Limited*	India	100%
Persistent Systems, Inc.	U.S.A.	100%
Persistent Systems Pte. Ltd.	Singapore	100%
Persistent Systems and Solutions Limited*	India	100%
Persistent Systems France S.A.S.	France	100%
Persistent Telecom Solutions Inc.	U.S.A	(step down wholly owned subsidiary of Persistent Systems, Inc.)

* Merged with Persistent Systems Limited vide order of the Bombay High Court, Mumbai dated February 3, 2012.

4. General meeting details

A. The details of the last three years Annual General Meetings (AGM) held are as follows

Financial year	Date	Time	Venue
2008-09	July 22, 2009	4.00 p.m.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016
2009-10	July 20, 2010	4.00 p.m.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016
2010-11	July 18, 2011	9.30 a.m.	Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016

B. The following Special Resolutions were passed by the members during the last three Annual General Meetings

Date of AGM	No.	Details of Special Resolution
July 22, 2009		No Special Resolution was passed.
July 20, 2010	i	Create, offer, issue, transfer and allot at any to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company, whether part time or full time, whether working in India or out of India, except to Promoters or members of Promoter Group under scheme titled “ Employee Stock Option Award-X” (hereinafter referred to as the “ESOA - X”), such number of stock options which could give rise to the transfer of Equity Shares not exceeding 910,000 (Nine Lakh Ten Thousand only) Equity Shares from PSPL ESOP Management Trust at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board of directors in accordance with the ESOA – X Guidelines or other provisions of the law as may be prevailing at that time.
	ii	Extend the benefits of Employees Stock Option Award – X (“ESOA – X”) proposed in the resolution as mentioned in point (i) above, to the eligible employees / directors of the subsidiary companies, except to Promoters or Promoter Group, as may from time to time be allowed under prevailing laws, rules and regulations, and/ or amendments thereto from time to time, on such terms and conditions as may be decided by the Board of Directors.

Date of AGM	No.	Details of Special Resolution
July 18, 2011	i	Grant Stock Options to employees and directors of the Company in future, Stock Options (earmarked Shares) under ESOA – X Scheme were increased from 9,10,000 (Nine Lakhs Ten Thousand only) to 20,00,000 (Twenty Lakhs only)".
	ii	In addition to the objects stated in the Prospectus of the Initial Public Offering(IPO) of the Company, funds of IPO could further be utilized for the following: a) Capitalizing the subsidiaries of the Company not restricted to establishment of development facilities in SEZ; b) Establishment of development facilities; c) Procuring software; and d) Other general corporate purposes.

The Special resolutions moved at the AGMs above were passed on a show of hands by the members present at the meeting.

C. No postal ballots were conducted by the Company during the last three financial years.

5. Disclosures

A. Code of conduct

The Company obtains the affirmation compliance of the Code of Conduct from its Directors and Senior Management on yearly basis since the financial year 2005-06.

The Code of Conduct is an annual declaration that helps to maintain high standards of ethical business conduct for the Company. In terms of Code of Conduct, Directors and Senior Management must act within the boundaries of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its members and stakeholders. Further, Directors and Senior Management should ensure that they do not derive any undue personal benefit because of their position in the Company and/or certain confidential information coming to their knowledge.

The Company has obtained declaration from Directors and Senior Management affirming their compliance to the Code of Conduct for the current year. The Chairman has affirmed to the Board of Directors that this Code of Conduct has been complied with by the Board members and Senior Management and a declaration to this effect forms part of this report. A copy of the Code of Conduct is made available on the website of the Company.

B. Whistle blower policy

The Board of Directors of the Company has adopted a Whistle Blower Policy for its employees. The employees are encouraged to report to the Whistle Blower Administrator, any fraudulent financial or other information to the stakeholders, any conduct that results in the instances of unethical behaviour, actual or suspected violation of the Company's Code of Conduct and ethics, which may come to their knowledge. The Board of Directors has appointed Chairman of the Audit Committee as the Whistle Blower Administrator.

This policy provides for adequate safeguards against victimisation of employees who report to the Whistle Blower Administrator. The policy also provides for direct access to the Chairman of the Audit Committee.

C. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company

During the financial year 2011-12, there were no materially significant transactions, pecuniary transactions or relationships between the Company and the Promoters, Directors and their relatives and the management that has potential conflict with the interest of the Company.

Details of all transactions entered into by the Company with the related parties have been disclosed under "Related Party Transactions" in the Notes to Accounts of the Company which form part of this Annual Report.

D. Risk management and internal control policies adopted by the Company

The report on Risk Management and Internal Control Policies adopted by the Company forms separate part of this Annual Report.

E. Adherence to accounting standards

The Company follows the mandatory Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI) and to the best of its knowledge there are no deviations in the accounting treatments that require specific disclosure.

F. Details of public issue and utilization thereof

During 2009-10, the Company had raised funds through an Initial Public Offering (IPO) of 4,139,000 Equity Shares of ₹ 10 each as fresh issue and 1,280,706 equity shares of ₹10 each as offer for sale by Dr. Shridhar Bhalchandra Shukla and Mrs. Vijayalaxmi Shridhar Shukla (holding shares jointly) and Mr. Ashutosh Vinayak Joshi ("Selling Shareholders") at a premium of ₹ 300 per share. The issue was open for subscription from March 17, 2010 to March 19, 2010. An amount of ₹ 1,283.09 Million was raised by the Company through fresh issue of shares in the IPO. All the expenses associated with the IPO were borne by the Company and the Selling Shareholders in proportion to the equity shares issued/offered in the fresh issue and offer for sale, respectively.

Net proceeds to the Company from IPO (In ₹ Million)

Particulars	Amount
Public Issue Offering [fresh issue + offer for sale]	1,680.11
Less: Offer for sale by selling shareholders	397.02
Net proceeds to the Company from fresh issue	1,283.09
Less: Company's share of expenses incurred towards IPO	82.49
Net proceeds to the Company from IPO	1,200.60

The utilisation of IPO proceeds from fresh issue of shares as on March 31, 2012 is as under (In ₹ Million)

Sr. No.	Project	Amount utilised from the Net Proceeds
1.	Establishment of development facilities	760.20
2.	Capitalisation of subsidiaries for establishing development facilities	29.59
3.	Procuring hardware and software	204.50
4.	Fund expenditure for general corporate purposes	206.31
	Total	1,200.60

G. Details of non-compliance

Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges, SEBI or any statutory authority, on any matter related to the capital markets, during the period from April1, 2011 to March 31, 2012 – NIL.

The Company has disclosed all the mandatory requirements under Clause 49 of the Listing Agreement.

Among the non-mandatory requirements of the Listing Agreement, the Company has Whistle Blower Policy in place along with other non-mandatory initiatives taken by the Company for this purpose.

H. Remuneration to the Directors of the Company

Information relating to the remuneration to the Directors during the financial year 2011-12 has been provided under the details of the Compensation Committee.

6. Management Discussion and Analysis

As required by Clause 49 of the Listing Agreement, the Management Discussion and Analysis is provided elsewhere in the Annual Report.

7. Shareholders' Information

A. Means of communication

The Company constantly communicates to the institutional investors about the operations and financial results of the Company. Besides publishing the abridged financial results in one national and one regional daily newspaper respectively, as per Clause 41 of the Listing Agreement, the complete audited financial statements are published on the Company's website (www.persistentsys.com) under 'Investor Relations' Section. The transcripts of call with analysts are also available on the Company's website.

The Company uses a wide array of communication tools including face-to-face, online and offline channels to ensure that information reaches all the stakeholders in their preferred medium.

The table below gives the snapshot of the communication channels used by the Company to communicate with its stakeholders:

Particulars	Board Meetings	Members' Meetings	Formal Notices	Website Information	Press/Web Releases	E-mails	Annual Reports
Board of Directors	√	√	√	√	√	√	√
Members	-	√	√	√	√	-	√
Employees	-	-	-	√	√	√	√
Financial Analysts	-	-	-	√	√	√	√
General Public	-	-	-	√	√	-	-
Frequency	Quarterly	Annual	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

B. Corporate Identity Number (CIN)

The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India is L72300PN1990PLC056696 and the Company Registration Number is 056696. The Company is registered in the State of Maharashtra, India.

C. General details of the Company

i. Registered Office
Bhageerath,
402 Senapati Bapat Road,
Pune 411 016, India.

ii. Financial year of the Company is from 1st of April of every year to 31st of March next year.

iii. Forthcoming Annual General Meeting of the Company

The next Annual General Meeting of the Company will be held on Thursday, July 19, 2012 at Persistent Systems Limited, Dewang Mehta Auditorium, Bhageerath, 402 Senapati Bapat Road, Pune 411 016 at 1100 Hrs. (IST).

iv. Record date: July 18, 2012

v. Company Secretary and Compliance Officer of the Company
Mr. Vivek Sadhale
Company Secretary and Head – Legal
Bhageerath,
402 Senapati Bapat Road,
Pune 411 016, India.
Tel. :+91 (20) 6703 0000
Fax :+91 (20) 6703 0009
E-mail : investors@persistent.co.in
Website : www.persistentsys.com

The members may communicate investor complaints to the Company Secretary on the above-mentioned address.

vi. Dividend payment date

The Company had declared an interim dividend in its Board meeting held in January 2012 for the financial year 2011-12 to those members whose names were appearing in the Register of Members on January 28, 2012. The Board of Directors has recommended a final dividend of ₹ 2.50 per equity share for the financial year 2011-12 at its meeting held in April 21, 2012. If approved by the members in the Twenty Second Annual General Meeting, dividend will be paid to those members of the Company whose names would appear in the register of members on July 18, 2012.

vii. Unclaimed dividend

According to the provisions of the Companies Act, 1956, if the amount in the dividend account remained unclaimed for a period of 7 years from the date of its disbursement, then same has to be transferred to the Investor Education and Protection Fund (IEPF) maintained by the Central Government.

Following are the details of the unclaimed dividend. If not, claimed within the period of 7 years, then, the same will be transferred to the Investors Education and Protection Fund (IEPF) in accordance with the schedule given below

Financial year	Date of declaration of dividend and type of dividend	Total Dividend (in ₹)	Unclaimed Dividend as on March 31, 2012 (in ₹)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)
2011-12	January 2012 – Interim	14,00,00,000	52,288.45	January 27, 2019
2010-11	July 2011 - Final	8,00,00,000	49,353.62	July 14, 2018
2010-11	January 2011 - Interim	160,000,000	91,920.00	February 24, 2018
2009-10	July 2010 - Final	20,000,000	54,739.50	August 24, 2017
2009-10	April 2010 - Interim	60,000,000	68,244.00	May 29, 2017

viii. Name of Stock Exchanges where the Company has been listed

The Equity Shares of the Company have been listed on the following stock exchanges on April 6, 2010:

Stock Exchange	Script Symbol / Code
National Stock Exchange of India Limited (NSE)	PERSISTENT
Bombay Stock Exchange Limited (BSE)	533179

Listing fees for the financial year 2011-12 have been paid both for NSE and BSE.

The ISIN of the Company for its shares is INE262H01013.

ix. Contact details of Company's intermediaries are as follows:

Registrar and Share Transfer Agent
Link Intime India Private Limited
(Unit – Persistent Systems Limited)
Contact Person: Mr. Bhagwant Sawant
Block No. 202, Second Floor,
Akshay Complex, Off Dhole Patil Road,
Pune 411 001
Tel. : +91 (20) 2616 0084, 2616 1629
Fax : +91 (20) 2616 3503
E-mail : persistent@linkintime.co.in
Website : www.linkintime.co.in

Depositories of the Company

a. National Securities Depository Limited
4th and 5th Floor, 'A' Wing, Trade World
Kamala Mills Compound, Senapati Bapat Marg
Lower Parel, Mumbai 400 013, India.
Tel. : +91 (22) 2499 4200
Fax : +91 (22) 2497 6351
E-mail : info@nsdl.co.in
Website : www.nsdl.co.in

b. Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
16th Floor, Dalal Street
Fort, Mumbai 400 001, India.
Tel. : +91 (22) 2272 3333
Fax : +91 (20) 2272 3199
E-mail : investors@cdslindia.com
Website : www.cdslindia.com

x. Details of bonus issued/sub-division of shares since inception are as follows:

Financial year	1996-97	2002-03	2007-08
Bonus Issue	15:1	9:1	5:2

In the financial year 2002-03, one equity share of ₹ 100 was sub-divided into 10 fully paid equity shares of ₹10 each.

xi. Legal proceedings

There are no cases related to disputes over title to shares in which the Company was made a party.

xii. Dematerialisation of shares and liquidity

The Company's Equity Shares have been dematerialised with the Central Depository Services (India) Limited (CDSL) and the National Securities Depository Limited (NSDL). The International Security Identification Number (ISIN) is an identification number for traded shares. This number is to be quoted in each transaction relating to the dematerialised shares of the Company. The ISIN of the Company for its shares is mentioned above.

As on March 31, 2012, 3,98,16,566 Equity Shares comprising 99.54% of the Company's shares are held in dematerialised form.

xiii. Share transfer system

The Company has Shareholders'/ Investors' Grievance Committee represented by the Board of Directors to examine and redress shareholders' and investor complaints. The status on share transfers is reported to the Board on a regular basis.

The process and approval of share transfer has been delegated to the Shareholders' / Investors' Grievance Committee of the Board of Directors. For shares transferred in physical form, the Shareholders' / Investors' Grievance Committee gives adequate notice to the seller before registering the transfer of shares. The Shareholders' / Investors' Grievance Committee approves the share transfers and reports the same to the Board of Directors at its next meeting. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc., members should communicate with Link Intime India Private Limited. The address is given in the section on shareholder information under this report.

For shares transferred in electronic form, after confirmation of sale/purchase transaction from the broker, members should approach the depositary participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to register the share transfer.

xiv. Distribution of shareholding as on March 31, 2012

Shareholding of nominal value	No. of Shareholders	Percentage	Nominal value of Equity Shares (in ₹)	Percentage
1 – 5000	27,586	96.37	13,492,980	3.37
5001 – 10000	347	1.21	2,668,550	0.67
10001 – 20000	226	0.79	3,327,070	0.83
20001 – 30000	104	0.36	2,632,090	0.66
30001 – 40000	81	0.29	2,846,300	0.71
40001 – 50000	44	0.15	1,979,360	0.49
50001 – 100000	100	0.35	7,195,570	1.80
100001 and above	134	0.47	365,858,080	91.46
	28,622	100	400,000,000	100

xv. Shareholding pattern as on March 31, 2012

Sr. No.	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares (in Rs.)	Percentage
1	Promoters	2	15,211,920	152,119,200	38.03
2	Promoters Group	6	369,350	3,693,500	0.92
3	Institutions				
a	Mutual Funds	28	4,770,754	47,707,540	11.93
b	Financial Institutions/Banks	3	3,160	31,600	0.01
c	Foreign Institutional Investors	17	882,908	8,829,080	2.21
d	Foreign Venture Capital Investors	2	7,348,297	73,482,970	18.37
e	Foreign Company	1	183,431	1,834,310	0.46
4	Non-institutions				
a	Bodies Corporate	353	330,663	3,306,630	0.83
b	Individuals	27,693	6,873,894	68,738,940	17.18
c	Any other				
i	NRI	411	398,579	3,985,790	1.00
ii	Trust	7	3,545,559	35,455,590	8.86
iii	Directors	4	53,726	537,260	0.13
iv	Clearing Members	95	27,759	277,590	0.07
		28,622	40,000,000	400,000,000	100

xvi. Shareholders (other than Promoters) holding more than 1% of the share capital as on March 31, 2012

Shareholder's name	No. of Shares	Percentage holding
Norwest Venture Partners FVCI - Mauritius	5,404,581	13.51
PSPL ESOP Management Trust*	3,534,729	8.84
Reliance Capital Trustee Co. Ltd. - A/C Reliance Dual Advantage Fixed Tenure Fund - I Plan I	3,477,740	8.69
Gabriel Venture Partners II (Mauritius)	1,943,716	4.86
Ashutosh Vinayak Joshi	1,050,000	2.63
Shridhar Bhalchandra Shukla	1,050,000	2.63
ICICI Prudential Capital Protection Oriented Fund Series IV - 36 Months Plan	800,686	2.00
The Royal Bank of Scotland Plc as Depositary of First State Indian Subcontinent Fund A	506,125	1.27
Total	17,767,577	44.42

* Shares held by Mr. Prabhakar Bhagwant Kulkarni jointly with Mr. Rajesh Bhimrao Ghonasgi, as trustees of PSPL ESOP Management Trust as on March 31, 2012.

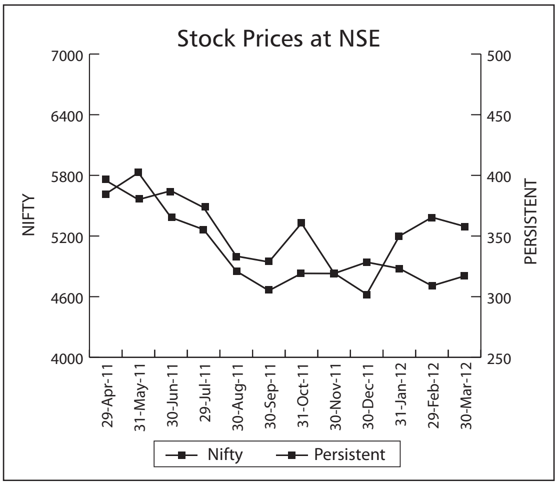
xvii. Market price data

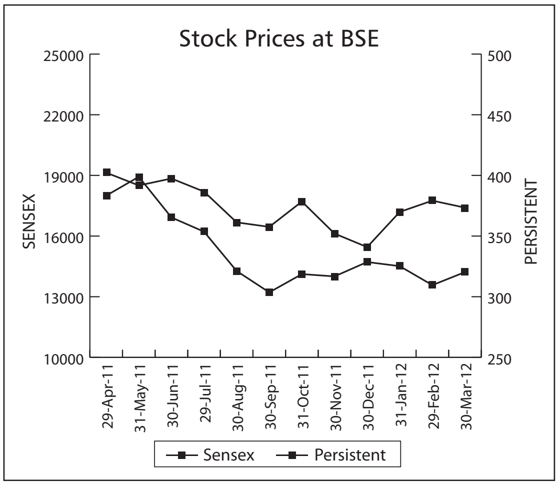
The equity shares of the Company were listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) on April 6, 2010. Accordingly, the highest traded price and the lowest traded price and total volume for the period from April 1, 2011 to March 31, 2012 on a monthly basis are as below:

Month ended	< ------------------------- BSE	-----------------------	>	< ----------------------- NSE	-----------------------	>
	High (₹)	Low (₹)	Total Volume (No.)	High (₹)	Low (₹)	Total Volume (No.)
April 2011	429.70	365.50	1,248,076	433.80	367.00	934,598
May 2011	406.70	370.15	84,939	409.80	349.20	387,423
June 2011	407.00	338.80	135,315	406.90	335.10	581,547
July 2011	395.75	352.00	593,237	396.00	350.00	555,576
August 2011	365.00	280.80	127,119	368.00	281.00	716,397
September 2011	324.95	295.25	73,095	320.30	295.20	175,168
October 2011	332.70	294.00	78,161	332.65	281.25	220,815
November 2011	329.80	306.00	41,385	351.20	302.00	274,701
December 2011	331.90	290.00	42,485	332.00	294.00	433,424
January 2012	342.00	310.00	29,626	341.10	301.15	104,411
February 2012	330.00	307.00	42,121	332.20	306.15	459,577
March 2012	341.40	301.10	819,094	341.00	303.35	941,061

(Source: www.bseindia.com and www.nseindia.com)

Graphical presentation of Persistent movement of Company's stock price as compared to Nifty and Sensex from April 1, 2011 to March 31, 2012.





xviii. American Depository Receipts/Global Depository Receipts/Warrants

As on March 31, 2012, the Company has no American Depository Receipts/Global Depository Receipts/Warrants or any such convertible instruments outstanding and there is no likely impact on the Company's Equity Shares in the financial year 2011-12.

xix. Plant locations

The Company is in software business and does not require manufacturing plants. However, it has software development centers/offices in India and abroad. The addresses of global development centers/offices of the Company are given elsewhere in the Annual Report.

xx. Calendar for declaring the financial statements for the quarters in the financial year 2012-13 (tentative and subject to change)

Quarter Ending	Proposed date of meeting of the Board
June 30, 2012	July 18, 2012 and July 19, 2012
September 30, 2012	October 20, 2012 and October 21, 2012
December 31, 2012	January 19, 2013 and January 20, 2013
March 31, 2013	April 20, 2013 and April 21, 2013

8. ESOP Schemes of the Company

The status of various ESOP schemes as on March 31, 2012 is shown in the following table

Scheme		I	II	III	IV	V	VI	VII	VIII	IX	X	Total
Granted	a	22,80,250	3,76,600	12,66,650	34,79,125	9,45,262	6,08,125	8,92,487	21,000	6,87,231	10,02,365	1,15,59,095
Vested	b	16,07,308	2,38,542	8,41,444	18,08,799	6,66,161	3,88,390	3,70,827	17,500	2,62,065	2,592	62,03,628
Exercised	c	16,03,056	2,17,187	5,76,033	12,62,429	5,26,283	3,79,421	2,43,140	14,000	59,947	0	48,81,501
Vested but not exercised (b-c)	d	4,247	21,355	2,65,411	5,46,370	1,39,878	8,969	1,27,687	3,500	2,02,118	2,592	13,22,127
Lapsed	e	6,72,709	1,38,057	4,17,795	10,71,892	2,78,416	2,15,250	4,64,860	3,500	2,28,153	1,57,000	36,47,632
Not Vested (a - c - d - e)	f	233	1	7,411	5,98,434	685	4,485	56,800	0	1,97,013	8,42,773	17,07,835
Total Outstanding (d + f)	g	4,485	21,356	2,72,822	11,44,804	1,40,563	13,454	1,84,487	3,500	3,99,131	8,45,365	30,29,962
Weighted average remaining contractual life		note (i)	8.36	note (i)	10.81	note (i)	10.19	10.95	2.45	11.13	5.88	
Weighted Average fair value of options granted (in ₹)		9.37	47.52	58.47	83.07	51.06	50.11	117.05	143.57	137.05	390.08	

* Note 1: No contractual life is defined in the schemes.

9. CEO / CFO certification

As required by Clause 49 of the listing agreement, the CEO / CFO certification is provided elsewhere in this Annual Report.

10. Corporate governance handbook

The Company has proactively and voluntarily prepared the Corporate Governance Handbook encompassing set of guidelines and policies with respect to composition of the Board of Directors and Committees of the Board, meetings of the Board of Directors and Committees of the Board, Managerial Remuneration, Code of Conduct, Whistle Blower Policy, Risk Management Policy, Internal Control Procedures etc., being adhered to by the Company. The Corporate Governance Handbook is updated on an annual basis.

11. Ethics policy

The Company has proactively and voluntarily implemented the Ethics Policy in the Company during the financial year 2011-12. The objective of this policy is to explain guiding principles of Persistent's Ethics Policy (for benefit of its employees and all other stakeholders like customers, vendors and investors) and to establish a framework for its administration. The working of the Ethics Policy is monitored by the Ethics Committee chaired by an Independent Director / Senior Officer nominated by the Board of Directors.

11. Fraud Risk Management Policy

The Company has proactively and voluntarily implemented the Fraud Risk Management Policy in the Company during the financial year 2011-12. The objective of this policy is to protect the brand, reputation and assets of the Company and its subsidiaries from loss or damage resulting from any incidents of fraud or misconduct by employees or other stakeholders of the Company.

12. Voluntary Secretarial Compliance Certificate

The Company annually obtains a compliance certificate from a Practicing Company Secretary on a voluntary basis to ensure compliance of the provisions of the Companies Act, 1956. The same is provided elsewhere in this Annual Report.

13. Awards and recognitions for Corporate Governance and other practices for the year 2011-12.

The Company won several awards and recognitions for Corporate Governance and other practices during the financial year 2011-12, the details of which forms part of the Report of the Directors.

14. Secretarial standards

The Company substantially complies with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

15. Corporate Governance Voluntary Guidelines, 2009

The Company substantially follows the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs.

16. Corporate Social Responsibility Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs

The Company substantially follows the Corporate Social Responsibility Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs in the letter as well as spirit.

17. Vendor Code of Conduct

In line with the best international governance practices, the Company has prepared the Vendor Code of Conduct that is to be executed by all the vendors prior to providing their services to the Company. This Code ensures that the vendors of the Company are following the relevant legal and regulatory compliances applicable to them while working with the Company and are performing the acceptable business conduct while doing business with or on behalf of the Company.

18. Miscellaneous

Members holding shares in physical form are requested to notify to Link Intime India Private Limited, Registrar and Share Transfer Agent about any change in their address and Bank Account details under the signature of sole / first joint holder. Beneficial owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, if any, etc., directly to their Depository Participants (DP) as the same are maintained by the respective DPs.

Non-resident members are requested to notify to Link Intime India Private Limited at the earliest on the following:

A. Change in their residential status on return to India for permanent establishment;
B. Particulars of their NRE Bank Account with a bank in India, if not furnished earlier;
C. E-mail address, if any.

19. Nomination in respect of shares

Section 109A of the Companies Act, 1956, provides facility for making nominations by members in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased member to his / her nominee without being required to go through the process of obtaining Succession Certificates / Probate of the Will, etc. It would therefore, be in the best interest of the members holding shares as a sole holder to make such nomination. Members holding shares in physical mode are advised to write to the Registrar and Share Transfer Agent of the Company for making nomination. Members holding shares in demat form are advised to contact their DP for making nominations. Members are further requested to quote their E-mail IDs, Telephone/Fax numbers for prompt reply to their communication.

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification

We, to the best of our knowledge and belief, certify that

1. We have reviewed the Balance Sheet and Statement of Profit and Loss of the Company (consolidated and standalone) and all its Schedules and Notes on Accounts as well as the Cash Flow Statements and the Directors' Report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which the statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of and for the period presented in this report and are in compliance with the applicable Accounting Standards and/or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year were fraudulent, illegal or violate of the Company's practices;
5. The Company's other certifying officers and we are responsible for establishing and maintaining disclosure controls and procedures for the Company and we have

A. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its subsidiaries, made known to us by others within those entities, particularly during the period in which this report is being prepared;

B. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally acceptable accounting principles;

C. evaluated the effectiveness of the Company's disclosure, controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

D. disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

6. The Company's other certifying officers and we have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors

A. all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors, any material weakness in internal controls over financial reporting including any corrective actions with regard to deficiencies, if any;

B. instances of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

C. significant changes in internal controls during the year covered by this report.

7. There was no change in accounting policies during the year;
8. We affirm that we have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to the 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct for the financial year 2011-12.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director

Rohit Kamat
Chief Financial Officer

June 12, 2012

Corporate Governance Compliance Certificate

To the Members of Persistent Systems Limited

I have examined all the relevant records of Persistent Systems Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended March 31, 2012. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Agreement.

As regards Annexure 1D of non-mandatory requirements, the Company has complied with items 2-Remuneration Committee, 4-Unqualified Financial Statements and 7-Whistle Blower Policy, of such non-mandatory requirements.

CS Shridhar Kulkarni
Company Secretary
FCS No. 5631
CP No. 3950

June 12, 2012

Voluntary Secretarial Compliance Certificate

CIN: L72300PN1990PLC056696

To,
The Members
Persistent Systems Limited,
'Bhageerath', 402, Senapati Bapat Road, Pune 411 016

I have examined the registers, records, books and papers of Persistent Systems Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under, Equity Listing Agreement (Listing Agreement) with the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) and also the provisions contained in the Memorandum and the Articles of Association of the Company for the period from April 1, 2011 to March 31, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officer and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies and Central Government, within the time prescribed under the Act and the rules made thereunder.

3. The Board of Directors duly met 4 (Four) times on April 17, 2011[1], July 17, 2011[2], October 16, 2011[3] and January 21, 2012[4] in respect of which proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose including the circular resolutions passed.

   [1]The meeting of the Board of Directors commenced on April 17, 2011 and concluded on April 18, 2011.

   [2]The meeting of the Board of Directors commenced on July 17, 2011 and concluded on July 18, 2011.

   [3]The meeting of the Board of Directors commenced on October 16, 2011 and concluded on October 17, 2011.

   [4]The meeting of the Board of Directors commenced on January 21, 2012 and concluded on January 22, 2012.

4. The Audit Committee of the Board of Directors duly met 4 (Four) times on April 17, 2011, July 17, 2011, October 16, 2011 and January 21, 2012, in respect of which proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose;

   The Chairman of the Audit Committee is an Independent Director. Composition of the Audit Committee was as per section 292A of the Act and Clause 49 of the Listing Agreement.

Sr. No.	Date of Meeting	Composition of Audit Committee as on the date of the Meeting
1.	April 17, 2011	2 (Two) Independent Directors and 1 (One) Non-Executive Director
2.	July 17, 2011	2 (Two) Independent Directors and 1 (One) Non-Executive Director
3.	October 16, 2011	3 (Three) Independent Directors and 1 (One) Non-Executive Director.
4.	January 21, 2012	3 (Three) Independent Directors and 1 (One) Executive Director.

5. The Executive Committee of the Board of Directors duly met 4 (Four) times on May 26, 2011, August 25, 2011, December 4, 2011 and March 11, 2012 in respect of which proper notices were given and proceedings were properly recorded and signed.

   The Chairman of the Executive Committee is an Independent Director.

   The composition of the Executive Committee as on date of the meeting was as follows

Sr. No.	Date of Meeting	Composition of Executive Committee as on the date of the Meeting
1.	May 26, 2011	1 (One) Chairman & Managing Director, 2 (Two) Independent Directors and 1 (One) Non-Executive Director
2.	August 25, 2011	2 (Two) Independent Directors, 1 (One) Executive Director and 1 (One) Non -Executive Director
3.	December 4, 2011	3 (Three) Independent Directors and 1(One) Executive Director
4.	March 11, 2012	3 (Three) Independent Directors and 1(One) Executive Director

6. The Nomination and Governance Committee duly met 2 (Two) times on April 17, 2011 and July 17, 2011 in respect of which proper notices were given and proceedings were properly recorded and signed.

   The Chairman of the Nomination and Governance Committee is an Independent Director.

   The composition of the Nomination and Governance Committee as on the date of the meeting was as follows

Sr. No.	Date of Meeting	Composition of the Nomination and Governance Committee as on the date of the Meeting
1.	April 17, 2011	4 (Four) Independent Directors
2.	July 17, 2011	4 (Four) Independent Directors

7. The Compensation Committee duly met 1 (One) time on April 17, 2011 in respect of which proper notices were given and proceedings were properly recorded and signed. Further certain decisions were taken by passing the resolutions by circulation and were subsequently ratified by the Board at its next meeting.

   The Chairman of the Compensation Committee is an Independent Director.

   The composition of the Compensation Committee as on the date of the meeting was as follows

Sr. No.	Date of Meeting	Composition of the Compensation Committee as on the date of the Meeting
1.	April 17, 2011	4 (Four) Independent Directors

8. The Shareholders'/ Investors' Grievance Committee of the Board of Directors did not have any meeting during the period under report. However, certain decisions were taken by passing the resolutions by circulation. The said resolutions were subsequently ratified by the Board at its next meeting. The Committee consists of 1 (One) Chairman and Managing Director, 2 (Two) Independent Directors and 1 (One) Executive Director as on date.

9. No Extra Ordinary General Meeting was held during the period under report.

10. The Company has not advanced any amount as loan to its Directors and / or persons or firms or companies referred in the section 295 of the Act.

11. The Company has not entered into any contract attracting the provisions of section 297 of the Act during the period under report.

12. The Company had fixed July 15, 2011 (Record Date), to ascertain names of shareholders for the payment of final dividend for the Financial Year 2010-11.Further, the Company had fixed January 28, 2012 (Book – Closure Date) to ascertain names of the shareholders for payment of interim dividend for the Financial Year 2011-12 in compliance of Section 154 of the Act and the relevant provisions of the Listing Agreement.

13. The appointment of Managing Director / Whole-time Director has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act.

    Dr. Anand Deshpande has been reappointed as the Managing Director of the Company for a period commencing from April 1, 2012 to March 31, 2017 by passing resolution at the Board Meeting held in April 2011 and the same was approved by the shareholders in the Annual General Meeting of the Company held on July 18, 2011.

    Mr. Nitin Kulkarni has been appointed as the Director of the Company at the Annual General Meeting of the Company held on July 18, 2011. Further, at the same Annual General Meeting of the Company, Mr. Nitin Kulkarni has been appointed as an Executive Director designated as "Executive Director and Chief Operating Officer" for a period commencing from July 18, 2011 to July 17, 2016.

14. The Company has made necessary entries in the register maintained under section 301 of the Act.

15. The Board of Directors and the Audit Committee of the Board of Directors of the Company are duly constituted.

    Mr. Sanjay Kumar Bhattacharya, an Independent Director has been appointed as an Additional Director of the Company with effect from May 12, 2011 by passing a resolution by circulation. Further, Mr. S. P. Deshpande upon attaining 75 years of age, voluntarily decided to step down from the Board of Directors with effect from November 1, 2011. Dr. Anant Jhingran was appointed as an Additional Director with effect from November 10, 2011 by a resolution passed by way of circulation.

16. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

Disclosures made by all Directors under Section 299 of the Act and declarations under Section 274(1)(g) of the Act were available for inspection.

17. As per record available for inspection and information provided by the Company, the company has made following applications for necessary approvals from the Central Government, Company Law Board, Regional Director, Registrar of Companies and any other such authority as per provisions of the Act.

    a. The Petition to Bombay High Court for Scheme of Amalgamation with respect to amalgamation of Persistent eBusiness Solutions Limited and Persistent Systems and Solutions Limited with Persistent Systems Limited.

       The Hon'ble Bombay High Court passed the Order approving Scheme of Amalgamation of Persistent Systems and Solutions Limited and Persistent eBusiness Solutions Limited with Persistent Systems Limited vide its order dated February 3, 2012. The Company received the certified true copy of the said order on March 9, 2012. Thereafter the Company has filed the said order with the Registrar of Companies, Pune on March 16, 2012 through Form 21 electronically, which has been approved by the MCA.

    b. The application was made to Central Government for the appointment of Cost Auditor by filing Form 23C which was approved by MCA under Straight Through Processing (STP) during the period under report.

18. The Company has not bought back any securities during the period under report.

19. The Company has not borrowed any amount from the banks during the period under report.

20. The Company has made investments in other bodies corporate in compliance with the provisions of the Act.

21. The Company has not altered the provisions of the Memorandum of Association with respect to the change in the Company's registered office from one state to another during the period under scrutiny.

22. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the period under scrutiny.

23. The Company has not altered the provisions of the Memorandum of Association with respect to the name of the Company during the period under scrutiny.

24. The provisions of the Memorandum of Association with respect to share capital of the Company during the period under scrutiny was changed in terms of Clause 6 of the Scheme of Amalgamation of Persistent Systems and Solutions Limited and Persistent eBusiness Solutions Limited with Persistent Systems Limited approved by Honorable High Court of Judicature of Mumbai. The Authorised Share Capital of Persistent Systems and Solutions Limited and Persistent eBusiness Solutions Limited, both the Transferor Companies got transferred and combined with the Authorised Share Capital of Persistent Systems Limited, Transferee Company and hence the Authorised Capital of the Company increased from Rs 1,00,00,00,000/- (Rupees One Hundred Crore) to Rs 1,12,00,00,000/- (Rupees One Hundred and Twelve Crore).

25. The Company has not altered its Articles of Association.

26. There is no prosecution initiated against or show cause notice received by the Company for alleged offences under the Act.

Shridhar S. Kulkarni
Company Secretary
FCS 5631; CP No. 3950

Date : April 22, 2012
Place : Pune

ANNEXURE 'A'

Registers as maintained by the Company

A. Statutory Registers

Sr. No.	Name of the Register	Maintained under Section
1.	Register of Charges	143
2.	Register of Members	150
3.	Minutes Books (Board, Committee and General Meetings)	193
4.	Register of Contracts	301
5.	Register of Directors	303
6.	Register of Directors' Shareholding	307
7.	Register of Buy Back of Securities	Rule 11
8.	Register of Investments	372A

B. Other Registers

Sr. No.	Name of the Register
1.	Register for transfer and transmission of shares
2.	Directors' attendance register
3.	Members' attendance register
4.	Register for application and allotment of shares

This space is intentionally left blank.

ANNEXURE 'B'

Form and Returns filed by the Company with the Registrar of Companies and the Central Government during the period under report.

Sr. No.	Form No. / Return	For	Filed u/s	Date of Event	Date of Filling	Whether filed with in the prescribed time
1	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	March 7, 2011	April 5, 2011	Yes
2	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	March 14, 2011	April 13, 2011	Yes
3	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	April 5, 2011	May 4, 2011	Yes
4	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	April 12, 2011	May 11, 2011	Yes
5	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	April 13, 2011	May 11, 2011	Yes
6	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	April 15, 2011	May 11, 2011	Yes
7	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	April 26, 2011	May 11, 2011	Yes
8	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	May 10, 2011	May 11, 2011	Yes
9	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	May 22, 2011	June 21, 2011	Yes

Sr. No.	Form No. / Return	For	Filed u/s	Date of Event	Date of Filling	Whether filed with in the prescribed time
10	e-Form 23	Reappointment of Dr. Anand Deshpande as Managing Director for a period 1st April 2012 to 31st March 2017 and fixation of remuneration to Dr. Anand Deshpande as Managing Director	269 read with 198, 309, 310	April 18, 2011	May 17, 2011	Yes
11	e-Form 32	Appointment of Mr. Sanjay Kumar Bhattacharya as an Additional Director	260	May 12, 2011	June 11, 2011	Yes
12	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	August 1, 2011	August 31, 2011	Yes
13	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	August 3, 2011	August 31, 2011	Yes
14	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	August 4, 2011	August 31, 2011	Yes
15	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	August 10, 2011	August 31, 2011	Yes
16	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	August 17, 2011	August 31, 2011	Yes
17	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	August 25, 2011	August 31, 2011	Yes
18	e-Form 32	Change in Designation of Mr. Sanjay Kumar Bhattacharya, Dr. Dinesh Keskar, Mr. Prakash Telang, Mr. Kiran Umrootkar and Appointment of Mr. Nitin Kulkarni as Executive Director	303(2)	July 18, 2011	August 11, 2011	Yes
19	e-form 25C	Appointment of Mr. Nitin Kulkarni as Executive Director for a period of Five Years effective from July 18, 2011	269(2)	July 18, 2011	August 12, 2011	Yes
20	e- form 23	Amendment in ESOA- X scheme and alteration in purpose for utilization of IPO funds	192	July 18, 2011	August 11, 2011	Yes

Sr. No.	Form No. / Return	For	Filed u/s	Date of Event	Date of Filling	Whether filed with in the prescribed time
21	e- form 20B	Annual Return	159	July 18, 2011	September 15, 2011	Yes
22	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	September 2, 2011	September 16, 2011	Yes
23	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	September 5, 2011	September 16, 2011	Yes
24	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	September 7, 2011	September 16, 2011	Yes
25	Form 23C	Application to the Central government for appointment of Cost Auditor for the Financial Year from April 1, 2011 to March 31, 2012	233B(2)	October 17, 2011	November 15, 2011	Yes
26	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	October 19, 2011	November 4, 2011	Yes
27	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	October 21, 2011	November 4, 2011	Yes
28	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	October 25, 2011	November 4, 2011	Yes
29	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	November 1, 2011	November 4, 2011	Yes
30	e-Form 32	Stepping down of Mr. S. P. Deshpande on attaining age of 75 with effect from end of day of October 31, 2011 i.e. from November 1, 2011	303(2)	November 1, 2011	November 3, 2011	Yes
31	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	November 8, 2011	November 30, 2011	Yes

Sr. No.	Form No. / Return	For	Filed u/s	Date of Event	Date of Filling	Whether filed with in the prescribed time
32	e-Form 32	Appointment of Mr. Anant Jhingran as an Additional Director by way of passing circular resolution.	303(2)	November 10, 2011	November 25, 2011	Yes
33	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	November 15, 2011	November 30, 2011	Yes
34	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	November 23, 2011	November 30, 2011	Yes
35	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	November 30, 2011	November 30, 2011	Yes
36	e-Form 23AC/ ACA - XBRL	Balance Sheet and Profit & Loss Account for the financial year ending March 31, 2011	220	March 31, 2011	November 30, 2011	Yes
37	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	December 8, 2011	December 29, 2011	Yes
38	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	December 19, 2011	December 29, 2011	Yes
39	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	December 21, 2011	December 29, 2011	Yes
40	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	December 30, 2011	January 30, 2012	Yes
41	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	January 6, 2012	February 6, 2012	Yes
42	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	January 13, 2012	February 13, 2012	Yes

Sr. No.	Form No. / Return	For	Filed u/s	Date of Event	Date of Filling	Whether filed with in the prescribed time
43	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	January 20, 2012	February 20, 2012	Yes
44	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	February 9, 2012	February 22, 2012	Yes
45	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	February 15, 2012	February 22, 2012	Yes
46	e-Form 62	Reduction in the beneficial holding of the PSPL ESOP Management Trust due to transfer of shares from Trust to the employees on exercising the vested options	187C	February 17, 2012	March 9, 2012	Yes
47	e-Form 21	High Court Order in respect Amalgamation of Persistent Systems and Solutions Limited and Persistent eBusiness Solutions Limited with Persistent Systems Limited.	391-394	March 9, 2012	March 16, 2012	Yes

Details of filing made with Stock Exchanges under Listing Agreement, SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992 for the period under report:

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing/ Intimation	Whether filed with in the prescribed time
1	Intimation of Record Date/ Book Closure	Clause 16	July 15, 2011 – Record Date – to declare Final Dividend	April 18, 2011	Yes
			January 28, 2012 - Book Closure - to declare Interim Dividend,	January 3, 2012	Yes
2	Intimation of Board Meeting Dates at which Declaration of Dividend/Interim Dividend to be considered	Clause 19	April 17, 2011	March 24, 2011	Yes
			January 21, 2012	January 3, 2012	Yes
3	Proceedings of the Board Meeting	Clause 20	April 18, 2011	April 18, 2011	Yes
			January 22, 2012	January 22, 2012	Yes

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing/ Intimation	Whether filed with in the prescribed time
4	Change in Directors	Clause 30	May 12, 2011	May 12, 2011	Yes
			July 18, 2011	July 18, 2011	Yes
			October 31, 2011	November 1, 2011	Yes
			November 10, 2011	November 11, 2011	Yes
5	Proceeding of the Annual General Meeting for the financial year 2010-11	Clause 31	July 18, 2011	July 18, 2011	Yes
6	Soft copy of Annual Report to the Stock Exchanges	Clause 31	July 18, 2011	July 21, 2011	Yes
7	Shareholding Pattern (for the Quarter ending)	Clause 35	March 31, 2011	April 6, 2011	
			June 30, 2011	July 6, 2011	Yes
			September 30, 2011	October 11, 2011	Yes
			December 31, 2011	January 9, 2012	Yes
			March 31, 2012	April 10, 2012	Yes
8	Significant Events	Clause 36	February 2, 2012	February 2, 2012	Yes
			April 7, 2011	April 7,2011	Yes
9	Intimation of Board meeting	Clause 41(III)(a)	April 17, 2011	March 24, 2011	Yes
			July 17, 2011	June 17, 2011	
			October 16, 2011	September 21, 2011	Yes
			January 21, 2012	January 4, 2012	Yes
			April 22, 2012	March 27 2012	Yes
10	Publishing the financial results in the newspapers	Clause 41(VI)(b)(i)	April 18, 2011	April 19, 2011	Yes
			July 18, 2011	July 19, 2011	Yes
			October 17, 2011	October 18, 2011	Yes
			January 22, 2012	January 23, 2011	
11	Proceedings of the Board Meeting.	Clause 41(I)(f)	April 18, 2011	April 18, 2011	Yes
			July 18, 2011	July 18, 2011	Yes
			October 17, 2011	October 17, 2011	Yes
			January 22, 2012	January 22, 2012	Yes

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing/ Intimation	Whether filed with in the prescribed time
12	Filing of Certificate from Practicing Company Secretary for transfer of shares for the period	Clause 47(c)	October 1, 2010 to March 31, 2011	April 11, 2011	Yes
			April 1, 2011 to September 30, 2011	October 5, 2011	Yes
			October 1, 2011 to March 31, 2012	April 11, 2012	Yes
13	Compliance Report on Corporate Governance Quarter ending	Clause 49(VI)(ii)	March 31, 2011	April 5, 2011	Yes
			June 30, 2011	July 9, 2011	Yes
			September 30, 2011	October 5, 2011	Yes
			December 31, 2011	January 10, 2012	Yes
			March 31, 2012	April 10, 2012	Yes
14	Filing of Certificate from Practicing Company Secretary for reconciliation of share capital (for the Quarter ending)	Clause 55A(1) of the SEBI (Depositories and Participants) Regulations, 1996	March 31, 2011	April 11, 2011	Yes
			June 30, 2011	July 9, 2011	Yes
			September 30, 2011	October 5, 2011	Yes
			December 31, 2011	January 11, 2012	Yes
			March 31, 2012	April 11, 2012	Yes
15	Fact Sheet for the Quarter ending	N. A.	March 31, 2011	April 18, 2011	Yes
			June 30, 2011	July 18, 2011	Yes
			September 30, 2011	October 17, 2011	Yes
			December 31, 2011	January 22, 2012	Yes
			March 31, 2012	April 22, 2012	Yes
16	Disclosure pursuant to Regulation 8(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997	Regulation 8(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997	March 31, 2011	April 8, 2011	Yes
			July 15, 2011	August 3, 2011	Yes
			January 28, 2012	February 15, 2012	Yes
17	Disclosure pursuant to Regulation 30(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011	Regulation 30(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011	March 31, 2012	April 10, 2012	Yes

Sr. No.	Particulars	Clause of Listing Agreement	Quarter / Event	Date of Filing/ Intimation	Whether filed with in the prescribed time
17	Disclosure by Director / Key Employees for change in shareholding	Regulation 13(4) of SEBI (Prohibition of Insider Trading) Regulations, 1992	April 20, 2011	April 21, 2011	Yes
			May 26, 2011, May 27, 2011	May 31, 2011	Yes*
			May 31, 2011	June 1, 2011	Yes
			June 14, 2011	June 22, 2011	Yes *
			June 21, 2011	June 22,2011	Yes
			June 23, 2011	June 24,2011	Yes
			July 20, 2011	July 22, 2011	Yes
			August 9, 2011	August 10, 2011	Yes
			August 10, 2011	August 12, 2011	Yes
			August 11, 2011	August 12, 2011	Yes
			August 12, 2011	August 16, 2011	Yes*
			August 17, 2011	August 19, 2011	Yes
			August 17 and 18, 2011	August 19, 2011	Yes
			August 25, 2011	August 29, 2011	Yes*
			August 26, 2011	August 29, 2011	Yes*
18	Disclosure by newly joined Director	Regulation 13(6) of SEBI (Prohibition of Insider Trading) Regulations, 1992	May 12, 2011	June 8, 2011	Yes*
			July 18, 2011	August 1, 2011	Yes*
			November 10, 2011	November 24, 2011	Yes*

* The Company has filed Intimation to the Stock Exchanges, within 2 working days from the date of receipt of the said intimations from the respective Director/s / Key Employees, as the case may be.

Shridhar S. Kulkarni
Company Secretary
FCS 5631; CP No. 3950

Date : April 22, 2012
Place : Pune

Awards & Accolades

Bloomberg UTV's
'CXO Award - 2011 Technology Chapter',
in the 'Indian IT Company of the Year
(with revenues below INR 5,000 Crore)
Category

The 10th Institute of Company Secretaries of India (ICSI) National Award for Excellence in Corporate Governance 2011 : Recognised Company as one of the top companies adopting Excellent Practices in Corporate Governance

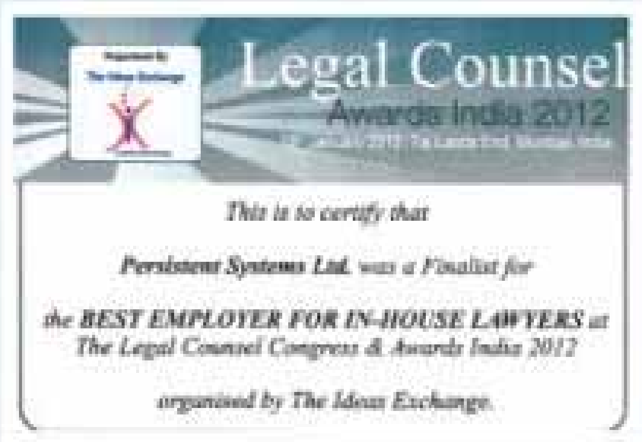
IR Global Rankings (IRGR) :
Awarded as one of the best top five companies that follow 'Corporate Governance Practices' in India

The Institute of Chartered Accountants of India : Winner of the Silver Shield Award for Excellence in Financial Reporting for the year 2010-2011

South Asian Federation of Accountants (SAFA) : Best Presented Accounts Award 2010 and 'Certificate of Merit' in the category 'Communication and Information Technology Sector' for the Company's Annual Report 2010

The Ideas Exchange' Legal Counsel Congress and Awards India 2012 : Top 3 (Finalist) in the following categories :

The Best Employer for In-House Lawyers


Legal Counsel Awards India 2012

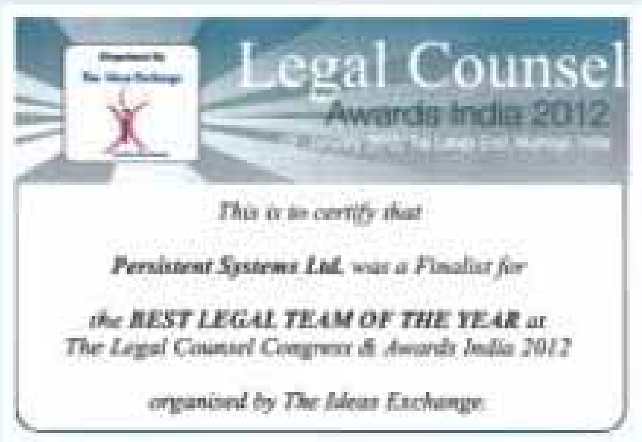
This is to certify that

Persistent Systems Ltd. was a Finalist for

the BEST EMPLOYER FOR IN-HOUSE LAWYERS at The Legal Counsel Congress & Awards India 2012

organised by The Ideas Exchange.

The Best Legal Team of the Year


Legal Counsel Awards India 2012

This is to certify that

Persistent Systems Ltd. was a Finalist for

the BEST LEGAL TEAM OF THE YEAR at The Legal Counsel Congress & Awards India 2012

organised by The Ideas Exchange.

The Best Use of Technology by a Legal Department


Legal Counsel Awards India 2012

This is to certify that

Persistent Systems Ltd. was a Finalist for

the BEST USE OF TECHNOLOGY BY A LEGAL DEPARTMENT at The Legal Counsel Congress & Awards India 2012

organised by The Ideas Exchange.

Mr. Vivek Sadhale, Company Secretary & Head - Legal was nominated in the General Counsel of the Year category

The IIA Influence Award 2011 for Best Application of Continuous Auditing or Monitoring Award by The Institute of Internal Auditors - India (Bombay Chapter)

Global HR Excellence Awards for Outstanding Contribution for cause of Education in the year 2010-11

Indira Excellence Award for Employer of Year in Information Technology Category

- The Maharashtra Information Technology Award - 2011 in the category - IT Software, by the Government of Maharashtra
- Zinnov Management Consulting ranked the Company among the Top 2 players in Cloud Computing and Top 3 in Software/ ISV R&D Segments
- Global Services (GS) 100 provider list : One of the Top 100 companies in the 2011 and also featured in the Top Product Engineering companies category
- The Asset - Gold Award for Social Responsibility and Investor Relations 2011 : One of the top eight international companies that follow 'social responsibility and investor relations practices'

Management Discussion and Analysis

(The following discussion is based on the audited consolidated financial statements of Persistent Systems Limited and its subsidiaries, namely Persistent Systems, Inc., Persistent Systems Pte. Limited, Persistent Systems France S.A.S. and a step-down subsidiary Persistent Telecom Solutions Inc. In this report, Persistent Systems and its subsidiaries collectively have been referred as "the Company" or "We", reflecting the financial position in the consolidated financials. The financial year 2011-12 has been referred as "the year" or "Fiscal 2012" and the financial year 2010-11 has been referred as "the previous year" or "Fiscal 2011").

The market opportunity

Year 2011 was volatile on account of weak US growth and recurrent news of the European debt crisis. However, the US economy is slowly moving towards growth trajectory and the US technology market is anticipated to grow at rates of 7.1% in 2012 and 7.4% in 2013. IT outsourcing is expected to grow by 6.0% in 2012, and 5.9% in 2013 according to Forrester Research (Forrester). On a global basis, of the total IT spend of USD 2,122 Billion in 2012 anticipated by Forrester, software tops the list at USD 529 Billion followed by computer equipment at USD 438 Billion and IT consulting and systems integration services at USD 427 Billion. Though global technology spending reflects the impact of a mild European recession, it is expected that Europe will gradually recover and global technology market is anticipated to accelerate to 8% in 2013.

This acceleration is being further fueled by purchases made in new technologies. In 2009, we identified and began to invest in four focus areas viz. Cloud Computing, Mobility, Business Intelligence & Analytics and Collaboration. Gartner Research identified these four areas as the top 4 priorities for CIOs in 2012. We are continuously tracking the technology trends and calibrating the technology focus areas with the market developments. We believe that core product development expertise is the key for the next-generation technology products as well as next-generation solution building for enterprise applications.

There is also a shift in the way enterprises take decisions regarding IT. They have been guide in terms of decision making as business groups are playing an active role in driving the strategy around cloud computing and mobility. We are also increasingly using a solutions approach in go to market, thus enabling us to appeal to the business side of enterprises. Software companies are also greatly cutting down the time to market for their products, and hence are working more with third party Outsourced Software Product Development (OPD) companies to help attain shorter development cycles. Software product companies are also actively engaged in rationalizing their product portfolio, thus yielding opportunities for OPD companies to partner and participate in this process.

With key technology trends in the market aligning with Persistent's focus areas and the investments that Persistent Systems is making in its people and acquisitions, we are ready to take advantage of the growth opportunities presented by the market. In addition, we are enhancing our business model to grow and leverage IP and is diversifying the "go-to-market" approach through partnerships and solutions. These strategies should help the Company grow more profitably.

Analysis of our Fiscal 2012 results

Financial Year 2011-12 has been a year of increased challenges and uncertainty for the IT / ITeS industry segment. The OPD market has not been immune to the depressed environment. We saw a slowdown in the demand as well as some ramp-downs in existing customers starting Q2 of Fiscal 2012. Nevertheless, we achieved robust year-on-year Rupee denominated growth of 28.9% through our strategy to stand by our customers in the challenging times, investing into the future during the immediate impact of economic downturn and as it wore off, and through our distinguishing models such as IP-led business, Sell-with business with chosen partner platforms and leveraging the four technology areas viz. Business Intelligence & Analytics, Cloud Computing, Collaboration and Mobility.

Growth through existing and new business

- Our three pronged approach in OPD, Sell-with and IP-led business yielded some good logos with business worth USD 15 Million being added during Fiscal 2012.
- Growth in existing business: Our top 10 customers have consistently demonstrated growth in revenue over Fiscal 2011. Through our multiple offerings and conscious account mining effort, we have extended our footprint in new divisions in almost all these customers. As the customer connect and flawless deliveries became even more important this year, we re-organized ourselves into customer facing and delivery oriented teams, an initiative which gives us focus in growth through account farming and defending the current business. We have conscientiously started with customer events and shows to improve our brand awareness into multiple divisions of our large existing customers. We have started rolling out more webinars and white papers to our existing customer community.

Evolving business models

In addition to traditional Sell-To model focusing on technology thrust areas, we launched two more business models. Traditional Business model continued to creating more success stories around Collaboration, Mobility, Business Intelligence & Analytics and Cloud Computing. While the other model created additional relationship opportunities.

Sell-with business

- Primarily to develop a new transformational business model to drive Persistent sales growth around select Platforms and Solutions, in alignment with our technology initiatives of Cloud, Collaboration, Analytics and Mobility.
- To create major new enterprise customer logos where we can sell our broader Services.
- To drive existing account growth through the expanded Solutions portfolio.

We successfully executed on our platforms/ solutions strategy, opening 20+ major new enterprise logos and are now firmly positioning to expand selling technology solutions to enterprises on our customers' product platforms. Next generation solutions will be platform based, delivered as a Cloud service, will integrate Analytics, Collaboration and Mobility solutions.

IP-led business

Our conscious decision on investing in new IP solutions has started reaping us good rewards. We have been able to leverage these solutions in multi fold ways – adding to existing business models.

Enable startups within Persistent – In Fiscal 2011, we launched KLISMA an eCommerce portal. We incubated this in house, helped it reach specific milestones and now have spun it out as a separate entity. eMee is one such solution on which we have similar aspirations. Persistent encourages such entrepreneurships which has helped us position our brand aggressively not only with customers but also with prospective recruits.

Investing in performance and growth

As our customers' needs have evolved, so have our service offerings. We see companies looking for committed reputable partners that can accompany them in their strategic realignments. We have partnered with a number of our customers to take over some of their activities while ensuring that the customer continues to be served with innovative solutions.

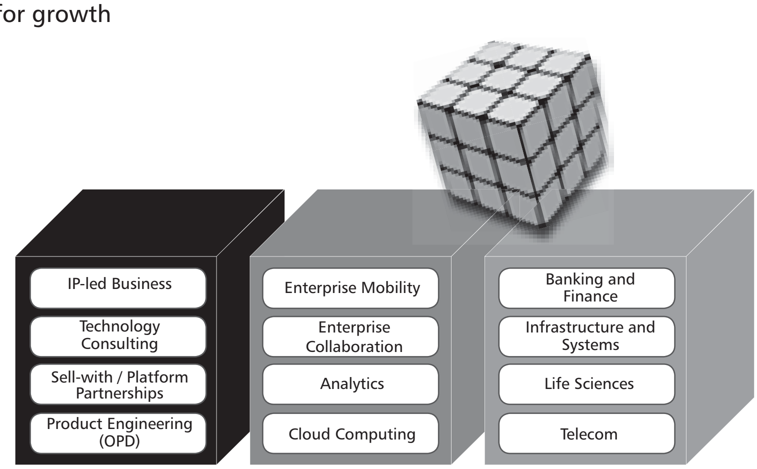
In June 2011, we announced a partnership to co-invest with Life Technologies to develop instruments in the personalized medicine space. In August 2011, we grew our life sciences software business with the purchase of lab instrument giant Agilent Technologies' software group in Grenoble, France.

In February 2012, we acquired the location based services from Openwave Systems, Inc., building momentum in our product maintenance and support services in US.

We will continue to explore opportunities to enhance our portfolio or geographic presence in a way that will profitably drive our competitive advantage.

Organization positioned for growth

a. 4x4x4 Matrix



While we continue to focus on our 4 technology growth areas of Cloud Computing, Collaboration, Mobility and Business Intelligence & Analytics, at the same time, we are geared up to serve certain industry verticals like Life Sciences, Infrastructure & Services, Telecom and BFSI. Business model and solutioning would be concentrated on OPD business, Sell-With Business, Technology Consulting (TCG) and IP based business model.

b. Customer Partners

More we approached Enterprises, more we realized a need of internal business leaders who could act as customer partners. Customer partners would closely work with the Enterprises helping them cater to their business needs and, creating high quality solutions as per requirements. Technology Consulting Group will work closely with Customer partners to maximize the value to our customers.

c. CTO Organization

A restructured CTO organization is planned. We have recruited some highly rated technical talent from the industry. We are seeing technology spectrum rapidly changing and we align the CTO organization accordingly. These technology trends are crucial from organizational growth perspective. Here is a short list.

Over last 3 years, the 4 focus areas – Cloud Computing, Business Intelligence & Analytics, Mobility and Collaboration – have evolved and will continue to grow in the coming years. Traditional Cloud Computing has become mainstream, but we see the evolution of Cloud services to span across both Private and Public cloud to evolve into a Hybrid cloud. Domain-focused enterprises are looking at Industry-specific clouds (e.g. Healthcare Cloud) to address the specific requirements of their respective domains/industries. A new line of business – Cloud Service Broker – helps Enterprises to seamlessly move to these heterogeneous Cloud environments.

Enterprise Mobility is catching up in a big way. With the availability of affordable smartphones, tablets and 'phablets' (a term coined to denote a device that is bigger than a phone, but smaller than a tablet), Enterprise users are buying these devices for their personal use and then expect the Enterprises to support these devices. The concept of "Bring Your Own Device" (BYOD) is catching on and Enterprise CIOs are working hard to support this phenomenon without impacting the security aspects of the Enterprise. IOS and Android (different versions) are Enterprise mobile platform of choice. Given the wide variety of mobile devices coming into the Enterprises, cross-platform applications focused on 'write-once run-anywhere' model become very critical. HTML5 is rapidly catching on as the platform of choice for many such applications. Enterprise Mobile Device Management (MDM) is fast catching up as a critical requirement for most Enterprise CIOs. The purview of MDM covers not only provisioning and configuration, but also security, policy control, application downloads etc. Another evolving trend is the concept of an Enterprise App store – an Enterprise-Centric application store that controls and manages the applications that can run on the employees' devices.

With Cloud, Collaboration and mobility working in coherence, there is an outburst of data. Industry now sees a lot of lightweight tools to analyze voluminous, granular data describing user behavior and preferences. Advances in big data and analytics will certainly reduce the entry barriers for some flavors of insights. The variety of cognitive visualization techniques, mobile platform and big data are crucial for any cloud strategy. Data outburst has created a need for systems to aggregate data from numerous sources and types with no constraint yet yielding valuable insights.

HR strategy

In line with the strategy to go global, this year, we welcomed new employees from various parts of the world. We added about 115 employees overseas across multiple geographies. While we had sales offices across the globe in the past, this year has been significant in terms of addition of resource as result of our numerous acquisitions across the globe - in line with the go global strategy. During the Fiscal 2012, we recruited about 2,000+ employees, expanded in India to take the overall employee strength above 6,600. The attrition rate for the year was 18.35% as against 19.58% for the previous year. Various employee welfare activities such as sports and cultural events that were organized for and by the employees had wide participation at all levels.

In addition to welcoming employees across the globe, these new strategic initiatives helped us ensure a strong connects with our key assets - our employees.

Moving towards a Role Based Organization

- Moving towards a competency based growth model
- Work on career planning and manage career aspirations.
- Use Responsibility, Accountability, Consulting and Information (RACI) as a tool to achieve this.

Single window for all People Management services

- Two tier People Management function
- Front end – Identified an individual to be a Single Point of Contact (SPOC) for employees
- Back end – streamlined operations.

Continuous performance appraisal

- Regular and continuous feedback
- Promotions to encourage and reward performance on a continuous basis
- Regular online survey to collect feedback from employees through eMee
- Mechanism to do course correction as required

Building a learning Organization

- Unleashing employee potential through mentoring and grooming
- Leadership Development Programs for the future leaders

Capacity Planning Model

- Improving staffing capability and have a more predictable model
- ‘Quarterly Planning – Monthly Execution’ approach

Financial position and results of operations

Share capital

The authorized share capital of the Company was ₹ 1,000.00 Million divided into 100 Million equity shares of ₹ 10 each. Subsequent to the merger of Persistent Systems and Solutions Limited and Persistent e-Business Solutions Limited with the Company, the authorized share capital has increased to 1,120.00 Million divided into 112 Million equity shares of ₹ 10 each.

The paid-up capital is ₹ 400.00 Million divided into 40 Million equity shares of ₹ 10 each.

Reserves and surplus

a. Securities premium account

The opening balance of the securities premium account stood at ₹ 1,736.70 Million. There was no movement in the account during the year. Please refer Note 6 of the consolidated financials for details.

b. Stock options outstanding

The amount of stock options outstanding relates to differences between fair value and grant price of stock options arising out of employee stock options schemes. These differences are amortized over the vesting period of options following the graded vesting method prescribed by the Guidance Note No.18 (Accounting of Employee Share-based Payments) issued by the Institute of Chartered Accountants of India . The amount of stock options outstanding as at March 31, 2012 was ₹ 33.51 Million as against ₹ 34.76 Million as at March 31, 2011, corresponding to 3.03 Million stock options and 3.36 Million options outstanding on the respective dates. Please refer Note 6 and 32 of the consolidated financials for details.

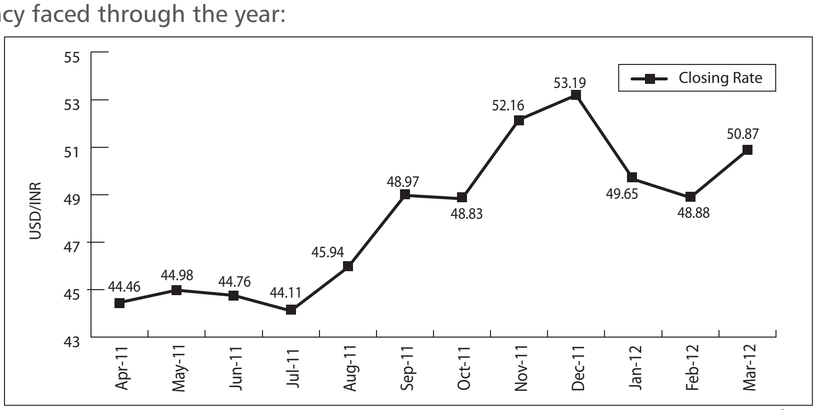
c. General reserve

The Company has transferred ₹ 549.60 Million out of the profits of the current year to General Reserve in accordance with the Company’s Policy. Please refer Note 6 of the consolidated financials for details.

d. Hedge reserve

The Company derives a substantial part of its revenues in foreign currency. Fluctuation of foreign exchange rates is a risk that the Company faces, as a major part of its expenses are in Rupees.

The following chart shows movement of monthly closing rates of the Rupee against the USD in Fiscal 2012, indicating the volatility that the currency faced through the year:



The Company enters into forward contracts with banks to manage its exposure to foreign exchange fluctuation risk. The Company has a Foreign Exchange Risk Management Framework in place, addressing such volatility through a defined stop-loss and net-open-position process, such stop-loss and net-open-positions being defined by the chief financial officer of the Company as explained below.

The Company covers a defined ratio of net exposure (net-open-position), based on a 12 month rolling plan. The ratio is evaluated dynamically based on market stimuli. Hedging decisions are made on a stop-loss level, so that if the rupee depreciates the stop loss level is not breached, however if the opposite happens, the hedge has to be completed at the stop-loss level, thus safeguarding the rate at which the hedge has been made.

With effect from April 1, 2009, the Company adopted the principles of Accounting Standard ('AS') 30, Financial instruments Recognition and Measurement. The Company designates its hedging instruments as cash flow hedges upon completion of formal designation and documentation of hedging relationship. The effectiveness of the hedge is tested periodically. All such hedging instruments are measured at fair value, at the reporting date. If the designated hedge pertaining to future cash flows is effective then the changes in the fair value of the hedging instrument between the reporting date and the date of inception is recognized in hedge reserve (i.e. reflected in the Balance Sheet under the head Reserves and Surplus) and if the hedge is ineffective, then the ineffective portion is recognized in the Statement of Profit and Loss as foreign exchange gains or losses.

On sale or termination of effective/ineffective hedge instruments on or before maturity, the resultant gains or losses are taken to foreign exchange gain/loss.

Accordingly, such derivative instruments which qualify for hedge accounting and where the Company has met all the conditions of hedge accounting, are fair-valued at the Balance Sheet date and the resultant gain (or loss) is credited (or debited) to the Hedge Reserve. Accordingly, the Hedge Reserve as at March 31, 2012 stood at a debit balance of ₹ 180.50 Million as against a credit balance of ₹ 79.11 Million as at March 31, 2011. Please refer Note 6 of the consolidated financials for details.

e. Foreign currency translation reserve

The balance in the foreign currency translation reserve increased to ₹ 25.59 Million as at March 31, 2012 from ₹ 1.91 Million as at March 31, 2011, due to a translation gain of ₹ 23.68 Million arising during the year on the net investment in a foreign subsidiary companies due to a change in the foreign exchange rates at the end of the year relative the previous year. Please Refer Note 6 of the consolidated financials for details.

f. Profit and Loss Account

The balance retained in the Statement of Profit and Loss as at March 31, 2012 is ₹ 589.27 Million, after appropriation towards the interim dividend of ₹ 140.00 Million and proposed final dividend for the year of ₹ 100.00 Million and a dividend tax of ₹ 38.93 Million thereon. Total profit appropriated to dividend this year was ₹ 278.93 Million as against ₹ 256.54 Million in the previous year. Please refer Note 6 of the consolidated financials for details.

Long-term borrowing

Under the Biotechnology Industry Partnership Programme Scheme of Department of Biotechnology, Ministry of Science and Technology, Government of India, financial aid is given to all the partners involved in the research project undertaken by the Ministry of Science and Technology in the field of biotechnology. The Company being an industrial partner, the aid is in the form of a long-term loan at a nominal rate of interest. Currently based on the project costs, an amount of ₹ 21.80 Million has been sanctioned as a long term loan. The first installment of this loan ₹ 6.54 Million has been disbursed in March 2012. The loan amount is repayable in ten equal half-yearly installments over a period of five years starting April 2016. Please refer Note 7 of the consolidated financials for details.

Other long-term liabilities

The long-term liabilities are those liabilities which are not payable within twelve months from the date of balance sheet. The deferred liabilities of ₹ 83.94 Million were paid off to the extent of ₹ 53.28 Million during the year and the balance liabilities of ₹ 68.61 Million are shown as short term liabilities, since they are payable within twelve months.

Long-term provisions

The long-term provisions are those provisions which are not expected to be settled within twelve months from the date of Balance Sheet. The Company provide for Long Service Awards to be given to employees on completion of specified number of years of service with the Company on actuarial basis. This provision stood at ₹ 70.87 Million as at March 31, 2012 as against ₹ 62.24 Million as at March 31, 2011. This increase is observed on account of increase in headcount compared to previous year.

Trade payables and other current liabilities

Total trade payables and other current liabilities for the year increased from ₹ 344.62 Million as at March 31, 2011 to ₹ 590.09 Million as at March 31, 2012. The changes in the major components of liabilities are shown below:

(In ₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Trade Payable	289.13	405.91
Other Liabilities		
Unearned Revenue	89.04	96.04
Unpaid Dividend	0.32	0.26
Advance from Customers	77.21	114.72
*Forward Contracts payables	235.47	-
Other Payables		
Statutory Liabilities	81.24	40.60
Accrued Employee liabilities	100.59	86.59
Other Liabilities	6.22	6.41
Total	590.09	344.62

*Forward Contract Payable of ₹ 235.47 Million represents marked to market loss in respect of outstanding Forward Contracts as on March 31, 2012 which are considered as effective hedges under AS-30. In the previous year there was a MTM gain of ₹ 104.30 Million which is shown as Forward contract receivable under other current assets.

Reduction in trade payables is on account of completion of construction activity of new facility at Hinjawadi and Nagpur which are paid off during the current year.

Short-term provisions

The Short-term Provision denotes the employee liabilities and other provisions due within twelve months from the date of balance sheet. The short term provision is ₹ 781.19 Million as at March 31, 2012 as against ₹ 735.70 Million as at March 31, 2011. The details of the major components of short-term provisions are given below:

(In ₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for employee Benefits:		
Gratuity	42.87	90.51
Leave encashment	208.56	160.83
Long service awards	16.35	12.48
Other Employee benefits	397.19	401.91
Others		
Proposed final dividend	100.00	60.00
Tax on proposed dividend	16.22	9.97
Total	781.19	735.70

Reduction in gratuity liability is observed on account of higher interest rates in March 2012 as compared to March 2011.

Fixed assets

The gross block of tangible fixed assets amounted to ₹ 4,466.60 Million as at March 31, 2012 as against ₹ 3,380.65 Million as at March 31, 2011. This increase of ₹ 1,085.95 Million is mainly on account of capitalization of new office premises at Hinjawadi and Nagpur. Refer Note 12.1 of the consolidated financials for details.

The gross block of Intangible fixed assets amounted to ₹ 1,569.12 Million as at March 31, 2012 as against ₹ 1,162.11 Million as at March 31, 2011. This increase by ₹ 407.01 Million is mainly on account of software acquired for the Location Business that we took over from Openwave Systems, Inc. Refer Note 12.2 of the consolidated financials for details.

Capital work-in-progress stood at ₹ 510.78 Million as against ₹ 524.65 Million as at March 31, 2011.

Intangible assets under development stood at ₹ 16.76 Million as against ₹ 28.84 Million as at March 31, 2011.

During the year, the Company disposed of/retired assets having an original cost of ₹ 42.80 Million and written down value of ₹ 1.89 Million.

Non-current investment

The Company has invested in an associate M/s. Klisma e-Services Private Limited with an equity holding of 50% and a total non-current investment of ₹ 0.05 Million. The Company is set up to run a business of e-commerce.

Persistent Systems Pte. Ltd., our subsidiary in Singapore, had made an investment of an amount equal to ₹ 10.96 Million in Ciqual Limited, UK. Considering the financial position of Ciqual Limited, it has been decided to make a provision for diminution in value of the investment on a conservative basis.

The Company has also invested in equity shares of Sprint Telecom India Pvt. Ltd. ("Sprint"). The Company has acquired total shares of 0.65 Million at par value totalling to an overall investment of ₹ 6.50 Million. This makes the Company to hold 26% of the total shares in Sprint.

During the current year, the Company has also invested ₹ 116.19 Million in ten year tax free Government securities. Please refer Note 13 of the consolidated financials for details.

Deferred tax assets (Net)

Deferred tax assets (net of deferred tax liability) amounted to ₹ 106.57 Million as at March 31, 2012 as compared to deferred tax assets of ₹ 59.85 Million as at March 31, 2011.

The increase in deferred tax assets was mainly due to provision for doubtful debts and the treatment of leave liability and long-term employee benefits as per the provisions the Income Tax Act, 1961. Please refer Note 14 of consolidated financials for details.

In this regard, it is pertinent to note that the Company enjoyed a tax holiday until March 31, 2011 under Section 10A of the Income Tax Act, 1961. This holiday is no longer available from the year commencing on April 1, 2011. Thus amounts written off after this period, which were provided prior to that date, will lead to a deduction from taxable income.

Long-term loans and advances

The capital advances, Inter corporate and other deposits which are not due within next twelve months are shown as long-term loans and advances. These amounted to ₹ 147.05 Million as against ₹ 149.11 Million as at March 31, 2011. Please refer Note 15 of the consolidated financials for details.

Other non-current assets

The fixed deposits with banks with original maturity of more than twelve months are termed as non-current assets in the books. The total of such deposits amounted to ₹ 2.16 Million as at March 31, 2012 as against ₹ 113.67 Million as at March 31, 2011. Please refer Note 16 of the consolidated financials for details.

Current investments

The Company has investment policy in place for treasury management. The Company invests its surplus funds generated from operations in liquid, short-term and balanced fund schemes and fixed maturity plans of selected mutual funds with focus on capital preservation, liquidity and optimization of returns. Company maintains funds equivalent of two months operational expenses in liquid and short-term funds. Current investment mix of the Company is Bank Fixed Deposits 30%; Mutual Funds 65% and tax free GOI Bonds 5%. Based on above mix, the Company has earned post-tax returns of 7.2%.

Investment in mutual funds stood at ₹ 1,915.24 Million as at March 31, 2012 as against ₹ 2,500.42 Million as at March 31, 2011. Please refer Note 17 of the consolidated financials for details.

The decrease in investment is on account of un-utilized IPO funds which were invested in mutual funds and was redeemed for construction of new facilities at Hinjawadi and Nagpur.

Trade receivables

Trade receivables (net of provisions) amounted to ₹ 2,032.72 Million as at March 31, 2012 as against ₹ 1,582.11 Million as at March 31, 2011. Increase in trade receivables is observed to be in line with increase in revenue. Trade receivables were 20.3% of total revenue for the year ended March 31, 2012 as against 20.4% for the year ended March 31, 2011.

The following table provides the age-wise analysis of Sundry Debtors (Net of provision for doubtful debts) as on March 31, 2011.

(In ₹ Million, except percentage)

Particulars	As at March 31, 2012		As at March 31, 2011	
Not Due	1195.35	58.81%	1,077.92	68.13%
Due < 30 days	573.28	28.20%	292.55	18.49%
Due 30 – 60 days	46.11	2.27%	65.57	4.14%
Due 61 – 90 days	90.80	4.47%	18.24	1.15%
Due 91 – 120 days	45.64	2.25%	23.19	1.47%
Due over 120 days	81.54	4.00%	104.64	6.62%
Total	2,032.72	100.00%	1,582.11	100.00%

The Company has a policy of providing for all invoices outstanding for a period of 180 days or more and for those invoices which are otherwise considered doubtful based on the management's perception of risk of collection.

Provision for bad and doubtful debts increased to ₹ 311.75 Million as at March 31, 2012 from ₹ 229.65 Million as at March 31, 2011. Please refer Note 18 of the consolidated financials for details.

Provision towards bad and doubtful debts during the year amounted to 3.12% of revenue of the year as compared to 2.96% in the previous year.

Cash and bank balances

Cash and bank balances amounted to ₹ 1,374.67 Million as at March 31, 2012 as compared to ₹ 886.27 Million as at March 31, 2011. The balance was high at the end of the current year as the Company had collected from debtors ₹ 93 Million on March 31, 2012. Please refer Note 19 of the consolidated financials for details.

Short-term loans and advances

The inter-corporate and other deposits, MAT and service tax receivable within the period of twelve months from the date of balance sheet are termed as short-term loans and advances which amounted to ₹ 535.25 Million as at March 31, 2012 as against ₹ 771.07 Million as at March 31, 2011. The details of the major components included under other current assets are given below:

(In ₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Inter corporate deposit	60.00	-
Deposits	6.23	14.95
Advances recoverable in cash or kind	85.29	129.30
Advance income tax	83.89	101.57
MAT entitlement	222.90	419.61
VAT	57.01	42.31
Service tax receivable	19.93	63.33
Total	535.25	771.07

Other current assets

Total other current assets as at March 31, 2012 stood at ₹ 181.74 Million as against ₹ 226.20 Million as at March 31, 2011. The details of the major components included under other current assets are given below:

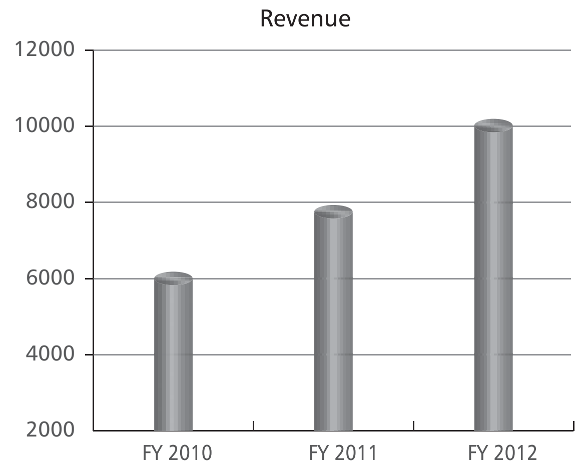
(In ₹ Million)

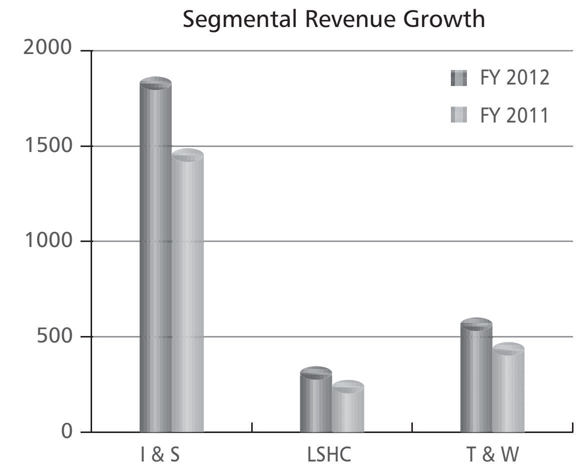
Particulars	As at March 31, 2012	As at March 31, 2011
Interest Accrued	41.05	17.15
Forward Contract Receivable	-	104.30
Unbilled Revenue	140.69	104.75
Total	181.74	226.20

Income

The Company is engaged in providing Outsourced Software Product Development Services and technology solutions to Independent Software Vendors (ISVs) and Enterprises. The Company derives a significant portion of its revenues from export of software services and products. The revenue for the year in USD terms was up by 21.8% at USD 207.39 Million as against USD 170.23 Million in the previous year. In Rupee terms the revenue was ₹ 10,003.11 Million as against ₹ 7,758.41 Million with a growth of 28.9% over the previous year.

The following chart shows growth in revenue in the last three years	Following chart shows segmental revenue growth:





Other income

As explained in Note 23, Other Income reflects income from dividend, interest, sale of asset, gains on account of foreign exchange fluctuation.

Our Policy allows us to invest in certain low risk, stable investment avenues, which safeguards us from market risks.

During the year income from investment of funds was ₹ 247.78 Million as against ₹ 144.38 Million in the previous year.

Write back of excess provision during the year was ₹ 12.21 Million as against ₹ 6.76 Million in the previous year.

Though we had exchange gain of ₹ 63.79 Million on customer realization, we had a loss on derivatives to the extent of ₹ 80.16 Million which is included in other expenses.

Personnel expenses

Personnel Expenses for the year amounted to ₹ 6,407.29 Million, as against ₹ 5,122.95 Million for the previous year, recording an increase of 25.1%. However, as a percentage of total income, these expenses decreased to 64.1% during the year as compared to 66.0% in the previous year, as shown in the following table:

(In ₹ Million, except percentage)

Particulars	Financial year 2011-12	Financial year 2010-11	Change %
Salary and allowances	5,570.77	4,449.17	25.2%
Software professional charges	416.75	306.72	35.9%
Contribution to provident fund	134.32	103.83	29.4%
Gratuity expenses	41.45	82.48	-49.7%
Contribution to other funds	26.63	24.96	6.7%
Staff welfare and benefits	209.01	148.68	40.6%
Employee compensation charges	8.36	7.11	17.6%
Total	6,407.29	5,122.95	25.1%
Percentage of total Revenue	64.1%	66.0%	

The headcount as at March 31, 2012 was 6,628 as against 6,360 as at March 31, 2011.

As regards provision for gratuity, actuarial liability decreased due to increase in the rate of interest on long-term securities in spite of the increase in salary and increase in headcount.

The aforesaid reasons led to a modest decline in the ratio of personnel cost to revenue as compared to the previous year.

Operating and other expenses

Operating and other expenses for the year amounted to ₹ 1,351.95 Million as against ₹ 1,052.40 Million in the previous year recording an overall increase of 28.5%. As a percentage of total revenue, however, the expenses remained almost at the same level of around 13.6%.

Some major variations in expense heads are explained below:

1. Increase in electricity costs by ₹ 12.01 Million was due to new premises at Nagpur and Hinjawadi, Pune becoming operational during the year. Though the net costs are up marginally, we received a credit from the Maharashtra Electricity Board to the extent of ₹ 9.40 Million for the electricity generated by wind turbine installed by the Company at Dhule, Maharashtra. The increase in the costs is net of this credit.
2. Recruitment expenditure showed a considerable decline as recruitment of laterals reduced during the year compared to the previous year.
3. Rent increased on account of acquisition of additional space in SEZ, Pune during the year.
4. Rate and Taxes increased by about 24.4% over the previous year mainly due to local tax paid in respect of the Hinjawadi facility and stamp duty paid on the lease agreement for the new SEZ premises.

Earnings before interest, depreciation and tax (EBIDTA)

During the year, the Company reported EBIDTA of ₹ 2,579.64 Million representing a 33.8% increase over EBIDTA of ₹ 1,927.42 Million during the previous year.

The increase in EBIDTA was mainly on account of reduction in the ratio of personnel costs to revenue The upside in revenue due to higher exchange rate also helped to bolster the operating margins.

Depreciation

The depreciation charge for the year amounted to ₹ 610.96 Million as against ₹ 423.89 Million in the previous year showing an increase of 44.1%. This increase was mainly due to provision of depreciation for new facilities at Nagpur and Hinjawadi that were capitalized during the year and software licenses that were acquired during the year.

Depreciation as a percentage to total income increased to 5.9% in the year as against 5.2% during the previous year. The Company follows the straight-line-method (SLM) of depreciation. Depreciation rates followed by the Company are based on the useful lives of the assets as estimated by the Management and are higher than the rates prescribed in the Schedule XIV of the Companies Act, 1956.

Provision for tax

Tax expense consists of current tax and deferred tax.

Till March 2011, the Company was entitled to a tax holiday under Section 10A of Income Tax Act, 1961 in respect of its software development centers registered under the Software Technology Park of India (STPI) Scheme. Due to withdrawal of this tax holiday from April 1, 2011, the effective tax rate of the Company increased to 28.0% during the year as compared to 7.1% in the previous year.

With effect from April 1, 2007, the Company was exposed to Minimum Alternative Tax (MAT) on its book profits as per the revised provisions of Section 115JB of the Income Tax Act, 1961. However, the Company is entitled to claim a set-off of these charges against future tax liability of an amount equal to excess of MAT paid over actual income-tax liability for the year.

The provision for tax for the year amounted to ₹ 595.69 Million as against ₹ 284.03 Million in the previous year. The deferred tax credit for the year was ₹ 44.81 Million as against ₹ 51.34 Million in the previous year.

The total tax expense for the year amounted to ₹ 550.88 Million as against ₹ 106.16 Million for the previous year.

Net profit after tax

The net profit after tax and before exceptional and prior period items for the year amounted to ₹ 1,417.80 Million as against the net profit of ₹ 1,397.37 Million for the previous year recording a small increase of 1.5% inspite of higher tax liability. The net profit margin for the year was at 14.2% as compared to 18.0% in the previous year.

Dividend

In addition to the interim dividend of ₹ 3.50 per share (35%) which was paid during the year, the Directors have recommended a final dividend of ₹ 2.50 per share (25%), taking total dividend for the year to ₹ 6.00 per share (60%), as compared to ₹ 5.50 per share (55%) dividend for the previous year (comprising 35% normal and 20% one-time special dividend on completion of 20 years of the Company).

The total payout towards dividend for the year, including the proposed dividend of ₹ 2.50 per share was ₹ 240.00 Million as against ₹ 220.00 Million for the previous year. The total dividend tax for the year was ₹ 38.93 Million as against ₹ 36.54 Million for the previous year.

The dividend payout ratio for the year was 19.7% as compared to 18.4% for the previous year.

Corporate Social Responsibility (CSR)

To institutionalise its CSR initiatives, the Company had formed a public charitable trust - "Persistent Foundation". The Company has been very active through Persistent Foundation in fulfilling its social responsibilities. The details of activities of Persistent Foundation are given separately in this Annual Report.

Report on Risk Management

The Risk management practices at Persistent Systems Limited (the Company) aim at identifying, assessing, monitoring and mitigating various risks faced by our business. It seeks to minimize adverse impact on our business objectives and sustain and enhance competitive advantage(s) to the Company.

Structure

The responsibility for identification, assessment, management and reporting of risks and opportunities primarily rests with the Executive Management. A Risk Management Committee makes an overall assessment of risks impacting the activities of the Company based on clearly defined risk management policy. It comprises the Risk Manager and Risk Officers. The Committee provides oversight and reports to the Board of Directors who has the ultimate responsibility for overseeing all risks.

The Risk Management Committee reports to the Board through the Audit Committee.

Risk Management Process

Risk Identification: The risk management process starts with the systematic identification of key risks and their root causes, impact and probability of occurrence. The mechanism for identification and prioritization of risks includes surveys and business risk scanning through functional groups. Surveys are conducted half yearly across units / functions in relation to business and other risks. Internal audit findings also provide pointers for risk identification.

Risk measurement, mitigation and monitoring: For high rated risks, the Company has dashboards that track risk levels. Analysis of exposure and potential impact of risks are carried out and risk owners identified. Mitigation plans are developed by risk owners. The progress of mitigation plans are monitored and reviewed.

Risk Reporting: Important risks are reported - outlining risk levels. Their probability, impact and status of mitigation plans, and are discussed by the Risk Management Committee. Risk status updates are provided to the Board of Directors through the Audit Committee.

Integration with Business strategy: The Risk Management report is used as a key input in business strategies.

Risk Categories

The risks which were critical to the Company's business for the financial year 2011-12 are grouped into the following categories

Business model related risk	Financial risks	Operational risks	Legal risks
Risk of Uncertainity in the Global Economy	Foreign currency fluctuation	Timely staffing	Regulatory Risk
Competition	Credit Risk	Resource Utilization Risk	
Customer Concentration		Quality of deliverables	
		Forecasting Risk	

The key risks and mitigation strategies, related to the business in the financial year 2011-12 are given below

1. Uncertainty in the global markets

During the fiscal year, the global markets were roiled, first by the downgrade of the US Economy, and in the second half of the year, the chronic economic issues arising from the Euro zone. While the Company may not be directly affected by these events, the general business sentiment has been affected and we have seen this impact client decision-making.

We have been tracking the impact of these events on our clients businesses, and also devised other prongs to generate revenue streams, amongst these:

a. Acquired the Life Sciences business of Agilent Technologies, based in Grenoble, France, which gives us highly qualified resources who understand Life Sciences markets in Europe as well as the complex regulatory systems in Europe

b. Created business partnerships: sell-with arrangements with well-known product companies, who would find it valuable to tie up with a software developer to complement their services and products

c. Signed up business associates who know the local economy and clients better, so as to address client issues more efficiently.

2. Competition

Like any other business, competition risk is a continuing risk the Company manages. The competition is not only from the other Indian software companies but also from other emerging regions like China, Philippines etc.

The Company has been tracking competitors in every area of operations.

Our sales staff is led by senior personnel, with experience and market contacts. Our sales organization is structured to pay special attention to innovative and non-linear deals. The Company is continuously on the lookout for new partnerships. We try to go beyond being just another vendor and try to portray the Company as a partner in their success.

We also created a subsidiary in France which would enable address one of the most competitive markets in the world.

This in turn will help in addressing growth through:

a. New lead generation
b. New logo acquisition
c. Opening new regions
d. New initiatives and technologies
e. New partnership structures, such as the Sell-with partnership concept, or Technology Consulting Groups

3. Customer concentration

Customer concentration risk arises due to concentration of large part of the revenues from a limited set of large clients, thus possibly impacting the business significantly, if a large client gets negatively impacted in its business or takes decisions that go against us.

We have a large number of start-up clients, who have historically shown the capability of scaling up over time. By developing such a potential revenue base, we are sure that these will incrementally become more important and enable address such concentration.

In addition, all accounts are reviewed at the highest level – the CEO and Head of Sales, and focus is put on ensuring that we know client needs and the way the markets are changing, so that we are ready to address emergent issues efficiently.

Lastly, the Company focuses upon client satisfaction issues, so that repeat business is bolstered and helps avoid sudden changes and also enables develop reference points for new business.

4. Foreign currency fluctuations

As the major portion of Company's revenue is in foreign currency and a major portion of expenditure is in Indian currency, we are exposed to foreign currency fluctuation risk.

We have been constantly reviewing the economic scenario and updating our strategies accordingly. The Company has a well-defined Foreign Exchange Risk Management Framework in place, addressing such volatility through a defined stop-loss and net-open-position process, such stop-loss and net-open-position being defined by the CFO, in consultation with select consultants.

This stop-loss and net-open-position is evaluated dynamically, considering revenue and expense trends and perception about the movement of foreign exchange rates.

5. Credit risk

The Company addresses this risk through several measures including:

Constant feedback from finance to sales and delivery teams on amounts due, combined with vigorous follow-up with customers.

6. Timely staffing

Inappropriate staffing leads to customer dissatisfaction. Hence, building a generic pool of resources and training them in anticipation of new projects is a mandated risk mitigation plan. Internal staffing across Business Units and monitoring use of resources efficiently across units is done to ensure productive use of these resources. The Company monitors demand and supply of talent to ensure preparedness without unnecessary downtime.

The Recruitment and Resource Management teams have been realigned, to enable better alignment with Business Units and user groups. A Global Pool initiative has been launched to enable proactive staffing of anticipated business using resources across all locations

7. Resource utilization

The uncertainty in the Global Economy has affected utilization of resources. As a business we acquire resources based on prior commitments and planning over multiple years.

A sudden economic event can affect the utilization efficiency, as our resource commitments are made a year in advance.

We have focused on ensuring all fresh resources have been adequately trained so they become functional fast. In addition, future resource acquisition plans have been reset to ensure that fresh acquisitions are only on need and merit basis. Resources have been allocated to business units.

8. Quality of delivrables

In a fast changing environment, client needs can change rapidly, and our capacity to move with such changes also needs to be strengthened.

The Company has systems audit processes in place, to ensure adherence to quality processes and consistency in output. Technology resources are continuously assessed on technology competencies and trained on needs that arise during such evaluations.

These processes will enable the Company address quality issues and address satisfaction and cost of quality efficiently.

9. Forecasting risk

A consequence of the Global uncertainty has been the difficulty in forecasting. Plans are made at the beginning of the year, and unforeseeable events have created a situation where earlier estimates and plans need to be reviewed and amended on an ongoing basis.

To address this, the Company has tightened the target setting process, with more rigorous evaluation of bottom-up inputs, and top-down analysis and buy-ins from internal stakeholders.

At the same time, Account Management has been strengthened to understand and track client needs and budgets better. Due to intense client interactions, our evaluation of client needs and solutions is better, and will help estimate future moves well.

Resource acquisition has been controlled, with tight tracking of merit based needs and acquisition of lateral resources only on need and just-in-time basis, and staggering of the annual fresh graduate engineer intake based on operational goals.

Cost control is also an important prong of this strategy, with a new initiative christened p.12, covering several areas of operational efficiency.

10 Regulatory risk

In an uncertain world, where political compulsions sometimes lead to unpredictable outcomes, one has seen most economies, which otherwise want free and unhindered flow of goods, often try to create barriers when people movement is concerned.

In our business, skilled resources move across national borders to address client problems, and often, we have experienced client nations raise barriers to such movement: both on a tariff wall basis, as well as non-tariff qualitative restrictions, not always overtly and equitably stated.

Thus, visa rules have got tightened and the reasons for visa rejections often are unclear, and possibly a visible non-tariff barrier. In addition, the cost of visas has been significantly increased in many cases during the year.

As such, in such cases, we have continued the following practices

a. Review Visa inventory, to ensure proactive replenishment, whether through fresh filings or allocating prior visa enabled resources for movement.

b. Developing onsite staffing strategies to enable local resource hiring.

c. Movement of work offshore where possible.

d. Ensure strict compliance with visa regulations.

PERSISTENT

Persistent Systems Limited

(Consolidated)

Auditors' Report on Consolidated Financial Statements

To,

The Board of Directors of Persistent Systems Limited

1. We, S.R. Batliboi & Co. Chartered Accountants ("SRBC") and Joshi Apte & Co. ("JACO") Chartered Accountants (collectively referred to as "Joint Auditors") have audited the attached consolidated Balance Sheet of Persistent Systems Limited and its subsidiaries (collectively referred to as "the Group"), as at March 31, 2012 and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto.

2. These financial statements are the responsibility of Group's management and have been prepared by the management on the basis of separate financial statements. Our responsibility is to express an opinion on these financial statements based on our audit. 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 misstatements. 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 jointly audit the financial statements of following subsidiaries, whose total revenue, total assets and cash flows to the extent they are included in the consolidated financial statements of the Group are as given below:

(In ₹ Million)

Name of the Subsidiary	Extent of share in		
	consolidated revenues	consolidated assets	Cash Flows
Persistent Systems, Inc.	2,885.76	1,132.77	132.79
Persistent Systems Pte. Ltd.	21.39	19.99	2.86
Persistent Systems France S.A.S.	113.39	135.86	30.62
Persistent Telecom Solutions Inc.	55.90	373.12	40.54

The financial statements of the subsidiaries have been audited solely by JACO and have been accepted without verification by SRBC and hence our joint audit opinion insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of JACO.

Based on our audit and on consideration of reports of JACO on separate financial statements of the subsidiaries and to the best of our information and according to the explanations given to us, we are of the opinion that 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, 2012;

(b) in the case of the consolidated Statement of Profit and Loss, 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 then ended on that date.

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738
Place: Mumbai
Date: April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212
Place: Pune
Date: April 22, 2012

Balance Sheet as at March 31, 2012

(In ₹ Million)

	Notes	As at March 31, 2012	As at March 31, 2011
Equity and Liabilities			
Shareholders' funds			
Share capital	5	400.00	400.00
Reserves and surplus	6	8,005.12	7,071.07
		8,405.12	7,471.07
Non-current liabilities			
Long-term borrowings	7	6.54	-
Other long-term liabilities	8	-	83.94
Long-term provisions	9	70.87	62.24
		77.41	146.18
Current liabilities			
Trade payables	10	289.13	405.91
Other current liabilities	10	590.09	344.62
Short-term provisions	11	781.19	735.70
		1,660.41	1,486.23
Total		10,142.94	9,103.48
Assets			
Non-current assets			
Fixed assets			
- Tangible assets	12.1	2,475.29	1,688.24
- Intangible assets	12.2	721.97	573.05
- Capital work-in-progress		510.78	524.65
- Intangible assets under development		16.76	28.84
		3,724.80	2,814.78
Non-current investments	13	122.74	-
Deferred tax assets (net)	14	106.57	59.85
Long-term loans and advances	15	147.05	149.11
Other non-current assets	16	2.16	113.67
		4,103.32	3,137.41
Current assets			
Current investments	17	1,915.24	2,500.42
Trade receivables	18	2,032.72	1,582.11
Cash and bank balances	19	1,374.67	886.27
Short-term loans and advances	20	535.25	771.07
Other current assets	21	181.74	226.20
		6,039.62	5,966.07
Total		10,142.94	9,103.48
Summary of significant accounting policies	4		

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

Dr. Anand Deshpande
Chairman and
Managing Director

P. B. Kulkarni
Director

per Vijay Maniar
Partner
Membership No.: 36738
Mumbai, April 22, 2012

per Prakash Apte
Partner
Membership No.: 33212
Pune, April 22, 2012

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2012

Statement of Profit & Loss for the year ended March 31, 2012

(In ₹ Million)

	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
Income			
Revenue from operations	22	10,003.11	7,758.41
Other income	23	335.77	344.36
Total revenue (A)		10,338.88	8,102.77
Expenses			
Employee benefit expenses	24.1	5,990.54	4,816.23
Cost of technical professionals	24.2	416.75	306.72
Other expenses	25	1,351.95	1,052.40
Depreciation and amortization (net)	12.3	610.96	423.89
Total expenses (B)		8,370.20	6,599.24
Profit before tax (A - B)		1,968.68	1,503.53
Tax expense			
Current tax		595.69	284.03
MAT credit entitlement		-	(124.79)
Tax charge / (credit) in respect of earlier years		-	(1.74)
Deferred tax (credit)		(44.81)	(51.34)
Total tax expense		550.88	106.16
Profit/(loss) for the year		1,417.80	1,397.37
Earnings per equity share	26		
Basic (In ₹)		37.02	37.04
Diluted (In ₹)		35.45	34.93
Summary of significant accounting policies	4		

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738
Mumbai, April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212
Pune, April 22, 2012

Dr. Anand Deshpande
Chairman and Managing Director

P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary and Head - Legal

Pune, April 22, 2012

Cash Flow Statement for the year ended March 31, 2012

(In ₹ Million)

		For the year ended	
		March 31, 2012	March 31, 2011
Cash flow from operating activities			
Net profit before tax		1,968.68	1,503.53
Adjustments for:			
Interest income		(101.19)	(23.63)
Dividend income		(141.71)	(118.35)
Depreciation and amortisation expense		610.96	423.89
Unrealised exchange loss/(gain) (net)		(116.65)	13.25
Change in Foreign currency translation reserve		36.53	-
Exchange loss/(gain) on derivative contracts		80.16	33.37
Exchange difference on translation of foreign currency cash and cash equivalents		0.25	0.10
Bad Debts		27.98	-
Provision for doubtful debts		67.41	43.50
Employee compensation expenses		8.36	7.11
Provision for doubtful deposit written back		(0.25)	(0.35)
Excess provision written back		(11.96)	(2.27)
Profit on sale of investments (net)		(4.88)	(2.40)
Profit on sale of fixed assets (net)		(1.84)	(8.27)
Operating profit before working capital changes		2,421.85	1,869.48
Movements in working capital :			
(Increase) in trade receivables		(417.39)	(274.33)
Decrease/(Increase) in other current assets		(35.94)	15.39
Decrease in loans and advances		16.65	53.92
Increase/(Decrease) in current liabilities		(175.45)	150.48
Increase in provisions		7.87	102.93
Operating profit after working capital changes		1,817.59	1,917.87
Direct taxes paid (net of refunds)		(381.30)	(342.34)
Net cash from operating activities	(A)	1,436.29	1,575.53
Cash flows from investing activities			
Purchase of fixed assets (including capital work in progress and capital advances)		(1,507.32)	(971.74)
Proceeds from sale of fixed assets		3.02	1.84
Purchase of current investments		(8,827.19)	(15,527.77)
Redemption/maturity of bank deposits (having original maturity of more than three months)		111.51	-
Purchase of non-current investments		(122.74)	-
Proceeds from sale/maturity of investments		9,132.07	13,844.06
Interest income		77.29	10.17
Dividends received		141.71	114.79
Net cash (used in) investing activities	(B)	(991.65)	(2,528.65)

Cash Flow Statement for the year ended March 31, 2012 (Contd.)

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Cash flows from financing activities		
Share issue expenses	-	(45.30)
(Payments)/receipts on behalf of selling shareholders in IPO	-	(372.08)
Receipts from long-term borrowings	6.54	-
Deferred payment liabilities	(15.33)	(15.04)
Dividends paid	(199.94)	(240.00)
Tax on dividend paid	(32.68)	(40.16)
Net cash (used in) financing activities (C)	(241.41)	(712.58)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	203.23	(1,665.70)
Cash and cash equivalents at the beginning of the year	230.16	1,895.96
Exchange difference on translation of foreign currency cash and cash equivalents	(0.25)	(0.10)
Cash and cash equivalents at the end of the year	433.14	230.16

(In ₹ Million)

Components of cash and cash equivalents	March 31, 2012	March 31, 2011
Cash on hand	0.12	0.18
Balances with banks includes		
On current account	432.23	229.26
On saving account	0.47	0.46
On unpaid dividend accounts*	0.32	0.26
Cash and cash equivalents as per Note 19	433.14	230.16

* The Company can utilise these balances only towards settlement of the respective unpaid dividend.

Summary of significant accounting policies - Refer Note 4

As per our report of even date

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738
Mumbai, April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212
Pune, April 22, 2012

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2012

Notes forming part of Consolidated financial statements

1. Nature of operations

Persistent Systems Limited (the "Company") is predominantly engaged in Outsourced Software Product Development services. The Group offers complete product life cycle services.

Persistent Systems, Inc. (PSI) is engaged in software development, professional and marketing services.

Persistent eBusiness Solutions Limited (PeBS) was engaged in software development, consultancy and system integration services.

Persistent Systems Pte. Ltd. (PS Pte.) is engaged in software development, professional and marketing services.

Persistent Systems and Solutions Limited (PSSL) had been set up to inter alia, mainly provide software development services from Special Economic Zone.

Persistent Systems France S.A.S. (PSFS) is engaged in Outsourced Software Product Development in life sciences domain.

Persistent Telecom Solutions Inc. is a USA based subsidiary of Persistent Systems, Inc. The Company is engaged in licensing, support, professional services and managed services pertaining to Location Products suits.

2. Principles of Consolidation

The consolidated financial statements for the year ended March 31, 2012 of the Company and its subsidiaries (the "Group") are prepared in accordance with generally accepted accounting principles applicable in India, and the Accounting Standard 21 (AS-21) on 'Consolidation of Financial Statements', notified by Companies (Accounting Standards) Rules, 2006, (as amended) ("Accounting Standards") by to the extent possible in the same format as that adopted by the Company for its separate financial statements.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. Any excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary at the date at which investment in the subsidiary is made, is described as goodwill and recognised separately as an asset in the consolidated financial statements. The Group's investment in its Associate is accounted for using the equity method. An Associate is an entity in which the Group has significant influence.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Company's unconsolidated financial statements.

The subsidiary companies considered in consolidated financial statements are as follows

Name of the subsidiary	Ownership percentage as at		Country of incorporation
	March 31, 2012	March 31, 2011	
Persistent Systems, Inc.	100%	100%	USA
Persistent eBusiness Solutions Limited	NIL	100%	India
Persistent Systems and Solutions Limited	NIL	100%	India
Persistent Systems Pte. Ltd.	100%	100%	Singapore
Persistent Systems France S.A.S.	100%	NIL	France
Persistent Telecom Solutions Inc. (step down subsidiary) – direct subsidiary of Persistent Systems, Inc.	100%	NIL	USA

3. Basis of preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the Accounting Standards and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except further change in accounting policy explained below.

Notes forming part of Consolidated financial statements (Contd.)

4. Statement of significant accounting policies

A. Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year. A summary of the effects that revised Schedule VI had on presentation of Balance Sheet of the Group for the year ended March 31, 2011 has been set out in note 40.

B. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

C. Current and Non-current classification

An asset or a liability is classified as current when it satisfies any of the following criteria:

i. it is expected to be realized / settled, or is intended for sale or consumption, in the Group's normal operating cycle; or

ii. it is held primarily for the purpose of being traded; or

iii. it is expected to be realized / due to be settled within twelve months after the reporting date; or

iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date; or

v. the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

D. Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

E. Intangible assets

i. Acquired Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

Notes forming part of Consolidated financial statements (Contd.)

ii. Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate:

a. technical feasibility of completing the intangible asset so that it will be available for use or sale;

b. its intention to complete the asset and use or sell it;

c. its ability to use or sell the asset;

d. how the asset will generate probable future economic benefits;

e. the availability of adequate resources to complete the development and to use or sell the asset; and

f. the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such capitalized expenditure is reflected as intangibles under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset is commenced when the development is complete and the asset is available for use.

F. Depreciation and amortization

Depreciation on tangible fixed assets is provided using the Straight Line Method ('SLM') as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

Intangible assets are amortized on a straight line basis over the period of expected future economic benefits i.e. over their estimated useful lives of three to five years.

A comparative statement of rates of depreciation followed by the Company and applicable rates as per the Schedule XIV of the Companies Act, 1956 is as below:

Assets *	Rates (SLM)	Rates as per Schedule XIV (SLM)
Buildings	4.00%	1.63%
Computers	33.33%	16.21%
Office equipments	20.00%	4.75%
Plant and machinery	20.00%	4.75%
Furniture and fixtures	20.00%	6.33%
Vehicles	20.00%	9.50%
Software	20% to 33.33%	16.21%

*Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of lease.

Acquired contractual rights are amortized on straight line basis over their estimated useful lives of three to five years.

G. Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Notes forming part of Consolidated financial statements (Contd.)

H. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

I. Leases

Where the Group is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

J. Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value, determined on category of investment basis. Long-term investments presented as non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary decline, in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

K. Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i. Income from software services

Revenue from time and material engagements is recognized on time basis in accordance with the terms of the contracts with customers.

In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

Revenue from licensing of products is recognized on delivery of products.

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts is recognized on a pro-rata basis over the period of the contract as and when services are rendered.

Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the Balance Sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Group collects service tax and value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

ii. Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head ‘Other income’ in the Statement of Profit and Loss.

Notes forming part of Consolidated financial statements (Contd.)

iii. Dividends

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the Statement of Profit and Loss.

L. Foreign currency translation

i. Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to fixed assets acquisition are recognized as income or expenses in the period in which they arise.

Forward exchange contracts not intended for trading or speculation purposes covered by AS-11 – "The effects of changes in Foreign Exchange rates"

The premium or discount arising at the inception of forward exchange contracts is amortized and is recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the reporting period.

Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments

The Group has adopted principles of AS-30-"Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India (ICAI), to the extent that the adoption did not conflict with existing accounting standard and other authoritative pronouncements of the Company Law and other regulatory requirements.

As per the accounting principles laid down in AS-30 relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at Balance Sheet date and the effective portion of the resultant loss/(gain) is debited/(credited) to the hedge reserve and the ineffective portion is recognized to the Statement of Profit and Loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve is transferred to the Statement of Profit and Loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

ii. Translation of integral and non-integral foreign operation

The Group classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their Statement of Profit and Loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date

Notes forming part of Consolidated financial statements (Contd.)

of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the Statement of Profit and Loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

M. Retirement and other employee benefits

i. Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the Statement of Profit and Loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

ii. Gratuity

Gratuity is a defined benefit obligation plan operated by the Group for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss in the reporting period in which they occur.

iii. Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by Life Insurance Corporation of India is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the Statement of Profit and Loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

iv. Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

The Group presents the entire leave as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

v. Long service awards

Long service awards are other long-term benefits to all eligible employees, as per Group's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss in the reporting period in which they occur.

N. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred

Notes forming part of Consolidated financial statements (Contd.)

tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

O. Segment reporting

i. Identification of segment

The Group's operations predominantly relate to providing outsourced software product development services covering full life cycle of product to its customers.

The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided. The analysis of geographical segment is based on the areas in which the customers of the Company operate.

ii. Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries and project related travel expenses. The remainder is considered as unallocable expense and is charged against the total income.

iii. Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segregation of assets, liabilities, depreciation and other non-cash expenses into various reportable segments have not been presented except for trade receivables as these items are used interchangeably between segments and the Group is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

Notes forming part of Consolidated financial statements (Contd.)

iv. Inter-segment transfers

There are no inter-segment transactions.

v. Segment accounting policies

The Group prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

P. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the Balance Sheet date, which are obtained by subscription to the shares issued by the Group from finance provided by the Group.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

Q. Provisions

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

R. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

S. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity period of three months or less.

T. Employee stock compensation expenses

Employees (including senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. The employee stock option schemes have a graded vesting schedule. Each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Notes forming part of Consolidated financial statements (Contd.)

5. Share capital

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Authorised shares (No. in Million)		
112 (Previous year: 100) equity shares of ₹ 10 each	1,120.00	1,000.00
	1,120.00	1,000.00
Issued, subscribed and fully paid-up shares (No. in Million)		
40 (Previous year: 40) equity shares of ₹ 10 each	400.00	400.00
Issued, subscribed and fully paid-up share capital	400.00	400.00

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

b. Terms/ rights attached to equity shares

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

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 6 (March 31, 2011: ₹ 5.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

(No. in Million)

	As at March 31, 2012	As at March 31, 2011
Equity shares allotted on September 17, 2007 as fully paid bonus shares by capitalization of securities premium ₹ 246.36 Million and capitalization of capital redemption reserves ₹ 9.79 Million	25.62	25.62

d. Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at March 31, 2012		As at March 31, 2011	
	No. in Million	% Holding	No. in Million	% Holding
Dr. Anand Deshpande	11.40	28.50	11.38	28.44
Norwest Venture Partners, FVCI	5.40	13.51	5.40	13.51
Mr. S. P. Deshpande	3.81	9.53	3.81	9.53
PSPL ESOP Management Trust	3.53	8.84	4.03	10.08

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.

Notes forming part of Consolidated financial statements (Contd.)

6. Reserves and surplus

(In ₹ Million)

		As at March 31, 2012	As at March 31, 2011
A.	Securities premium account		
	Balance as per the last financial statements	1,736.70	1,738.60
	Less: Share issue expenses	-	(1.90)
		1,736.70	1,736.70
B.	Employee Share options outstanding account (Refer note 32)		
	Balance as per the last financial statements	34.76	32.02
	Add: Additions during the year	8.36	7.11
	Less: Transferred to general reserve	(9.61)	(4.37)
		33.51	34.76
C.	General reserve		
	Balance as per the last financial statements	2,289.21	1,734.45
	Add: Transferred from the Statement of Profit and Loss	549.60	534.40
	Add: Adjustments towards PSPL ESOP Management Trust and Employee Stock Options (Refer note 32)	32.36	20.36
		2,871.17	2,289.21
D.	Foreign currency translation reserve		
	Balance as per the last financial statements	1.91	2.05
	(Less)/Add: Exchange difference during the year on net investment in non-integral foreign operation	23.68	(0.14)
		25.59	1.91
E.	Hedge reserve		
	Balance as per the last financial statements	79.11	159.85
	Loss / (gain) transferred to Statement of Profit and Loss on occurrence of forecasted transactions	(79.11)	(159.85)
	Net changes in fair value of effective cash flow hedges.	(180.50)	79.11
		(180.50)	79.11
F.	Surplus		
	Balance as per the last financial statements	2,929.38	2,322.95
	Net profit for the reporting period	1,417.80	1,397.37
	Less: Appropriations		
	Interim dividend	(140.00)	(80.00)
	Special dividend	-	(80.00)
	Proposed final dividend	(100.00)	(60.00)
	Tax on dividend	(38.93)	(36.54)
	Transferred to general reserve	(549.60)	(534.40)
		3,518.65	2,929.38
		8,005.12	7,071.07

Notes forming part of Consolidated financial statements (Contd.)

7. Long-term borrowings

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Term Loans (unsecured)		
- From other parties	6.54	-
	6.54	-

The term loan has been guaranteed by a bank guarantee by the company and the term loan is repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

8. Other long-term liabilities

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Trade payables (Refer Note 37 for details of dues to micro and small enterprises)	-	83.94
	-	83.94

9. Long-term provisions

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits		
- Long service awards	70.87	62.24
	70.87	62.24

10. Trade payables and other current liabilities

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Trade payable (Refer Note 37 for details of dues to micro and small enterprises)	289.13	405.91
	289.13	405.91
Other Liabilities		
Unearned revenue	89.04	96.04
Unpaid dividend (*)	0.32	0.26
Advance from customers	77.21	114.72
Forward contracts payable	235.47	-
Other payables		
- Statutory liabilities	81.24	40.60
- Accrued employee liabilities	100.59	86.59
- Other liabilities	6.22	6.41
	590.09	344.62

(*) Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

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Notes forming part of Consolidated financial statements (Contd.)

11. Short-term provisions

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits		
- Gratuity (Refer note 28)	42.87	90.51
- Leave encashment	208.56	160.83
- Long service awards	16.35	12.48
- Other employee benefits	397.19	401.91
Others		
- Proposed final dividend	100.00	60.00
- Tax on proposed dividend	16.22	9.97
	781.19	735.70

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Notes forming part of Consolidated financial statements (Contd.)

12.1 Tangible assets

(In ₹ Million)

	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant & machinery	Leasehold improvements	Furniture & fixtures	Vehicles	Total
Gross Block										
As at April 1, 2010	202.98	39.93	1,257.51	723.57	25.50	550.50	-	281.78	4.61	3,086.38
Additions	-	-	25.59	193.59	2.06	59.42	10.15	27.40	-	318.21
Disposals	-	-	-	22.48	0.05	1.48	-	0.30	0.07	24.38
Other adjustments										
- Exchange differences	-	-	-	0.45	-	(0.01)	-	-	-	0.44
As at March 31, 2011	202.98	39.93	1,283.10	895.13	27.51	608.43	10.15	308.88	4.54	3,380.65
Additions	11.07	-	569.37	164.09	11.82	283.66	1.00	81.79	-	1,122.80
Disposals	-	-	-	38.56	1.16	1.71	-	1.37	-	42.80
Other adjustments										
- Exchange differences	0.79	-	3.56	0.78	0.58	-	-	0.24	-	5.95
As at March 31, 2012	214.84	39.93	1,856.03	1,021.44	38.75	890.38	11.15	389.54	4.54	4,466.60
Depreciation										
As at April 1, 2010	-	-	225.38	585.37	17.81	380.65	-	215.67	3.20	1,428.08
Charge for the year	-	1.87	50.71	119.77	3.39	74.91	2.07	35.18	0.45	288.35
Disposals	-	-	-	22.53	0.05	1.03	-	0.25	0.07	23.93
Exchange differences	-	-	-	(0.08)	-	(0.01)	-	(0.01)	-	(0.09)
As at March 31, 2011	-	1.87	276.09	682.53	21.15	454.52	2.07	250.59	3.58	1,692.41
Charge for the year	-	0.42	59.45	140.88	3.67	87.57	2.80	43.45	0.45	338.69
Disposals	-	-	-	37.45	1.04	1.71	-	0.71	-	40.91
Other adjustments										
- Exchange differences	-	-	0.02	0.83	0.40	-	-	(0.13)	-	1.12
As at March 31, 2012	-	2.29	335.56	786.79	24.18	540.38	4.87	293.20	4.03	1,991.31
Net Block										
As at March 31, 2011	202.98	38.06	1,007.01	212.60	6.36	153.91	8.08	58.29	0.96	1,688.24
As at March 31, 2012	214.84	37.64	1,520.47	234.65	14.57	350.00	6.28	96.34	0.51	2,475.29

Notes forming part of Consolidated financial statements (Contd.)

12.2 Intangible Assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross Block			
As at April 1, 2010	628.41	-	628.41
Purchase	258.45	275.57	534.02
Exchange differences	(0.32)	-	(0.32)
As at March 31, 2011	886.54	275.57	1,162.11
Purchase	407.13	-	407.13
Disposals/Write-offs	20.70	-	20.70
Other adjustments			
- Exchange differences	14.52	6.06	20.58
As at March 31, 2012	1,287.49	281.63	1,569.12
Amortization			
As at April 1, 2010	453.07	-	453.07
Charge for the year	131.92	4.45	136.37
- Exchange differences	(0.36)	(0.02)	(0.38)
As at March 31, 2011	584.63	4.43	589.06
Charge for the year	197.35	75.61	272.96
Disposals	20.70	-	20.70
Other adjustments			
- Exchange differences	5.06	0.77	5.83
As at March 31, 2012	766.34	80.81	847.15
Net Block			
As at March 31, 2011	301.91	271.14	573.05
As at March 31, 2012	521.15	200.82	721.97

12.3 Depreciation and amortization

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
On tangible assets	338.69	288.35
On intangible assets	272.96	136.37
Less: attributable to fixed assets used for construction of building	(0.69)	(0.83)
	610.96	423.89

Notes forming part of Consolidated financial statements (Contd.)

13. Non-current investments

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Trade Investments (At cost unless otherwise mentioned)		
Investments in equity instruments (Unquoted)		
In associates		
Klisma e-Services Private Limited		
0.005 Million (Previous year NIL) shares of ₹ 10 each, fully paid up	0.05	-
	0.05	-
In others*		
Ciqual Limited		
10 Million (Previous year ₹ 10 Million) shares of GBP 0.01 each, fully paid up (At cost less provision for other than temporary diminution)	10.96	9.58
Less: Provision for diminution in value of investment	10.96	9.58
	-	-
Sprint Telecom India Private Limited (Holding 26%, Previous year NIL)		
0.65 Million (Previous year: NIL) shares of ₹ 10 each, fully paid-up	6.50	-
	6.50	-
	6.55	-
Non-trade Investments (At cost unless otherwise mentioned)		
Government Securities (Quoted)		
In Government securities	116.19	-
(Market value ₹ 180.88 Million, Previous year: NIL)		
	116.19	-
	122.74	-
Aggregate provision for diminution in value of investments	10.96	9.58
Aggregate amount of quoted investments	116.19	-
Aggregate amount of unquoted investments	17.51	9.58

* Investments, where the Group does not have control or significant influence, are classified as "Investments in others"

14. Deferred tax asset (net)

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Deferred tax liabilities		
Differences in depreciation and other differences in a block of tangible and intangible assets as per the tax books and financial books	(102.99)	(64.15)
	(102.99)	(64.15)
Deferred tax assets		
Provision for leave encashment	55.11	39.86
Provision for long service awards	28.30	27.08
Provision for doubtful debts	126.15	57.06
	209.56	124.00
Deferred tax assets (net)	106.57	59.85

Notes forming part of Consolidated financial statements (Contd.)

15. Long-term loans and advances

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Capital advances (Unsecured, considered good)	21.43	51.03
Security deposits (Unsecured, considered good)	38.21	19.47
Inter corporate deposits		
Secured, considered good	0.58	10.00
Unsecured, considered doubtful Deposits	-	0.83
	0.58	10.83
Less: Provision for doubtful deposits	0.58	0.83
	-	10.00
Other loans and advances (Unsecured, considered good)		
- Advance to PSPL ESOP Management Trust	77.88	58.43
- Advances recoverable in cash or kind or for value to be received	9.53	10.18
	87.41	68.61
	147.05	149.11

16. Other non-current assets

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Non-current bank balances (Refer note 19)	2.16	113.67
	2.16	113.67

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Notes forming part of Consolidated financial statements (Contd.)

17. Current investments (At lower of cost and fair value)

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Non trade (Unquoted)		
Investments in Mutual Funds	1,915.24	2,500.42
	1,915.24	2,500.42
Aggregate amount of unquoted investments	1,915.24	2,500.42

a) Details of investment in mutual funds

	As at March 31, 2012		As at March 31, 2011	
	Units (in nos. Million)	In ₹ Million	Units (in nos. Million)	In ₹ Million
DSP liquid fund (units of ₹10 each fully paid-up)	-	-	15.00	150.00
Grindlays cash fund (units of ₹10 each fully paid-up)	17.90	181.15	23.00	230.01
HDFC liquid fund (units of ₹10 each fully paid-up)	9.67	100.00	19.67	200.01
ICICI liquid fund (units of ₹10 each fully paid-up)	14.99	150.00	20.01	200.28
Templeton India fund (units of ₹10 each fully paid-up)	0.21	238.87	0.20	227.50
DWS money plus fund (units of ₹10 each fully paid-up)	10.00	100.00	10.00	100.00
Birla cash plus fund (units of ₹10 each fully paid-up)	15.06	150.64	19.46	196.24
Tata liquid fund (units of ₹10 each fully paid-up)	0.15	166.69	14.40	144.04
Reliance liquid plus (units of ₹10 each fully paid-up)	10.00	100.00	23.35	248.79
Religare fund (units of ₹10 each fully paid-up)	-	-	15.00	150.00
SBI mutual fund (units of ₹10 each fully paid-up)	39.02	391.43	23.03	231.24
Kotak Liquid Fund (units of ₹10 each fully paid-up)	21.07	257.68	13.18	133.31
Sundaram BNP (units of ₹10 each fully paid-up)	-	-	10.00	100.00
UTI fund (units of ₹10 each fully paid-up)	0.08	78.78	10.43	189.00
	138.15	1,915.24	216.73	2,500.42

18. Trade receivables

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	54.76	87.89
Unsecured, considered doubtful	246.17	197.32
	300.93	285.21
Less: Provision for doubtful debts	246.17	197.32
	54.76	87.89
Others		
Unsecured, considered good	1,977.96	1,494.22
Unsecured, considered doubtful	65.58	32.33
	2,043.54	1,526.55
Less: Provision for doubtful debts	65.58	32.33
	1,977.96	1,494.22
	2,032.72	1,582.11

The export packing credit is secured by hypothecation of present and future receivables of the Company on *pari passu* basis with Bank of India and Citibank N.A. There is no balance payable as at March 31, 2012 and March 31, 2011.

Notes forming part of Consolidated financial statements (Contd.)

19. Cash and bank balances

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.12	0.18
Balances with banks includes		
On current account	432.23	229.26
On saving account	0.47	0.46
On unpaid dividend accounts (*)	0.32	0.26
	433.14	230.16
Other bank balances		
On deposit account with maturity more than three months but less than twelve months	941.53	656.11
On deposit account with maturity more than twelve months	2.16	113.67
	943.69	769.78
Less: Deposits with original maturity more than twelve months disclosed under non-current assets (Refer note 16)	(2.16)	(113.67)
	941.53	656.11
	1,374.67	886.27

* The Company can utilize these balances only towards settlement of the respective unpaid dividend.

20. Short-term loans and advances

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Inter corporate deposits (Unsecured, considered good)	60.00	-
Other loans and advances (Unsecured, considered good)		
- Deposits	6.23	14.95
- Advances recoverable in cash or kind or for value to be received	85.29	129.30
- Advance income tax (Net of provision for Income Tax) ₹ 1,361.41 Million [previous year ₹ 749.85 Million]	83.89	101.57
- MAT credit entitlement	222.90	419.61
- VAT (net)	57.01	42.31
- Service tax receivable (net)	19.93	63.33
	535.25	771.07

21. Other current assets

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Interest accrued	41.05	17.15
Forward contracts receivable	-	104.30
Unbilled revenue	140.69	104.75
	181.74	226.20

Notes forming part of Consolidated financial statements (Contd.)

22. Revenue from operations

(In ₹ Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Sale of Services	10,003.11	7,758.41
	10,003.11	7,758.41

23. Other income

(In ₹ Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest income		
On bank deposits	89.73	21.19
On others	11.46	2.44
Foreign exchange gains (net)	63.79	173.21
Exchange gains on derivatives	-	-
Profit on sale of fixed assets (net)	1.84	8.27
Dividend income from current investments	141.71	118.35
Profit on sale of current investments (net)	4.88	2.40
Provision for doubtful deposit written back	0.25	0.35
Excess provision in respect of earlier years written back	11.96	6.41
Miscellaneous income	10.15	11.74
	335.77	344.36

24. Personnel expenses

(In ₹ Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
24.1 Employee benefit expenses		
Salaries and wages	5,570.77	4,449.17
Contribution to provident and other funds	134.32	103.83
Gratuity expenses (Refer note 28)	41.45	82.48
Defined contribution to other funds	26.63	24.96
Staff welfare and benefits	209.01	148.68
Employee stock compensation expenses (Refer note 32)	8.36	7.11
	5,990.54	4,816.23
24.2 Cost of technical professionals	416.75	306.72
	6,407.29	5,122.95

Notes forming part of Consolidated financial statements (Contd.)

25. Other expenses

(In ₹ Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Travelling and conveyance	325.69	344.65
Electricity expenses	91.03	79.02
Internet link expenses	34.57	35.68
Communication expenses	32.13	33.22
Recruitment expenses	12.14	22.54
Training and seminars	19.34	15.62
Purchase of software licenses and support expenses	244.53	139.21
Bad Debts	27.98	-
Provision for doubtful debts	67.41	47.64
Rent (Refer note 30)	61.99	38.41
Insurance	17.60	14.15
Rates, fees and profession tax	34.31	25.01
Legal and professional fees	76.97	51.13
Repairs and maintenance		
- Plant and Machinery	41.24	36.40
- Buildings	8.28	8.81
- Others	16.08	11.02
Commission on sales	2.64	4.73
Advertisement and sponsorship fees	12.96	12.55
Computer consumables	8.24	11.47
Auditors’ remuneration (Refer note 35)	5.31	5.57
Donations	16.37	11.50
Books, memberships, subscriptions	2.99	2.09
Exchange loss on derivatives	80.16	-
Directors’ sitting fees	0.58	0.26
Directors’ commission	6.00	3.85
Provision for doubtful deposit	1.25	-
Miscellaneous expenses	104.16	97.87
	1,351.95	1,052.40

Notes forming part of Consolidated financial statements (Contd.)

26. Earnings per share

		For the year ended March 31, 2012	For the year ended March 31, 2011
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ Million)	a	1,417.80	1,397.37
Denominator for Basic EPS			
Weighted average number of equity shares	b	38,296,917	37,722,893
Denominator for Diluted EPS			
Weighted average number of equity shares and potential equity shares	c	40,000,000	40,000,000
Basic earnings per share of face value of ₹ 10 each (In ₹) (After exceptional items)	a/b	37.02	37.04
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	a/c	35.45	34.93

	For the year ended March 31, 2012	For the year ended March 31, 2011
Number of shares considered as basic weighted average shares outstanding	38,296,917	37,722,893
Add: Effect of dilutive issues of stock options	1,703,083	2,277,107
Number of shares considered as weighted average shares and potential shares outstanding	40,000,000	40,000,000

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Notes forming part of Consolidated financial statements (Contd.)

27. Segment information

The primary reporting segments are identified based on risk and returns affected by the type or class of customers for the services provided as follows:

a. Infrastructure and Systems:

b. Life science and Healthcare:

c. Telecom and Wireless:

The secondary segment reporting has been presented based on geographical location of customers.

(In ₹ Million)

Particulars	Year ended March 31, 2012				Year ended March 31, 2011			
	Infrastructure & Systems	Life Sciences & Healthcare	Telecom & Wireless	Total	Infrastructure & Systems	Life Sciences & Healthcare	Telecom & Wireless	Total
Revenue	6,748.25	1,117.20	2,137.66	10,003.11	5,322.34	840.68	1,595.39	7,758.41
Identifiable Expense	(3,972.88)	(460.05)	(912.78)	(5,345.71)	(2,719.69)	(320.76)	(779.54)	(3,819.99)
Segmental Operating Income	2,775.37	657.15	1,224.88	4,657.40	2,602.65	519.92	815.85	3,938.42
Unallocable Expenses				3,024.49				2,779.25
Operating Income				1,632.91				1,159.17
Other Income (Net of Expenses)				335.77				344.36
Profit before Taxes				1,968.68				1,503.53
Tax expense				550.88				106.16
Profit after Tax				1,417.80				1,397.37

(In ₹ Million)

Particulars	As at March 31, 2012				As at March 31, 2011			
	Infrastructure & Systems	Life Sciences & Healthcare	Telecom & Wireless	Total	Infrastructure & Systems	Life Sciences & Healthcare	Telecom & Wireless	Total
Segmental Trade Receivables	1,634.13	255.32	455.02	2,344.47	1,383.59	167.36	260.81	1,811.76
Unallocated Assets				7,798.42				7,291.72

Geographical Segments

(In ₹ Million)

Particulars	Year ended March 31, 2012				Year ended March 31, 2011			
	North America	Europe	Asia Pacific	Total	North America	Europe	Asia Pacific	Total
Revenue	8,255.74	732.34	1,015.03	10,003.11	6,641.86	457.10	659.45	7,758.41
Segmental Trade Receivables	1,845.54	208.19	290.74	2,344.47	1,531.15	110.97	169.64	1,811.76

The analysis of geographical segment is based on the area in which the customers of the Group operate.

Notes forming part of Consolidated financial statements (Contd.)

28. Gratuity plan

The Group has a defined benefit gratuity plan. Under the gratuity plan, each employee is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an Insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the gratuity plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Statement of Profit and Loss):

(In ₹ Million)

	For the year ended				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Current service cost	71.08	64.38	37.54	28.43	28.07
Interest cost on benefit obligation	15.69	9.44	6.55	6.51	4.05
Expected return on plan assets	(12.02)	(7.92)	(6.98)	(5.63)	(4.37)
Net actuarial (gain) / loss recognised in the period	(30.33)	24.49	4.05	(27.26)	7.17
Interest income	(2.97)	(7.91)	-	-	(4.40)
Net benefit expense	41.45	82.48	41.16	2.05	30.52
Actual Return on Net Plan Assets	-	10.38	7.92	7.47	4.52

Balance Sheet

Summary of benefit asset / (liability)

(In ₹ Million)

	As at				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Present value of defined benefit obligations	(228.29)	(201.35)	(121.27)	(88.14)	(84.13)
Fair value of plan assets	185.42	110.84	78.11	86.03	53.88
Plan asset / (liability)	(42.87)	(90.51)	(43.16)	(2.11)	(30.25)

Changes in the present value of the defined benefit obligation

(In ₹ Million)

	For the year ended				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Opening defined benefit obligation	199.47	121.27	88.14	84.13	52.00
Interest cost	15.69	9.44	6.55	6.51	4.05
Current service cost	71.08	64.38	37.54	28.43	28.07
Benefits paid	(30.61)	(19.14)	(8.03)	(5.52)	(2.79)
Actuarial (gains) / losses on obligation	(27.34)	25.40	(2.93)	(25.41)	2.80
Closing defined benefit obligation	228.29	201.35	121.27	88.14	84.13

Notes forming part of Consolidated financial statements (Contd.)

Changes in the fair value of plan assets:

(In ₹ Million)

	For the year ended				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Opening fair value of plan assets	110.10	78.11	86.02	53.88	29.09
Interest received and accrued during the year/ adjustment to opening balance	2.26	0.01	-	-	-
Expected return / adjustment	12.02	15.90	6.98	5.63	4.37
Contribution by employer	88.67	35.04	0.11	30.19	20.35
Benefits paid	(30.61)	(19.14)	(8.03)	(5.52)	(2.79)
Actuarial gains / (losses)	2.98	0.92	(6.97)	1.85	2.86
Closing fair value of plan assets	185.42	110.84	78.11	86.03	53.88

The Company expects to contribute ₹ 42.87 Million to gratuity fund in financial year 2012-13.

The major categories of plan assets as a percentage of the fair value of total plan assets:

(In ₹ Million)

	As at				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Investments with insurer including accrued interest	100%	100%	100%	100%	100%

The Company maintains gratuity fund, which is being administered by Life Insurance Corporation of India.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	As at				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Discount rate	8.67%	8.52%	8.45%	7.79%	8.00%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	9.00%
Increment rate	7.00%	7.00%	6.00%	6.00%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous periods are as follows:

(In ₹ Million)

	As at				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Plan assets	185.42	110.84	78.11	86.03	53.88
Defined benefit obligation	(228.29)	(201.35)	(121.27)	(88.14)	(84.13)
(Deficit)	(42.87)	(90.51)	(43.16)	(2.11)	(30.25)
Experience adjustments on plan liabilities	(27.34)	25.40	(2.93)	(25.41)	2.80
Experience adjustments on plan assets	2.98	0.92	(6.97)	1.85	2.86

Notes forming part of Consolidated financial statements (Contd.)

29. Derivative instruments and un-hedged foreign currency exposures

(i) Forward contracts outstanding at the reporting date:

(In ₹ Million)

	As at	
	March 31, 2012	March 31, 2011
Forward contracts to sell USD: Hedging of expected future sales of USD 101.00 Million (Previous year USD 87.25 Million)	5,084.03	4,136.68

(ii) Details of un-hedged foreign currency exposures at the reporting date:

	As at March 31, 2012			As at March 31, 2011		
	In ₹ Million	Foreign Currency (In Million)	Conversion Rate (₹)	In ₹ Million	Foreign Currency (In Million)	Conversion Rate (₹)
Bank Balances	0.47	JP ¥ 0.76	0.62	0.46	JP ¥ 0.85	0.5385
	97.43	USD 1.93	50.87	11.06	USD 0.24	44.58
	4.30	GBP 0.05	81.50	7.78	GBP 0.11	71.64
	2.65	CAD 0.05	51.04	2.01	CAD 0.04	45.94
	-	-	-	1.68	SGD 0.05	35.38
Trade receivables	751.39	USD 14.77	50.87	668.23	USD 27.49	44.58
	54.39	EUR 0.80	67.89	31.01	EUR 0.49	63.29
	45.87	GBP 0.56	81.50	11.46	GBP 0.16	71.64
	12.51	CAD 0.25	51.04	1.84	CAD 0.04	45.94
	0.52	AUD 0.01	52.92	0.46	AUD 0.01	46.07
	1.38	NOK 0.16	8.93	0.65	NOK 0.08	8.08
	0.42	SEK 0.05	7.67	-	-	-
	0.12	SGD 0.003	40.47	-	-	-

30. Operating leases

The Group has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Group has also taken certain office premises under non-cancellable operating lease agreement for a period of 3-15 years. There are no escalations during non-cancellable lease period. There are no restrictions imposed by the lease agreements. There are no subleases. The Group has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Lease rentals during the reporting period		
- On cancellable leases	24.77	36.53
- On non-cancellable leases	37.22	1.88
Total	61.99	38.41
Obligation on non-cancellable operating leases		
- Not later than one year	55.50	6.18
- Later than one year and not later than five years	225.05	23.13
- Later than five years	484.49	-

Notes forming part of Consolidated financial statements (Contd.)

31. Related party disclosures

(i) Names of related parties and related party relationship

Related parties with whom transactions have taken place during the reporting period		
Key management personnel	i.	Dr. Anand Deshpande, Chairman and Managing Director
	ii.	Mr. S. P. Deshpande, Non-Executive Director# (retired as Director w.e.f. October 31, 2011)
	iii.	Mr. T. M. Vijayaraman, Chief Technology Officer and Director, Persistent Systems, Inc., USA*
	iv.	Mr. Hari Haran, President, Persistent Systems, Inc., USA**
	v.	Dr. Srikanth Sundararajan**
	vi.	Mr. Nitin Kulkarni, Executive Director***
Relatives of Key Management Personnel	i.	Mrs. Chitra Buzruk (Relative of the Chairman and Managing Director and a Director)
	ii.	Mrs. Sulabha Deshpande (Relative of the Chairman and Managing Director and a Director)
	iii.	Mrs. Sonali Deshpande (Relative of the Chairman and Managing Director and a Director)
	iv.	Dr. Mukund Deshpande (Relative of the Chairman and Managing Director and a Director)

(ii) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial reporting period

(In ₹ Million)

	Name of the Related Party and Nature of Relationship	For the Year ended	
		March 31, 2012	March 31, 2011
Remuneration paid	Key Management Personnel		
	Dr. Anand Deshpande	8.47	9.35
	Mr. T. M. Vijayaraman*	-	2.95
	Mr. Hari Haran**	22.82	25.63
	Dr. Srikanth Sundararajan**	7.81	19.06
	Mr. Nitin Kulkarni ***	6.01	-
	Mr. Mukesh Agarwal	3.90	-
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk	2.37	2.14
	Dr. Mukund Deshpande	3.38	2.81
	Total	54.76	61.94
Dividend paid	Dr. Anand Deshpande	56.97	68.25
	Mr. S. P. Deshpande#	19.06	22.84
	Mrs. Chitra Buzruk	0.14	0.16
	Mrs. Sonali Deshpande	0.28	0.33
	Mrs. Sulabha Deshpande	1.41	1.69
	Mr. T. M. Vijayaraman*	-	0.59
	Mr. Nitin Kulkarni***	0.13	-
	Mr. Mukesh Agarwal	0.16	-
	Total	78.15	93.86

* Mr. T. M. Vijayaraman retired as Director w.e.f. July 1, 2010.

** Dr. Srikanth Sundararajan and Mr. Hari Haran were appointed as Director of Persistent Systems, Inc. on May 19, 2010; however, their remuneration is disclosed from April 1, 2010.

*** Mr. Nitin Kulkarni has been appointed as an Executive Director w.e.f. July 18, 2011; however, his remuneration is disclosed from April 1, 2011

Mr. S. P. Deshpande retired as Director w.e.f. October 31, 2011.

Notes forming part of Consolidated financial statements (Contd.)

Outstanding balances (In ₹ Million)

	Name of the Related Party and Nature of Relationship	As at	
		March 31, 2012	March 31, 2011
Investments	Associate		
	Kilsma e-Services Private Limited	0.05	-

32. Employees stock options (ESOP)

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off as stated in Note 41.

a. Details of employee stock option plans

The Group has provided various share-based payment schemes to its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	2,280,250	Dec 11, 1999	Dec 11, 1999	*
Scheme II	376,600	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	1,266,650	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	3,479,125	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	945,262	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	608,125	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	892,487	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	21,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	687,231	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	1,002,365	Jun 10, 2010	Oct 29, 2010	3 Years

*No contractual life is defined in the scheme

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII and X:

Service period from the date of grant	% of Options vesting		
	Scheme I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

(ii) Scheme VI:

Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%

(iii) Scheme IX:

Service period from the date of grant	% of Options vesting
30– 60 Months varying from employee to employee	100%

Notes forming part of Consolidated financial statements (Contd.)

b. Details of activity of the ESOP schemes

Movement for the year ended March 31, 2012 and March 31, 2011

ESOP Scheme	Particulars	Year ended	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at the end of the period	Exercisable at the end of the period
Scheme I	Number of Options	March 31, 2012	5,554	-	-	1,069	4,485	4,316
	Weighted Average Price	March 31, 2012	11.37	-	-	8.14	12.14	12.17
	Number of Options	March 31, 2011	12,204	-	3,502	3,148	5,554	4,457
	Weighted Average Price	March 31, 2011	9.95	-	4.77	13.04	11.37	11.99
Scheme II	Number of Options	March 31, 2012	23,556	-	-	2,200	21,356	21,355
	Weighted Average Price	March 31, 2012	74.41	-	-	96.41	72.14	72.14
	Number of Options	March 31, 2011	42,991	-	9,449	9,986	23,556	15,190
	Weighted Average Price	March 31, 2011	84.36	-	96.41	96.41	74.41	62.29
Scheme III	Number of Options	March 31, 2012	370,038	-	11,729	85,487	272,822	265,673
	Weighted Average Price	March 31, 2012	62.55	-	64.99	62.08	62.59	62.62
	Number of Options	March 31, 2011	489,031	-	30,207	88,786	370,038	147,111
	Weighted Average Price	March 31, 2011	62.17	-	65.03	59.60	62.55	61.33
Scheme IV	Number of Options	March 31, 2012	1,411,313	-	94,750	64,620	1,144,804	546,370
	Weighted Average Price	March 31, 2012	99.92	-	119.40	50.86	102.33	81.17
	Number of Options	March 31, 2011	1,844,402	-	160,599	272,490	1,411,313	456,919
	Weighted Average Price	March 31, 2011	94.33	-	112.69	54.56	99.92	66.85
Scheme V	Number of Options	March 31, 2012	207,658	-	2,475	64,620	140,563	139,878
	Weighted Average Price	March 31, 2012	52.82	-	59.80	50.86	53.61	53.45
	Number of Options	March 31, 2011	312,018	-	9,601	94,759	207,658	195,362
	Weighted Average Price	March 31, 2011	51.29	-	58.44	47.20	52.82	50.08
Scheme VI	Number of Options	March 31, 2012	96,251	-	-	82,797	13,454	8,969
	Weighted Average Price	March 31, 2012	54.26	-	-	53.11	61.34	61.34
	Number of Options	March 31, 2011	96,251	-	-	-	96,251	58,844
	Weighted Average Price	March 31, 2011	54.26	-	-	-	54.26	52.70
Scheme VII	Number of Options	March 31, 2012	223,653	-	8,810	30,356	184,487	127,687
	Weighted Average Price	March 31, 2012	81.91	-	75.96	66.38	84.76	70.95
	Number of Options	March 31, 2011	292,953	-	52,150	17,150	223,653	98,376
	Weighted Average Price	March 31, 2011	83.56	-	99.16	57.63	81.91	66.58
Scheme VIII	Number of Options	March 31, 2012	5,250	-	-	1,750	3,500	3,500
	Weighted Average Price	March 31, 2012	96.41	-	-	96.41	96.41	96.41
	Number of Options	March 31, 2011	14,000	-	3,500	5,250	5,250	1,750
	Weighted Average Price	March 31, 2011	96.41	-	96.41	96.41	96.41	96.41
Scheme IX	Number of Options	March 31, 2012	470,698	-	14,102	57,465	399,131	202,395
	Weighted Average Price	March 31, 2012	109.48	-	109.48	109.48	109.48	109.48
	Number of Options	March 31, 2011	534,493	-	61,313	2,482	470,698	115,714
	Weighted Average Price	March 31, 2011	109.48	-	109.48	109.48	109.48	109.48
Scheme X	Number of Options	March 31, 2012	547,925	407,440	110,000	-	845,365	2,592
	Weighted Average Price	March 31, 2012	401.25	374.03	393.30	-	389.17	403.25
	Number of Options	March 31, 2011	-	594,925	47,000	-	547,925	-
	Weighted Average Price	March 31, 2011	-	401.41	403.25	-	401.25	-

The weighted average share price for the period over which stock options were exercised was ₹ 345.70 (Previous year: ₹ 414.63).

Notes forming part of Consolidated financial statements (Contd.)

c. Details of exercise price for stock options

The details of exercise price for stock options outstanding at the end of the year are as follows:

	Range of exercise price	As at March 31, 2012		As at March 31, 2011	
		No. of Options outstanding	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	4.08 – 19.13	4,485	Note (i)	5,554	Note(i)
Scheme II	25.92 – 96.41	21,356	8.36	23,556	9.73
Scheme III	25.92 – 96.41	272,822	Note (i)	370,038	Note(i)
Scheme IV	44.46 – 122.24	1,144,804	10.81	1,411,313	11.70
Scheme V	44.46 – 88.28	140,563	Note (i)	207,658	Note(i)
Scheme VI	44.46 – 61.34	13,454	10.19	96,251	10.74
Scheme VII	48.34 – 122.24	184,487	10.95	223,653	11.75
Scheme VIII	96.41 – 96.41	3,500	2.45	5,250	3.46
Scheme IX	109.48 – 109.48	399,131	11.13	470,698	12.15
Scheme X	315.15 – 403.25	845,365	5.88	547,925	6.63

Note (i) No contractual life is defined in the scheme.

d. Effect of the employee share-based payment plans on the Profit and Loss Account and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2012 amounted to ₹ 8.36 Million (Previous year ₹ 7.11 Million). The liability for employee stock options outstanding as at year end is ₹ 33.51 Million (Previous year ₹ 34.76 Million).

e. Details of stock options granted during the year

The weighted average fair value of the stock options granted during the current year ₹ 104.44 (Previous year: ₹ 129.27). The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the year ended	
	March 31, 2012	March 31, 2011
	Scheme X	Scheme X
Weighted average share price	₹ 345.70	₹ 414.63
Exercise Price	₹ 315.15- ₹ 397.55	₹ 389.05- ₹ 403.25
Expected Volatility	31.90%, 32.56%	31.90%, 32.56%
Historical Volatility	31.52% - 61.52%	31.52% - 61.52%
Life of the options granted (Vesting and exercise period)	7 Years	7 Years
Dividend yield	1.00%	1.00%
Average risk-free interest rate	7.93% - 8.01%	7.93% - 8.01%
Expected dividend rate	40%	40%

The expected volatility was determined based on historical volatility data. The historical volatility is calculated as the standard deviation of daily lognormal returns from the stock of the Company/ comparable Companies. To allow the effect of early exercise of the options the exercise period has been considered as one year after the vesting date where the share price is expected to be 2.50 times the exercise price.

f. Adjustment to general reserve on account of ESOP issued through Trust

The Group has adjusted ₹ 32.36 Million (Previous year: ₹ 20.36 Million) to General Reserve as the difference between the cost incurred by the Trust for the purpose of shares and the exercise price of those shares which have been exercised by the employee during the year, in accordance with Guidance Note on accounting for Employee share based payment, issued by the Institute of Chartered Accountants of India and SEBI Guidelines.

Notes forming part of Consolidated financial statements (Contd.)

g. Impact on the reported net profit and earnings per share by applying the fair value based method

Since the Group uses intrinsic value method as required by the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India, the impact on reported net profit and Earnings Per Share by applying the fair value method is set out as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Profit after tax	1,417.80	1,397.37
Add: Employee stock compensation under intrinsic value method	8.36	7.11
Less: Employee stock compensation under fair value method	(68.83)	(60.70)
Proforma profit	1,357.33	1,343.78
Earnings Per Share		
Basic		
- As reported	37.02	37.04
- Pro forma	35.44	35.62
Diluted		
- As reported	35.45	34.93
- Pro forma	33.93	33.59

33. Contingent liabilities

(In ₹ Million)

	As at	
	March 31, 2012	March 31, 2011
Claims against the Group not acknowledged as debts		
- Legal claims [Note (i)]	-	0.18
- Income tax [Note (ii)]	114.56	81.70
	114.56	81.88

(i) This represents disputed legal claim filed by an ex-employee, which has been since decided in the favour of the Group.

(ii) This represents disputed income tax demands against which the Group has filed appeals for the respective years with relevant authorities. The management is confident that the matter would be decided in favour of the Group. Consequently no provision has been made in the books of account in respect of such disputed income tax demands.

34. Capital and other commitments

(In ₹ Million)

	As at	
	March 31, 2012	March 31, 2011
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	152.10	446.72
Other commitments		
Forward contracts	5,084.03	4,136.68

Notes forming part of Consolidated financial statements (Contd.)

35. Auditors' remuneration

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
As auditor:		
- Audit fee	4.79	4.13
- Tax audit fee	0.17	0.19
In other capacity:		
- Other Services	0.30	1.10
Reimbursement of expenses	0.05	0.15
	5.31	5.57

36. Research and development expenditure

The particulars of expenditure incurred on in-house research and development centre recognised by the Department of Scientific and Industrial Research (DSIR) is as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Capital	8.33	-
Revenue	36.39	-
	44.72	-

37. Details of dues to Micro and Small enterprises as defined under MSMED Act, 2006

There are no amounts that need to be disclosed pertaining to Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

As at March 31, 2012, no supplier has intimated the Group about its status as Micro or Small enterprises or its registration with the appropriate authority under 'The Micro, Small and Medium Enterprises Development Act, 2006'.

38. Details of utilisation of proceeds raised through public issue

The Group has utilised entire amount of ₹ 1,200.60 Million as per the "Object of the Issue" as stated in the Prospectus and related approval in the Annual General Meeting. The utilization of IPO proceeds amount up to March 31, 2012 is as under:

(In ₹ Million)

Activity	March 31, 2012	March 31, 2011
Unutilised amount at the beginning of the year	802.58	1,200.60
Less: amount utilized during the year		
(i) Establishment of development facilities	556.29	203.91
(ii) Capital expenditure through Subsidiaries for establishing development facilities in SEZ	-	29.59
(iii) Procuring hardware and software	111.58	92.92
(iv) Fund expenditure for general corporate purposes	134.71	71.60
	802.58	398.02
Unutilised amount at the end of the year	-	802.58

The unutilised amount of the proceeds of the IPO as at March 31, 2011 were been invested in Mutual Funds.

Notes forming part of Consolidated financial statements (Contd.)

39. Net dividend remitted in foreign exchange

(Amount in USD Million)

Particulars	Period to which dividend relates	No. of non-resident shareholders	No. of equity shares held on which dividend was due (in Million)	For the year ended March 31, 2012	For the year ended March 31, 2011
Interim dividend	2009-10	4	8.45	-	0.28
Final dividend	2009-10	3	3.04	-	0.03
Interim dividend	2010-11	3	3.04	-	0.27
Final dividend	2010-11	2	2.13	0.07	-
Interim dividend	2011-12	2	2.13	0.15	-

40. Comparatives

Till the previous reporting period, the Group was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group.

The Group has reclassified previous year figures to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

The following is a summary of the effects that revised Schedule VI had on presentation of Balance Sheet of the Group for the year ended March 31, 2011:

(In ₹ Million)

Pre-revised Schedule VI			Revised Schedule VI		Nature of adjustment
Heading	Amount	Adjustment	Amount	Heading	
Sources of funds				Equity and liabilities	
Shareholders' funds				Shareholders' funds	
Share capital	400.00	-	400.00	Share capital	
Stock options outstanding account	34.76	(34.76)	-		Stock options outstanding account disclosed as part of reserves
Reserves and surplus	7,036.31	34.76	7,071.07		
	7,471.07	-	7,471.07		
				Non-current liabilities	
Deferred payment liabilities	30.07	(30.07)	-		
	-	83.94	83.94	Other long-term liabilities	Non-current component of trade payables
	-	99.99	99.99	Long-term provisions	Non-current component of employee provisions
	30.07	153.86	183.93		
Current liabilities and provisions				Current liabilities	
Current liabilities	-	405.88	405.88	Trade payables	Current component of trade payables
	1,206.28	(1,206.28)	-		
		344.62	344.62	Other current liabilities	Refer working Note 1

Notes forming part of Consolidated financial statements (Contd.)

Pre-revised Schedule VI			Revised Schedule VI		Nature of adjustment
Heading	Amount	Adjustment	Amount	Heading	
Provisions	396.03	301.92	697.95	Short-term provisions	1. Non-current component of employee provisions, 2. Proposed dividend and tax on proposed dividend which was shown as appropriation earlier, now disclosed here
	1,602.31	(153.86)	1,448.45		
	9,103.45	-	9,103.45		
Application of funds				Assets	
Fixed assets				Non-current assets - Fixed assets	
Net block	1,688.23	-	1,688.23	Tangible assets	
CWIP including capital advances	574.00	(49.35)	524.65	Capital work-in-progress	Capital advance disclosed as loan and advances
Intangible assets	573.03	-	573.03	Intangible assets	
Intangible assets under development	30.52	(1.68)	28.84	Intangible assets under development	Capital Advance disclosed as loan and advances
Investments	2,500.42	(2,500.42)	-		Current investment regrouped as current assets
Deferred tax assets	59.85	-	59.85	Deferred tax assets	
	-	149.11	149.11	Long-term loans and advances	1. Non-current component of loans and advances 2. Capital advances
	-	113.67	113.67	Other non-current assets	Non-current component of bank balances
	5,426.05	(2,288.67)	3,137.38		
Current assets, loans and advances				Current assets	
	-	2,500.42	2,500.42	Current investments	Current component of investments
Sundry debtors	1,582.11	-	1,582.11	Trade receivables	
Cash and bank balances	999.94	(113.67)	886.27	Cash and bank balances	Non-current component of bank balances classified as Other non-current assets
Other current assets	226.20	-	226.20	Other current assets	Non-current component of accrued interest and unamortised costs
Loans and advances	869.15	(98.08)	771.07	Short-term loans and advances	Current component of loans and advances
	3,677.40	2,288.67	5,966.07		
	9,103.45	-	9,103.45		

Notes forming part of Consolidated financial statements (Contd.)

Working Note 1

Items previously included in current liabilities now regrouped to other current liabilities

(In ₹ Million)

Unearned revenue	96.04
Advance from customer	114.72
Unpaid dividend	0.26
Other liabilities	6.41
Accrued employee liabilities	86.59
Statutory liabilities	40.60
	344.62

41. The financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.

As per our report of even date

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738
Mumbai, April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212
Pune, April 22, 2012

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2012

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, relating to subsidiaries

(In ₹ Million unless otherwise stated)

Sr. No.	Name of the Subsidiary Company	Persistent Systems, Inc.	Persistent Systems Pte. Ltd.	Persistent Systems France SAS*	Persistent Telecom Solutions Inc.**
1	Financial year/Period of the Subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
2	Holding Company's Interest				
	(i) The number of Equity Shares held	97,000,000 Equity Shares of USD 0.10 each fully paid are held by Persistent Systems Ltd.	500,000 Common Shares of SGD 1 each fully paid are held by Persistent Systems Ltd.	1,500,000 Equity shares of Euro 1 each fully paid are held by Persistent Systems Ltd.	5000 Common shares of USD 0.001 each fully paid are held by Persistent Systems, Inc.
	(ii) Extent of interest in the capital of Subsidiary	100.00%	100.00%	100.00%	100.00%
3	The net aggregate amount of profits/(Loss) of the subsidiary for the above financial year so far as the members of the holding company are concerned and are				
	(i) dealt within the accounts of the holding company	₹ Nil	₹ Nil	₹ Nil	₹ Nil
	(ii) not dealt within the accounts of the holding company.	₹ 39.58 Million	₹ 2.21 Million	₹ (5.96) Million	₹ 7.34 Million
4	The net aggregate amount of profits/(losses) of the subsidiary for the Previous financial years since it became subsidiary so far as the members of the holding Company are concerned and are				
	(i) dealt within the accounts of holding Company.	₹ Nil	₹ Nil	₹ Nil	₹ Nil
	(ii) not dealt within the accounts of holding Company	₹ (45.71) Million	₹ (5.66) Million	Not Applicable	Not Applicable
5	Information where the financial year of a Subsidiary Company does not coincide with the financial year of the holding Company				

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, relating to subsidiaries (Contd.)

(In ₹ Million unless otherwise stated)

Sr. No.	Name of the Subsidiary Company	Persistent Systems, Inc.	Persistent Systems Pte. Ltd.	Persistent Systems France SAS*	Persistent Telecom Solutions Inc.**
	(i) Change in the Holding Company's interest in the Subsidiary between the end of the financial year or of the last financial year of the subsidiary and the end of the Holding Company's financial year	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	(ii) Details of material changes which have occurred between the end of the financial year of the subsidiary and the end of the holding Company's financial year in respect of the subsidiary's Fixed Assets, its investments, the moneys lent by it and the moneys borrowed by it for any purpose other than that of meeting Current Liabilities.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

* During the year a wholly owned subsidiary, Persistent Systems France S.A.S. was incorporated in France on April 11, 2011.

** During the year a new company Persistent Telecom Solutions Inc. was incorporated in USA on January 21, 2012 as a wholly owned subsidiary of Persistent Systems, Inc. hence step down subsidiary of the company.

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2012

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiaries

(In ₹ Million unless otherwise stated)

Sr. No.	Name of the Subsidiary Company	Persistent Systems Inc.	Persistent Systems Pte. Ltd.	Persistent Systems France S.A.S.	Persistent Telecom Solutions Inc.
	Currency	USD	SGD	EURO	USD
	Exchange Rate on last day of financial year	50.87	40.47	67.89	50.87
	financial year Ending on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
1	Share Capital	473.59	15.50	97.47	-
	(Including Share Application money pending Allotment)				
2	Reserves	10.75	0.86	(1.66)	323.18
3	Liabilities	648.43	3.63	40.05	49.94
4	Total Liabilities	1,132.77	19.99	135.86	373.12
5	Total Assets	1,132.77	19.99	135.86	373.12
6	Investments (excluding investment in subsidiaries)	-	-	-	-
7	Turnover	2,867.36	21.26	113.26	55.90
8	Profit before Tax	57.44	2.73	(5.96)	13.48
9	Provision for Taxation	17.86	0.52	-	6.14
10	Profit after Tax	39.58	2.21	(5.96)	7.34
11	Proposed Dividend - Equity Shares	-	-	-	-
12	Proposed Dividend - Equity (%)	-	-	-	-
13	Proposed Dividend - Preference Shares	-	-	-	-
14	Proposed Dividend - Preference Shares (%)	-	-	-	-

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2012

PERSISTENT

Persistent Systems Limited

(Unconsolidated)

Auditors' Report on Financial Statements

To

The Members of
Persistent Systems Limited

1. We, S.R. Batliboi & Co. Chartered Accountants ("SRBC") and Joshi Apte & Co. ("JACO") Chartered Accountants (collectively referred to as "Joint Auditors") have audited the accompanying Balance Sheet of Persistent Systems Limited ("the Company") as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. 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 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 misstatements. 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) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. 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;

   ii. 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;

   iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

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

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

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738

Place: Mumbai
Date: April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Place: Pune
Date: April 22, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Persistent Systems Limited ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) The Company does not hold any inventory and accordingly provisions of the Clause 4(ii)(a) to (c) of the Order are not applicable to the Company and hence not commented upon.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(e) According to information and explanations given to us, 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 Companies Act, 1956. Accordingly, the provisions of Clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and rendering of software services. The activities of the Company do not involve purchase of inventory. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly Clause 4(v) (a) and (b) of the Order is not applicable to the Company.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the software services rendered by the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities 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 applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Regular Assessment Dues	21,665,067	Financial year 2006-07	Commissioner of Income Tax Appeals – II, Pune

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) The Company has not taken any borrowings from banks, financial institutions and has not issued debentures during the year and accordingly, we are not required to comment on default, if any, on repayment of borrowings.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanation given to us by the management, the term loan was applied for the purpose for which the loan was obtained, though idle funds which were not required for immediate utilization have been deposited as per the terms of the agreement. The maximum amount of idle funds deposited during the year was ₹ 6,540,000, of which ₹ 6,540,000 was outstanding at the end of the year.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any debentures outstanding during the year.

(xx) We have verified that the end use of money raised by public issue is as disclosed in the notes to the financial statements.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738

Place: Mumbai
Date: April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Place: Pune
Date: April 22, 2012

Balance Sheet as at March 31, 2012

(In ₹ Million)

	Notes	As at March 31, 2012	As at March 31, 2011
Equity and Liabilities			
Shareholders' funds			
Share capital	4	400.00	400.00
Reserves and surplus	5	7,977.43	7,043.37
		8,377.43	7,443.37
Non- current liabilities			
Long-term borrowings	6	6.54	-
Other long-term liabilities	7	-	83.94
Long-term provisions	8	70.87	60.61
		77.41	144.55
Current liabilities			
Trade payables	9	208.54	316.72
Other current liabilities	9	450.36	244.26
Short-term provisions	10	523.19	522.92
		1,182.09	1,083.90
Total		9,636.93	8,671.82
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11.1	2,402.67	1,612.82
Intangible assets	11.2	384.75	510.70
Capital work-in-progress		506.49	524.65
Intangible assets under development		16.76	28.84
		3,310.67	2,677.01
Non-current investments	12	700.30	186.92
Deferred tax assets (net)	13	76.49	56.47
Long-term loans and advances	14	233.03	192.77
Other non-current assets	15	2.16	2.18
		4,322.65	3,115.35
Current assets			
Current investments	16	1,915.24	2,500.42
Trade receivables	17	1,660.40	1,199.91
Cash and bank balances	18	1,063.99	867.96
Short-term loans and advances	19	551.18	796.83
Other current assets	20	123.47	191.35
		5,314.28	5,556.47
Total		9,636.93	8,671.82
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738

Mumbai, April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2012

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2012

Statement of Profit and Loss for the year ended March 31, 2012

(In ₹ Million)

	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
Income			
Revenue from operations (net)	21	8,103.64	6,101.27
Other income	22	323.76	385.99
Total revenue (A)		8,427.40	6,487.26
Expenses			
Employee benefit expenses	23.1	4,298.76	3,338.29
Cost of technical professionals	23.2	632.40	487.02
Other expenses	24	1,030.87	833.70
Depreciation and amortization expense (net)	11.3	564.39	395.09
Total expenses (B)		6,526.42	5,054.10
Profit before tax (A - B)		1,900.98	1,433.16
Tax expense			
Current tax		546.42	270.55
MAT credit entitlement		-	(124.79)
Deferred tax charge / (credit)		(19.31)	(48.47)
Total tax expense		527.11	97.29
Profit after tax		1,373.87	1,335.87
Earnings per equity share [nominal value of share ₹ 10 (March 31, 2011: ₹ 10]	25		
Basic (In ₹)		35.87	35.41
Diluted (In ₹)		34.35	33.40
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738

Mumbai, April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2012

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2012

Cash Flow Statement for the year ended March 31, 2012

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Cash flow from operating activities		
Profit before tax	1,900.98	1,433.16
Adjustments for:		
Interest income	(104.34)	(31.03)
Dividend income	(141.71)	(117.93)
Depreciation and amortisation expense	564.39	395.09
Unrealised exchange loss/(gain) (net)	(102.07)	13.37
Exchange loss/(gain) on derivative contracts	80.16	33.37
Exchange difference on translation of foreign currency cash and cash equivalents	(0.65)	0.10
Bad debts	19.97	-
Provision for doubtful debts	60.04	33.52
Diminution in the value of Investment	-	9.00
Employee compensation expenses	8.36	7.11
Provision for doubtful deposit written back	-	(0.35)
Excess provision written back	(0.27)	(2.26)
Profit on sale of investments (net)	(4.88)	(2.40)
Profit on sale of fixed assets (net)	(3.02)	(8.34)
Operating profit before working capital changes	2,276.96	1,762.41
Movements in working capital:		
(Increase) in trade receivables	(382.55)	(199.76)
(Increase)/Decrease in other current assets	(9.29)	12.91
Decrease in loans and advances	58.72	79.09
Increase/(Decrease) in current liabilities	(161.05)	119.37
Increase/(Decrease) in other long term liabilities	(83.94)	(15.04)
Increase/(Decrease) in provisions	(50.72)	81.36
Operating profit after working capital changes	1,648.13	1,840.34
Direct taxes paid (net of refunds)	(365.89)	(324.31)
Net cash from operating activities (A)	1,282.24	1,516.03
Cash flows from investing activities		
Purchase of fixed assets (including capital work in progress and capital advances)	(1,098.11)	(857.34)
Proceeds from sale of fixed assets	3.71	1.91
Purchase of non current investments	(527.88)	-
Purchase of current investments	(8,712.18)	(15,355.62)
Investments in bank deposits (having original maturity of more than three months)	0.02	-
Proceeds from sale/maturity of investments	9,132.07	13,668.19
Repayment of inter corporate deposits	(76.73)	(60.28)
Interest income	80.46	17.50
Dividends received	141.71	114.37
Net cash (used in) investing activities (B)	(1,056.93)	(2,471.27)

Cash Flow Statement for the year ended March 31, 2012 (Contd.)

(In ₹ Million)

		For the year ended	
		March 31, 2012	March 31, 2011
Cash flows from financing activities			
Share issue expenses		-	(45.30)
(Payments)/receipts on behalf of selling shareholders in IPO		-	(372.08)
Long term borrowings		6.54	-
Dividends paid		(199.94)	(240.00)
Tax on dividend paid		(32.68)	(40.16)
Net cash (used in) financing activities	(C)	(226.08)	(697.54)

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(0.77)	(1,652.78)
Cash and cash equivalents at the beginning of the year	117.84	1,770.72
Cash acquired on amalgamation in nature of merger (Refer note 37)	25.99	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	0.65	(0.10)
Cash and cash equivalents at the end of the year	143.71	117.84
Components of cash and cash equivalents		
Cash on hand	0.11	0.15
Balances with banks		
On current account	142.81	116.97
On saving account	0.47	0.46
On unpaid dividend accounts*	0.32	0.26
Cash and cash equivalents as per note 18	143.71	117.84

* The Company can utilize these balances only towards settlement of the respective unpaid dividend.

Summary of significant accounting policies - Refer note 3

As per our report of even date

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738

Mumbai, April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2012

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and
Managing Director

P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary
and Head - Legal

Pune, April 22, 2012

Notes forming part of financial statements

1. Nature of operations

Persistent Systems Limited (the"Company") is predominantly engaged in Outsourced Software Product Development services. The Company offers complete product life cycle services.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the Accounting Standards ('AS') notified by the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except further change in accounting policy as explained below:

3. Statement of significant accounting policies

(a) Change in accounting policy

(i) Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. Except accounting for dividend on investments in subsidiary companies (see below), the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year. A summary of the effects that revised Schedule VI had on presentation of Balance Sheet of the Company for the year ended March 31, 2011 has been set out in Note 44.

(ii) Dividend on investment in subsidiary companies

Till the year ended March 31, 2011, the Company, in accordance with the pre-revised Schedule VI requirement, was recognizing dividend declared by subsidiary companies after the reporting date in the current reporting period's Statement of Profit and Loss if such dividend pertained to the period ending on or before the reporting date. The revised Schedule VI, applicable for financial years commencing on or after April 1, 2011, does not contain this requirement. Accordingly, to comply with AS-9 Revenue Recognition, the Company has changed its accounting policy for recognition of dividend income from subsidiary companies. In accordance with the revised policy, the Company recognizes dividend as income only when the right to receive the same is established by the reporting date. The Company has also presented unaudited corresponding previous year comparatives to facilitate better comparison. Such change does not have any effect on the financial statements for the year ended March 31, 2012.

(iii) Disclosure of segment information in the financial statements

Till the year ended March 31, 2011, the Company had presented segment information only in the consolidated financial statements in accordance with Para 4 of AS-17 "Segment Reporting". From the current year, the Company has also presented segment information as required by AS-17 in these financial statements in Note 26, along with unaudited corresponding previous year comparatives to provide more appropriate presentation of financial information. Such change does not impact recognition and measurement principles followed for the preparation of financial statements for the year ended March 31, 2012.

(b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Current and Non-current classification

An asset or a liability is classified as current when it satisfies any of the following criteria:

i. it is expected to be realized/settled, or is intended for sale or consumption, in the Company's normal operating cycle; or

Notes forming part of financial statements (Contd.)

ii. it is held primarily for the purpose of being traded; or
iii. it is expected to be realized/due to be settled within twelve months after the reporting date; or
iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date; or
v. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

(e) Intangible assets

(i) Acquired Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

(ii) Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such capitalized expenditure is reflected as intangibles under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset commences when the development is complete and the asset is available for use.

(f) Depreciation and amortization

Depreciation on tangible fixed assets is provided using the Straight Line Method ('SLM') as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

Intangible assets are amortized on a straight line basis over the period of expected future economic benefits i.e. over their estimated useful lives of three to five years.

Notes forming part of financial statements (Contd.)

A comparative statement of rates of depreciation followed by the Company and applicable rates as per the Schedule XIV of the Companies Act, 1956 is as below:

Assets *	Rates (SLM)	Rates as per Schedule XIV (SLM)
Buildings	4.00%	1.63%
Computers	33.33%	16.21%
Office equipments	20.00%	4.75%
Plant and machinery	20.00%	4.75%
Furniture and fixtures	20.00%	6.33%
Vehicles	20.00%	9.50%
Software	20% to 33.33%	16.21%

*Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Leasehold land is amortized on straight line basis over the period of lease, i.e. 95 years.

Acquired contractual rights are amortized on straight line basis over their estimated useful lives of three to five years.

(g) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(i) Leases

Where the Company is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(j) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value, determined on category of investment basis. Long-term investments presented as non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary decline, in the value of investments.

Notes forming part of financial statements (Contd.)

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(k) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Income from software services

Revenue from time and material engagements is recognized on time basis in accordance with the terms of the contracts with customers.

In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

Revenue from licensing of products is recognized on delivery of products.

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

Revenue from maintenance contracts is recognized on a pro-rata basis over the period of the contract as and when services are rendered.

Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the Balance Sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Company collects service tax and value added taxes (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head 'Other income' in the Statement of Profit and Loss.

(iii) Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the Statement of Profit and Loss.

(l) Foreign currency translation

(i) Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion/settlement of foreign currency monetary items and on foreign currency liabilities relating to fixed assets acquisition are recognized as income or expenses in the year in which they arise.

Forward exchange contracts not intended for trading or speculation purposes covered by AS-11 – "The effects of changes in Foreign Exchange rates"

The premium or discount arising at the inception of forward exchange contracts is amortized and is recognized as an expense/income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising

Notes forming part of financial statements (Contd.)

on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the reporting period.

Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments

The Company has adopted principles of AS-30 – "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India (ICAI), to the extent that the adopted did not conflict with existing accounting standard and other authoritative pronouncements of the Company Law and other regulatory requirements

As per the accounting principles laid down in AS-30 relating to cash flow hedges, derivative financial instruments which qualify for cash flow hedge accounting are fair valued at Balance Sheet date and the effective portion of the resultant loss / (gain) is debited / (credited) to the hedge reserve and the ineffective portion is recognized to the Statement of Profit and Loss. Derivative financial instruments are carried as forward contract receivable when the fair value is positive and as forward contract payable when the fair value is negative.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in hedge reserve is transferred to the Statement of Profit and Loss when the forecasted transaction occurs or affects profit or loss or when a hedged transaction is no longer expected to occur.

(ii) Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financials statements of the integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their Statement of Profit and Loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the Statement of Profit and Loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(m) Retirement and other employee benefits

(i) Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the Statement of Profit and Loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss in the reporting period in which they occur.

(iii) Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by Life Insurance Corporation of India is equal to the specified percentage of the basic salary of the

Notes forming part of financial statements (Contd.)

eligible employees as per the scheme. The contribution to this scheme is charged to the Statement of Profit and Loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

(iv) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(v) Long service awards

Long service awards are other long-term benefits to all eligible employees, as per Company's policy. The cost of providing benefit under long service awards scheme is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains / losses are recognized in full in the Statement of Profit and Loss in the reporting period in which they occur.

(n) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current reporting period and reversal of timing differences of earlier reporting periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Notes forming part of financial statements (Contd.)

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(o) Segment reporting

(i) Identification of segment

The Company's operations predominantly relate to providing outsourced software product development services covering full life cycle of product to its customers.

The primary reporting segments are identified based on review of market and business dynamics based on risk and returns affected by the type or class of customers for the services provided. The analysis of geographical segments is based on the areas in which the customers of the Company operate.

(ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment such as salaries and project related travel expenses. The remainder is considered as unallocable expense and is charged against the total income.

(iii) Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segregation of assets, liabilities, depreciation and other non-cash expenses into various reportable segments have not been presented except for trade receivables as these items are used interchangeably between segments and the Company is of the view that it is not practical to reasonably allocate these items to individual segments and an ad-hoc allocation will not be meaningful.

(iv) Inter-segment transfers

There are no inter-segment transactions.

(v) Segment accounting policies

The Company prepares its segment information in-conformity with accounting policies adopted for preparing and presenting the financial statement of the Company as whole.

(p) Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by PSPL ESOP Management Trust at the Balance Sheet date, which are obtained by subscription to the shares issued by the Company from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

(q) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required

Notes forming part of financial statements (Contd.)

to settle the obligation at the reporting date. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(s) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity period of three months or less.

(t) Employee stock compensation expenses

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. The employee stock option schemes have a graded vesting schedule. Each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(u) Amalgamation accounting

The Company treats an amalgamation in the nature of merger if it satisfies all criteria prescribed under AS-14: Accounting for Amalgamations. All other amalgamations are in the nature of purchase.

The Company accounts for all amalgamations in the nature of merger using the pooling of interest method. The application of this method requires the Company to recognize any non-cash element of the consideration at fair value. The Company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the Statement of Profit and Loss of the transferor company is aggregated with the corresponding balance appearing in the financial statements of the Company. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.

An amalgamation in the nature of purchase is accounted for using the purchase method. The cost of an acquisition/amalgamation is measured as the aggregate of the consideration transferred, measured at fair value. Other aspects of accounting are as below:

(i) The assets and liabilities of the transferor company are recognized at their fair values at the date of amalgamation. The reserves, whether capital or revenue, of the transferor company, except statutory reserves, are not recognized.

(ii) Any excess consideration over the value of the net assets of the transferor company acquired is recognized as goodwill. If the amount of the consideration is lower than the value of the net assets acquired, the difference is treated as capital reserve.

(iii) The goodwill arising on amalgamation is amortized to the Statement of Profit and Loss on a systematic basis over its useful life not exceeding five years.

Notes forming part of financial statements (Contd.)

4. Share capital

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Authorised shares (No. in Million)		
112 (Previous year: 100) equity shares of ₹ 10 each	1,120.00	1,000.00
	1,120.00	1,000.00
Issued, subscribed and fully paid-up shares (No. in Million)		
40 (Previous year: 40) equity shares of ₹ 10 each	400.00	400.00
Issued, subscribed and fully paid-up share capital	400.00	400.00

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

b) Terms/rights attached to equity shares

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

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 6 (March 31, 2011: ₹ 5.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	As at March 31, 2012 No. in Million	As at March 31, 2011 No. in Million
Equity shares allotted on September 17, 2007 as fully paid bonus shares by capitalization of securities premium ₹ 246.36 Million and capitalization of capital redemption reserves ₹ 9.79 Million	25.62	25.62

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at March 31, 2012		As at March 31, 2011	
	No. in Million.	% Holding	No. in Million	% Holding
Dr. Anand Deshpande	11.40	28.50	11.38	28.44
Norwest Venture Partners, FVCI	5.40	13.51	5.40	13.51
Mr. S. P. Deshpande	3.81	9.53	3.81	9.53
PSPL ESOP Management Trust	3.53	8.84	4.03	10.08

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members.

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Notes forming part of financial statements (Contd.)

5. Reserves and surplus (In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
A. Securities premium account		
Balance as per the last financial statements	1,736.70	1,738.60
Less: Share issue expenses	-	(1.90)
	1,736.70	1,736.70
B. Employees share options outstanding account (Refer note 31)		
Balance as per the last financial statements	34.76	32.02
Add: Additions during the reporting period	8.36	7.11
Less: Transferred to general reserve	(9.61)	(4.37)
	33.51	34.76
C. General reserve		
Balance as per the last financial statements	2,279.41	1,724.65
Add: Transferred from the Statement of Profit and Loss	549.60	534.40
Add: Adjustments towards PSPL ESOP Management Trust and Employee Stock Options (Refer note 31)	32.36	20.36
	2,861.37	2,279.41
D. Hedge reserve		
Balance as per the last financial statements	79.11	159.85
(Loss)/gain transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions	(79.11)	(22.20)
Net changes in fair value of effective cash flow hedges	(180.50)	(58.54)
	(180.50)	79.11
E. Surplus in the Statement of Profit and Loss		
Balance as per the last financial statements	2,913.39	2,368.46
Profit after tax for the reporting period	1,373.87	1,335.87
Adjustment on amalgamation (Refer note 37)	67.62	-
Less: Appropriations:		
Interim dividend on equity shares	(140.00)	(80.00)
Special dividend	-	(80.00)
Proposed final dividend	(100.00)	(60.00)
Tax on dividend	(38.93)	(36.54)
Transferred to general reserve	(549.60)	(534.40)
	3,526.35	2,913.39
	7,977.43	7,043.37

6. Long-term borrowings (In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Term loans (unsecured)		
- From other parties	6.54	-
	6.54	-

The term loan has been guaranteed by a bank guarantee by the Company and is repayable in ten equal semi annual installments over a period of five years commencing from March 2016.

Notes forming part of financial statements (Contd.)

7. Other long-term liabilities

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Trade payables (Refer note 36 for details of dues to micro and small enterprises)	-	83.94
	-	83.94

8. Long-term provisions

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits		
- Long service awards	70.87	60.61
	70.87	60.61

9. Trade payable and Other current liabilities

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Trade payable (Refer Note 36 for details of dues to micro and small enterprises)	208.54	316.72
	208.54	316.72
Other current liabilities		
Unearned revenue	38.21	18.66
Unpaid dividend (*)	0.32	0.26
Advance from customers	34.96	91.73
Forward contracts payable	235.47	-
Other payables		
- Statutory liabilities	55.24	57.34
- Accrued employee liabilities	82.12	65.14
- Other liabilities	4.04	11.13
	450.36	244.26

(*) Unpaid dividend is credited to Investor Education and Protection Fund as and when due.

10. Short-term provisions

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits		
- Gratuity (Refer note 27)	42.87	89.37
- Leave encashment	133.88	119.76
- Long service awards	16.35	12.48
- Other employee benefits	213.87	231.34
Others		
- Income Tax (Net of advance tax ₹ 1,164.01 Million)	-	-
- Proposed dividend	100.00	60.00
- Tax on proposed dividend	16.22	9.97
	523.19	522.92

Notes forming part of financial statements (Contd.)

11.1 Tangible assets

(In ₹ Million)

	Freehold land	Leasehold land	Buildings	Computers	Office equipments	Plant & machinery	Leasehold improvements	Furniture & fixtures	Vehicles	Total
Gross Block										
As at April 1, 2010	202.98	39.93	1,257.51	703.42	25.39	549.04	-	280.61	4.61	3,063.49
Additions	-	-	25.59	161.69	1.30	35.19	-	14.98	-	238.75
Disposals	-	-	-	22.47	0.05	1.48	-	0.06	0.07	24.13
As at March 31, 2011	202.98	39.93	1,283.10	842.64	26.64	582.75	-	295.53	4.54	3,278.11
Additions	-	-	519.79	157.88	11.71	283.61	1.00	79.18	-	1,053.17
Acquisition through merger (Refer Note 37)	-	-	-	39.22	-	25.06	10.15	12.54	-	86.97
Disposals	-	-	-	28.87	0.50	1.25	-	0.85	-	31.47
As at March 31, 2012	202.98	39.93	1,802.89	1,010.87	37.85	890.17	11.15	386.40	4.54	4,386.78
Depreciation										
As at April 1, 2010	-	-	225.38	574.57	17.76	379.79	-	214.84	3.20	1,415.54
Charge for the year	-	1.87	50.71	112.04	3.31	72.66	-	32.38	0.45	273.42
Disposals	-	-	-	22.47	0.05	1.02	-	0.06	0.07	23.67
As at March 31, 2011	-	1.87	276.09	664.14	21.02	451.43	-	247.16	3.58	1,665.29
Charge for the year	-	0.42	58.05	137.98	3.51	87.56	2.80	42.90	0.45	333.67
Acquisition through merger (Refer Note 37)	-	-	-	9.05	0.54	1.64	2.07	2.63	-	15.93
Disposals	-	-	-	28.84	0.50	1.25	-	0.19	-	30.78
As at March 31, 2012	-	2.29	334.14	782.33	24.57	539.38	4.87	292.50	4.03	1,984.11
Net Block										
As at March 31, 2011	202.98	38.06	1,007.01	178.50	5.62	131.32	-	48.37	0.96	1,612.82
As at March 31, 2012	202.98	37.64	1,468.75	228.54	13.28	350.79	6.28	93.90	0.51	2,402.67

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Notes forming part of financial statements (Contd.)

11.2 Intangible assets

(In ₹ Million)

	Software	Acquired contractual rights	Total
Gross Block			
As at April 1, 2010	570.23	-	570.23
Purchase	258.44	232.54	490.98
As at March 31, 2011	828.67	232.54	1,061.21
Purchase	105.46	-	105.46
Acquisition through merger (Refer note 37)	14.76	-	14.76
Disposals/write offs	20.68	-	20.68
As at March 31, 2012	928.21	232.54	1,160.75
Amortization			
As at April 1, 2010	428.02	-	428.02
Charge for the year	118.74	3.75	122.49
As at March 31, 2011	546.76	3.75	550.51
Charge for the year	167.02	64.39	231.41
Acquisition through merger (Refer note 37)	14.76	-	14.76
Disposals/write offs	20.68	-	20.68
As at March 31, 2012	707.86	68.14	776.00
Net Block			
As at March 31, 2011	281.91	228.79	510.70
As at March 31, 2012	220.35	164.40	384.75

11.3 Depreciation and amortisation

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
On tangible assets	333.67	273.42
On intangible assets	231.41	122.49
Less: attributable to fixed assets used for construction of building	(0.69)	(0.82)
	564.39	395.09

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Notes forming part of financial statements (Contd.)

12. Non-current investments (In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Trade investments (At cost unless otherwise mentioned)		
Investments in equity instruments (Unquoted)		
In Wholly owned subsidiary companies		
Persistent eBusiness Solutions Limited (PeBS) (Refer note 37)		
NIL (Previous year 0.92 Million) equity shares of ₹ 10 each, fully paid-up (At cost less provision for other than temporary diminution)	-	42.28
Less : Provision for diminution in value of investment	-	42.28
	-	-
Persistent Systems, Inc.		
97 Million (Previous year 37 Million) shares of USD 0.10 each, fully paid-up	473.59	165.92
	473.59	165.92
Persistent Systems Pte. Ltd.		
0.5 Million (Previous year 0.5 Million) shares of SGD 1 each, fully paid-up (At cost less provision for other than temporary diminution)	15.50	15.50
Less : Provision for diminution in value of investment	9.00	9.00
	6.50	6.50
Persistent Systems and Solutions Limited (Refer note 37)		
NIL (Previous year 1.45 Million) shares of ₹ 10 each, fully paid-up	-	14.50
	-	14.50
Persistent Systems France S.A.S.		
1.50 Million (Previous year NIL) shares of EUR 1 each, fully paid-up	97.47	-
	97.47	-
In associates		
Klisma e-Services Private Limited (Holding 50%. Previous year NIL)	0.05	-
0.005 Million (Previous year NIL) shares of ₹10 each, fully paid-up		
	0.05	-
In others*		
Sprint Telecom India Private Limited (Holding 26%, Previous year NIL)		
0.65 Million (Previous year NIL) shares of ₹ 10 each, fully paid-up	6.50	-
	6.50	-
	584.11	186.92
Non-trade investments (At cost unless otherwise mentioned)		
Government securities (Quoted)		
In Government securities	116.19	-
(Market value ₹ 180.88 Million, Previous year NIL)		
	116.19	-
	700.30	186.92
Aggregate provision for diminution in value of investments	9.00	51.28
Aggregate amount of quoted investments	116.19	-
Aggregate amount of unquoted investments	593.11	238.20

*Investments, where the Company does not have control or significant influence are classified as "Investments in others"

Notes forming part of financial statements (Contd.)

13. Deferred tax assets (net)

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Deferred tax liabilities		
Differences in depreciation and other differences in a block of tangible and intangible assets as per the tax books and financial books	90.40	64.06
	90.40	64.06
Deferred tax assets		
Provision for leave encashment	40.58	39.78
Provision for long service awards	31.18	24.28
Provision for doubtful debts	95.13	56.47
	166.89	120.53
Deferred tax assets (net)	76.49	56.47

14. Long-term loans and advances

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Capital advances (Unsecured, considered good)	21.43	51.03
Security deposit (Unsecured, considered good)	36.76	8.17
Loan to related parties (Unsecured, considered good)		
Persistent Systems, Inc.	78.60	54.93
Persistent Systems France S.A.S.	8.83	-
Inter corporate deposits		
Secured, considered good	-	10.00
Unsecured, considered doubtful	0.58	0.83
	0.58	10.83
Less: Provision for doubtful deposits	0.58	0.83
	-	10.00
Other loans and advances (Unsecured, considered good)		
Advance to PSPL ESOP Management Trust	77.88	58.43
Advances recoverable in cash or kind or for value to be received	9.53	10.21
	87.41	68.64
	233.03	192.77

15. Other non-current assets

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Non-current bank balances (Refer Note 18)	2.16	2.18
	2.16	2.18

16. Current investments (At lower of cost and market value)

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Non-trade (Unquoted)		
Investments in mutual funds	1,915.24	2,500.42
	1,915.24	2,500.42
Aggregate amount of unquoted investments	1,915.24	2,500.42

Notes forming part of financial statements (Contd.)

a. Details of investment in mutual funds

	As at March 31, 2012		As at March 31, 2011	
	Units (In Nos. Million)	In ₹ Million	Units (In Nos. Million)	In ₹ Million
DSP liquid fund (units of ₹ 10 each fully paid-up)	-	-	15.00	150.00
Grindlays cash fund (units of ₹ 10 each fully paid-up)	17.90	181.15	23.00	230.01
HDFC liquid fund (units of ₹ 10 each fully paid-up)	9.67	100.00	19.67	200.01
ICICI liquid fund (units of ₹ 10 each fully paid-up)	14.99	150.00	20.01	200.28
Templeton India fund (units of ₹ 10 each fully paid-up)	0.21	238.87	0.20	227.50
DWS money plus fund (units of ₹ 10 each fully paid-up)	10.00	100.00	10.00	100.00
Birla cash plus fund (units of ₹ 10 each fully paid-up)	15.06	150.64	19.46	196.24
Tata liquid fund (units of ₹ 10 each fully paid-up)	0.15	166.69	14.40	144.04
Reliance liquid plus (units of ₹ 10 each fully paid-up)	10.00	100.00	23.35	248.79
Religare fund (units of ₹ 10 each fully paid-up)	-	-	15.00	150.00
SBI mutual fund (units of ₹ 10 each fully paid-up)	39.02	391.43	23.03	231.24
Kotak liquid fund (units of ₹ 10 each fully paid-up)	21.07	257.68	13.18	133.31
Sundaram BNP (units of ₹ 10 each fully paid-up)	-	-	10.00	100.00
UTI fund (units of ₹ 10 each fully paid-up)	0.08	78.78	10.43	189.00
	138.15	1,915.24	216.73	2,500.42

17. Trade receivables (In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	12.90	2.80
Unsecured, considered doubtful	229.23	164.54
	242.13	167.34
Less: Provision for doubtful receivables	229.23	164.54
	12.90	2.80
Others		
Unsecured, considered good	1,647.50	1,197.11
Unsecured, considered doubtful	63.85	29.24
	1,711.35	1,226.35
Less: Provision for doubtful receivables	63.85	29.24
	1,647.50	1,197.11
	1,660.40	1,199.91

The export packing credit is secured by hypothecation of present and future receivables of the Company on *pari passu* basis with Bank of India and Citibank N.A. There is no balance payable as at March 31, 2012, and as at March 31, 2011.

Notes forming part of financial statements (Contd.)

18. Cash and bank balances

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Cash and cash equivalents as presented in cash flow statement		
Cash on hand	0.11	0.15
Balances with banks		
On current account	142.81	116.97
On saving account	0.47	0.46
On unpaid dividend accounts*	0.32	0.26
	143.71	117.84
Other bank balances		
On deposit account with original maturity for more than three months but less than twelve months	920.28	750.12
On deposit account with original maturity for more than twelve months	2.16	2.18
	922.44	752.30
Less: Deposit with original maturity more than twelve months disclosed under non-current assets (Refer note 15)	(2.16)	(2.18)
	920.28	750.12
	1,063.99	867.96

*The Company can utilize these balances only towards settlement of the respective unpaid dividend.

19. Short-term loans and advances

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Inter corporate deposit (Unsecured, considered good)	60.00	-
Loan to related parties (Unsecured, considered doubtful)		
Persistent Systems and Solutions Limited	-	59.00
Persistent eBusiness Solutions Limited	-	25.53
	-	84.53
Less: Provision for doubtful loans	-	25.53
	-	59.00
Advance to related parties (Unsecured, considered good)		
Persistent Systems, Inc.	10.52	4.93
Persistent Systems Pte. Ltd.	1.91	1.04
Persistent Systems and Solutions Limited	-	3.06
Persistent Systems France S.A.S.	1.48	1.58
	13.91	10.61
Other loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	64.68	103.84
Advance income tax (net of Provision for income tax) ₹ 1,277.66 Million [Previous year ₹ 720.05 Million]	110.93	86.82
MAT credit entitlement	222.90	419.61
VAT receivable (net)	55.64	61.97
Service tax receivable (net)	19.92	40.45
Deposits	3.20	14.53
	477.27	727.22
	551.18	796.83

Notes forming part of financial statements (Contd.)

20. Other current assets (In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Interest accrued	41.00	17.12
Forward contracts receivable	-	104.30
Unbilled revenue	82.47	69.93
	123.47	191.35

21. Revenue from operations (net) (In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Sale of software services	8,103.64	6,101.27
	8,103.64	6,101.27

22. Other income (In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Interest income		
- On bank deposits	89.62	21.11
- On others	14.72	9.92
Foreign exchange gains (net)	59.58	212.17
Profit on sale of fixed assets (net)	3.02	8.34
Dividend income from current investments	141.71	117.93
Profit on sale of current investments (net)	4.88	2.40
Provision for doubtful deposit written back	-	0.35
Excess provision in respect of earlier years written back	0.27	2.26
Miscellaneous income	9.96	11.51
	323.76	385.99

23. Personnel expenses (In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
23.1 Employee benefit expenses		
Salaries, wages and bonus	3,907.35	2,984.92
Contribution to provident and other funds	134.32	100.47
Gratuity expenses (Refer note 27)	41.45	81.38
Defined contribution to other funds	26.63	24.70
Staff welfare and benefits	180.65	139.71
Employee stock compensation expenses (Refer note 31)	8.36	7.11
	4,298.76	3,338.29
23.2 Cost of technical professionals		
Technical professionals - subsidiaries	536.83	423.58
Technical professionals - others	95.57	63.44
	632.40	487.02
	4,931.16	3,825.31

Notes forming part of financial statements (Contd.)

24. Other expenses

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Travelling and conveyance	166.48	205.87
Electricity expenses (net)	90.12	77.79
Internet link expenses	29.32	30.63
Communication expenses	20.78	21.78
Recruitment expenses	10.16	17.60
Training and seminars	19.21	15.61
Purchase of software licenses and support expenses	192.27	128.27
Bad debts	19.97	-
Provision for doubtful debts	60.04	33.52
Rent (Refer note 29)	52.33	14.05
Insurance	17.07	13.97
Rates and taxes	31.10	22.99
Legal and professional fees	37.93	22.83
Repairs and maintenance		
- Plant and Machinery	40.55	36.30
- Buildings	8.14	8.79
- Others	14.67	10.83
Commission on sales	34.02	36.06
Advertisement and sponsorship fees	4.99	8.69
Computer consumables	7.37	9.54
Auditors' remuneration (Refer note 34)	4.27	4.92
Donations	13.97	11.50
Books, memberships, subscriptions	1.72	1.69
Exchange loss on derivative contracts (net)	80.16	33.37
Directors' sitting fees	0.58	0.26
Directors' commission	6.00	3.85
Provision for doubtful deposit	1.25	-
Provision for diminution in value of non-current investments	-	9.00
Miscellaneous expenses	66.40	53.99
	1,030.87	833.70

25. Earnings per share

		For the year ended	
		March 31, 2012	March 31, 2011
Numerator for Basic and Diluted EPS			
Net Profit after tax (In ₹ Million)	(A)	1,373.87	1,335.87
Denominator for Basic EPS			
Weighted average number of equity shares	(B)	38,296,917	37,722,893
Denominator for Diluted EPS			
Weighted average number of equity shares and potential equity shares	(C)	40,000,000	40,000,000
Basic Earning per share of face value of ₹ 10 each (In ₹)	(A/B)	35.87	35.41
Diluted Earning per share of face value of ₹ 10 each (In ₹)	(A/C)	34.35	33.40
Number of shares considered as basic weighted average shares outstanding		38,296,917	37,722,893
Add: Effect of dilutive issues of stock options		1,703,083	2,277,107
Number of shares considered as weighted average shares and potential shares outstanding		40,000,000	40,000,000

Notes forming part of financial statements (Contd.)

26. Segment information

The primary reporting segments are identified based on risk and returns affected by the type or class of customers for the services provided as follows:

a. Infrastructure and Systems
b. Life science and Healthcare
c. Telecom and Wireless

The secondary segment reporting has been presented based on geographical location of customers.

(In ₹ Million)

Particulars	Year ended March 31, 2012				Year ended March 31, 2011			
	Infrastructure & Systems	Life Sciences & Healthcare	Telecom & Wireless	Total	Infrastructure & Systems	Life Sciences & Healthcare	Telecom & Wireless	Total
Revenue	5,805.98	789.27	1,508.39	8,103.64	4,145.93	659.35	1,295.99	6,101.27
Identifiable Expense	(3,121.86)	(307.09)	(765.82)	(4,194.77)	(2,004.22)	(291.83)	(730.57)	(3,026.62)
Segmental Operating Income	2,684.12	482.18	742.57	3,908.87	2,141.71	367.52	565.42	3,074.65
Unallocable Expenses				2,331.65				2,027.48
Operating Income				1,577.22				1,047.17
Other Income (Net of expenses)				323.76				385.99
Profit before Taxes				1,900.98				1,433.16
Tax expense				527.11				97.29
Profit after Tax				1,373.87				1,335.87

(In ₹ Million)

Particulars	Year ended March 31, 2012				Year ended March 31, 2011			
	Infrastructure & Systems	Life Sciences & Healthcare	Telecom & Wireless	Total	Infrastructure & Systems	Life Sciences & Healthcare	Telecom & Wireless	Total
Segmental Trade Receivables*	1,412.88	155.07	327.83	1,895.78	883.27	105.29	352.27	1,340.83
Unallocated Assets				7,741.15				7,330.99

(*) Note: Does not include inter company debtors amounting to ₹ 57.70 Million for FY 2011-12 and ₹ 52.86 Million For FY 2010-11

Geographical segments (In ₹ Million)

Particulars	Year ended March 31, 2012				Year ended March 31, 2011			
	North America	Europe	Asia Pacific	Total	North America	Europe	Asia Pacific	Total
Revenue	6,464.43	656.31	982.90	8,103.64	5,108.80	399.04	593.43	6,101.27
Segmental Trade Receivables	1,471.70	197.09	284.69	1,953.48	1,151.62	99.18	142.89	1,393.69

The analysis of geographical segment is based on the area in which the customers of the Company operate.

From the current year, the Company has presented segment information in these financial statements. The Company has also presented unaudited corresponding previous year comparatives to provide more appropriate presentation of financial information.

Notes forming part of financial statements (Contd.)

27. Gratuity plan

The Company has a defined benefit gratuity plan. Under the gratuity plan, each employee is eligible for gratuity on completion of minimum five years of service at 15 days basic salary (last drawn basic salary) for each completed year of service. The scheme is funded with an Insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the gratuity plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Statement of Profit and Loss): (In ₹ Million)

	For the year ended				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Current service cost	71.08	63.46	37.15	28.24	28.07
Interest cost on benefit obligation	15.69	9.37	6.54	6.51	4.05
Expected return on plan assets	(12.02)	(7.95)	(6.97)	(5.63)	(4.37)
Net actuarial (gain)/loss recognised in the period	(30.33)	24.41	3.84	(27.25)	7.17
Interest income	(2.97)	(7.91)	-	-	(4.40)
Net benefit expense	41.45	81.38	40.56	1.87	30.52
Actual Return on Net Plan Assets	-	10.38	7.92	7.47	4.52

Balance Sheet

Summary of benefit asset/(liability) (In ₹ Million)

	As at				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Present value of defined benefit obligations	(228.29)	(199.47)	(120.48)	(87.95)	(84.13)
Fair value of plan assets	185.42	110.10	77.99	86.02	53.88
Plan asset/(liability)	(42.87)	(89.37)	(42.49)	(1.93)	(30.25)

Changes in the present value of the defined benefit obligation (In ₹ Million)

	For the year ended				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Opening defined benefit obligation	199.47	120.48	87.95	84.13	52.00
Interest cost	15.69	9.37	6.54	6.51	4.05
Current service cost	71.08	63.46	37.15	28.24	28.07
Benefits paid	(30.61)	(19.14)	(8.03)	(5.52)	(2.79)
Actuarial (gains)/losses on obligation	(27.34)	25.30	(3.13)	(25.41)	2.80
Closing defined benefit obligation	228.29	199.47	120.48	87.95	84.13

Changes in the fair value of plan assets: (In ₹ Million)

	For the year ended				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Opening fair value of plan assets	110.10	77.99	86.02	53.88	29.09
Interest received and accrued during the year/ adjustment to opening balance	2.26	7.91	-	-	-
Expected return/adjustment	12.02	7.95	6.97	5.63	4.37
Contribution by employer	88.67	34.50	-	30.18	20.35
Benefits paid	(30.61)	(19.14)	(8.03)	(5.52)	(2.79)
Actuarial gains/(losses)	2.98	0.89	(6.97)	1.85	2.86
Closing fair value of plan assets	185.42	110.10	77.99	86.02	53.88

The Company expects to contribute ₹ 42.87 Million to gratuity fund in the financial year 2012-13.

Notes forming part of financial statements (Contd.)

The major categories of plan assets as a percentage of the fair value of total plan assets: (In ₹ Million)

	As at				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Investments with insurer including accrued interest	100%	100%	100%	100%	100%

The Company maintains gratuity fund, which is being administered by Life Insurance Corporation of India.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	As at				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Discount rate	8.67%	8.52%	8.45%	7.79%	8.00%
Expected rate of return on assets	8.50%	8.50%	8.50%	8.50%	9.00%
Increment rate	7.00%	7.00%	6.00%	6.00%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous periods are as follows: (In ₹ Million)

	As at				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Plan assets	185.42	110.10	77.99	86.02	53.88
Defined benefit obligation	(228.29)	(199.47)	(120.48)	(87.95)	(84.13)
(Deficit)	(42.87)	(89.37)	(42.49)	(1.93)	(30.25)
Experience adjustments on plan liabilities	(27.34)	25.30	(3.13)	(25.41)	2.80
Experience adjustments on plan assets	2.98	0.89	(6.97)	1.85	2.86

28. **Derivative instruments and un-hedged foreign currency exposures**

(i) Forward contracts outstanding at the reporting date:

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Forward contracts to sell USD: Hedging of expected future sales of USD 101.00 Million (Previous year USD 87.25 Million)	5,084.03	4,136.68

(ii) Details of un-hedged foreign currency exposures at the reporting date:

	As at March 31, 2012			As at March 31, 2011		
	In ₹ Million	Foreign Currency (In Million)	Conversion Rate (₹)	In ₹ Million	Foreign Currency (In Million)	Conversion Rate (₹)
Bank balances	0.47	JP¥ 0.76	0.62	0.46	JP ¥ 0.85	0.5385
	97.43	USD 1.92	50.87	51.53	USD 1.15	44.58
	4.30	GBP 0.05	81.50	7.78	GBP 0.11	71.64
	2.65	CAD 0.05	51.04	2.01	CAD 0.04	45.94
Investments	493.44	USD 9.70	50.87	164.95	USD 3.70	44.58
	20.24	SGD 0.50	40.47	17.69	SGD 0.50	35.38
	101.84	EUR 1.50	67.89	-	-	-

Notes forming part of financial statements (Contd.)

	As at March 31, 2012			As at March 31, 2011		
	In ₹ Million	Foreign Currency (In Million)	Conversion Rate (₹)	In ₹ Million	Foreign Currency (In Million)	Conversion Rate (₹)
Trade payables	64.96	USD 1.28	50.87	36.85	USD 0.83	44.59
	4.40	SGD 0.11	40.47	1.73	SGD 0.05	35.38
Inter corporate deposit given	78.60	USD 1.55	50.87	54.93	USD 1.23	44.58
	8.83	EUR 0.13	67.89	-	-	-
Advances given	10.52	USD 0.21	50.87	4.93	USD 0.11	44.58
	1.91	SGD 0.05	40.47	1.04	SGD 0.03	35.38
	1.48	EUR 0.02	67.89	-	-	-
Trade receivables	816.28	USD16.05	50.87	674.94	USD 15.14	44.58
	50.02	EUR 0.74	67.89	31.01	EUR 0.49	63.29
	45.87	GBP 0.56	81.50	11.46	GBP 0.16	71.64
	8.36	CAD 0.16	51.04	1.84	CAD 0.04	45.94
	0.52	AUD 0.01	52.92	0.46	AUD 0.01	46.07
	1.38	NOK 0.16	8.93	0.65	NOK 0.08	8.08
	0.42	SEK 0.05	7.67	-	-	-
	0.12	SGD 0.003	40.47	-	-	-

29. Operating leases

The Company has taken equipment and office premises on lease under cancellable operating lease arrangements. Further, the Company has also taken certain office premises under non-cancellable operating lease agreement for a period of 3 - 15 years. There are no escalations during non-cancellable lease period. There are no restrictions imposed by the lease agreements. There are no subleases. The Company has an option to renew the lease agreements at the end of the lease period.

Maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement and the lease rentals recognized on cancellable and non-cancellable leases is as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Lease rentals during the reporting period		
- On cancellable leases	15.11	12.17
- On non-cancellable leases	37.22	1.88
Total	52.33	14.05
Obligation on non-cancellable operating leases:		
- Not later than one year	55.50	6.18
- Later than one year and not later than five years	225.05	23.13
- Later than five years	448.49	-

Notes forming part of financial statements (Contd.)

30. Related party disclosures

(i) Names of related parties and related party relationship

Related parties where control exists		
Subsidiaries	i.	Persistent Systems, Inc.
	ii.	Persistent Systems Pte. Ltd.
	iii.	Persistent Systems France S.A.S.
	iv.	Persistent Telecom Solutions Inc.
	v.	Persistent eBusiness Solutions Limited*
	vi.	Persistent Systems and Solutions Limited*

* Pursuant to the scheme of amalgamation sanctioned by the Honorable High Court of Bombay vide Order dated February 3, 2012, Persistent eBusiness Solutions Limited and Persistent Systems and Solutions Limited, subsidiaries of the Company, have been merged with the Company with effect from April 1, 2011, the appointed date.

Related parties with whom transactions have taken place during the reporting period		
Key management personnel	i.	Dr. Anand Deshpande, Chairman and Managing Director
	ii.	Mr. S. P. Deshpande, Non-Executive Director (retired as Director w.e.f. October 31, 2011)
	iii.	Mr. Nitin Kulkarni, Executive Director (w.e.f. July 18, 2011)
Relatives of Key Management Personnel	i.	Mrs. Chitra Buzruk (Relative of the Chairman and Managing Director and a Director)
	ii.	Mrs. Sulabha Deshpande (Relative of the Chairman and Managing Director and a Director)
	iii.	Mrs. Sonali Deshpande (Relative of the Chairman and Managing Director and a Director)
	iv.	Dr. Mukund Deshpande (Relative of the Chairman and Managing Director and a Director)

(ii) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial reporting period

(In ₹ Million)

	Name of the Related Party and Nature of Relationship	For the Year ended	
		March 31, 2012	March 31, 2011
Revenue from services rendered	Subsidiaries		
	Persistent Systems, Inc.	577.84	408.19
	Persistent eBusiness Solutions Limited	-	42.70
	Persistent Telecom Solutions Inc.	5.66	-
	Total	583.50	450.89
Sale of fixed assets	Subsidiaries		
	Persistent Systems and Solutions Limited	-	1.86
	Total	-	1.86
Reimbursement of project travel expenses and other expenses	Subsidiaries		
	Persistent eBusiness Solutions Limited	-	0.39
	Persistent Systems, Inc.	4.94	1.86
	Persistent Systems and Solutions Limited	-	1.09
	Total	4.94	3.34

Notes forming part of financial statements (Contd.)

(In ₹ Million)

	Name of the Related Party and Nature of Relationship	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Interest received	Subsidiaries		
	Persistent eBusiness Solutions Limited	-	1.91
	Persistent Systems and Solutions Limited	-	1.85
	Persistent Systems France S.A.S.	0.11	-
	Persistent Systems, Inc.	3.18	3.79
	Total	3.29	7.55
Services received	Subsidiaries		
	Persistent Systems, Inc.	527.14	415.66
	Persistent Systems Pte. Ltd.	9.69	7.91
	Total	536.83	423.57
Commission on sales paid	Subsidiaries		
	Persistent Systems, Inc.	31.83	31.33
	Total	31.83	31.33
Purchase of fixed assets	Subsidiaries		
	Persistent Systems and Solutions Limited	-	0.26
	Total	-	0.26
Project travel expenses and other expenses	Subsidiaries		
	Persistent Systems, Inc.	11.94	17.13
	Total	11.94	17.13
Remuneration paid	Key Management Personnel		
	Dr. Anand Deshpande	8.47	9.35
	Mr. Nitin Kulkarni (*)	6.01	-
	Relatives of Key Management Personnel		
	Mrs. Chitra Buzruk	2.37	2.14
	Dr. Mukund Deshpande	3.38	2.81
	Total	20.23	14.30
Dividend paid	Dr. Anand Deshpande	56.97	68.25
	Mr. S. P. Deshpande	19.06	22.84
	Mrs. Chitra Buzruk	0.14	0.16
	Mrs. Sonali Deshpande	0.28	0.33
	Mrs. Sulabha Deshpande	1.41	1.69
	Mr. Nitin Kulkarni	0.13	-
	Total	77.99	93.27
Intercorporate deposits given during the year	Subsidiaries		
	Persistent Systems and Solutions Limited	-	51.50
	Persistent Systems, Inc.	67.47	-
	Persistent Systems France S.A.S.	9.09	-
	Total	76.56	51.50
Repayment of interoperate deposit during the year	Subsidiaries		
	Persistent Systems, Inc.	53.63	-
	Total	53.63	-

(*) Mr. Nitin Kulkarni has been appointed as an Executive Director w.e.f. July 18, 2011; however, his remuneration is disclosed from April 1, 2011

Notes forming part of financial statements (Contd.)

(iii) Outstanding balances

(In ₹ Million)

	Name of the Related Party and Nature of Relationship	As at	
		March 31, 2012	March 31, 2011
Loans and advances given	Subsidiaries		
	Persistent Systems, Inc.	10.52	4.93
	Persistent Systems Pte. Ltd.	1.91	1.04
	Persistent Systems and Solutions Limited	-	3.06
	Persistent eBusiness Solutions Limited	-	-
	Persistent Systems France S.A.S.	1.48	-
	Total	13.91	9.03
Trade payables	Subsidiaries		
	Persistent Systems Pte. Ltd.	4.40	1.73
	Persistent Systems, Inc.	59.30	34.79
	Total	63.70	36.52
Trade receivables	Subsidiaries		
	Persistent Systems, Inc.	52.04	52.86
	Persistent Telecom Solutions Inc.	5.66	-
	Total	57.70	52.86
Intercorporate deposits given	Subsidiaries		
	Persistent eBusiness Solutions Limited	-	25.53
	Persistent Systems, Inc.	78.60	54.93
	Persistent Systems and Solutions Limited	-	59.00
	Persistent Systems France S.A.S.	8.83	-
	Total	87.43	139.46
Investments	Subsidiaries		
	Persistent Systems, Inc.	473.59	165.92
	Persistent eBusiness Solutions Limited	-	42.28
	Persistent Systems Pte. Ltd.	15.50	15.50
	Persistent Systems and Solutions Limited	-	14.50
	Persistent Systems France S.A.S.	97.47	-
	Associate		
	Klisma e-Services Private Limited	0.05	-
	Total	586.61	238.20
Advance taken	Subsidiaries		
	Persistent eBusiness Solutions Limited	-	4.96
	Total	-	4.96

Notes forming part of financial statements (Contd.)

31. Employees stock options (ESOP)

Certain information in this note relating to number of shares, options and per share/option price has been disclosed in full and is not rounded off as stated in note 45.

a) Details of employee stock option plans

The Company has provided various share-based payment schemes to its employees. The details of various equity-settled employee stock option plan ('ESOP') schemes adopted by the Board of Directors are as follows:

ESOP scheme	No. of options granted	Date of adoption by the Board/Members	Initial Grant date	Exercise period
Scheme I	2,280,250	Dec 11, 1999	Dec 11, 1999	*
Scheme II	376,600	Apr 23, 2004	Apr 23, 2004	10 Years
Scheme III	1,266,650	Apr 23, 2004	Apr 23, 2004	*
Scheme IV	3,479,125	Apr 23, 2006	Apr 23, 2006	10 Years
Scheme V	945,262	Apr 23, 2006	Apr 23, 2006	*
Scheme VI	608,125	Oct 31, 2006	Oct 31, 2006	10 Years
Scheme VII	892,487	Apr 30, 2007	Apr 30, 2007	10 Years
Scheme VIII	21,000	Jul 24, 2007	Jul 24, 2007	3 Years
Scheme IX	687,231	Jun 29, 2009	Jun 29, 2009	10 Years
Scheme X	1,002,365	Jun 10, 2010	Oct 29, 2010	3 Years

*No contractual life is defined in the scheme

The vesting period and conditions of the above ESOP schemes is as follows:

All the above ESOP schemes have service condition, which require the employee to complete a specified period of service, as a vesting condition. The vesting pattern of various schemes has been provided below:

(i) Scheme I to V, VII, VIII and X:

Service period from the date of grant	% of Options vesting		
	Scheme I to V & X	Scheme VII	Scheme VIII
12 Months	10%	20%	25%
24 Months	30%	40%	50%
36 Months	60%	60%	75%
48 Months	100%	80%	100%
60 Months	NA	100%	NA

(ii) Scheme VI:

Service period from the date of grant	% of Options vesting
18 Months	30%
Every quarter thereafter	5%

(iii) Scheme IX:

Service period from the date of grant	% of Options vesting
30– 60 Months varying from employee to employee	100%

Notes forming part of financial statements (Contd.)

b) Details of activity of the ESOP schemes

Movement for the year ended March 31, 2012 and March 31, 2011

ESOP Scheme	Particulars	Year ended	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at the end of the period	Exercisable at the end of the period
Scheme I	Number of Options	March 31, 2012	5,554	-	-	1,069	4,485	4,316
	Weighted Average Price	March 31, 2012	11.37	-	-	8.14	12.14	12.17
	Number of Options	March 31, 2011	12,204	-	3,502	3,148	5,554	4,457
	Weighted Average Price	March 31, 2011	9.95	-	4.77	13.04	11.37	11.99
Scheme II	Number of Options	March 31, 2012	23,556	-	-	2,200	21,356	21,355
	Weighted Average Price	March 31, 2012	74.41	-	-	96.41	72.14	72.14
	Number of Options	March 31, 2011	42,991	-	9,449	9,986	23,556	15,190
	Weighted Average Price	March 31, 2011	84.36	-	96.41	96.41	74.41	62.29
Scheme III	Number of Options	March 31, 2012	370,038	-	11,729	85,487	272,822	265,673
	Weighted Average Price	March 31, 2012	62.55	-	64.99	62.08	62.59	62.62
	Number of Options	March 31, 2011	489,031	-	30,207	88,786	370,038	147,111
	Weighted Average Price	March 31, 2011	62.17	-	65.03	59.60	62.55	61.33
Scheme IV	Number of Options	March 31, 2012	1,411,313	-	94,750	64,620	1,144,804	546,370
	Weighted Average Price	March 31, 2012	99.92	-	119.40	50.86	102.33	81.17
	Number of Options	March 31, 2011	1,844,402	-	160,599	272,490	1,411,313	456,919
	Weighted Average Price	March 31, 2011	94.33	-	112.69	54.56	99.92	66.85
Scheme V	Number of Options	March 31, 2012	207,658	-	2,475	64,620	140,563	139,878
	Weighted Average Price	March 31, 2012	52.82	-	59.80	50.86	53.61	53.45
	Number of Options	March 31, 2011	312,018	-	9,601	94,759	207,658	195,362
	Weighted Average Price	March 31, 2011	51.29	-	58.44	47.20	52.82	50.08

Notes forming part of financial statements (Contd.)

ESOP Scheme	Particulars	Year ended	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at the end of the period	Exercisable at the end of the period
Scheme VI	Number of Options	March 31, 2012	96,251	-	-	82,797	13,454	8,969
	Weighted Average Price	March 31, 2012	54.26	-	-	53.11	61.34	61.34
	Number of Options	March 31, 2011	96,251	-	-	-	96,251	58,844
	Weighted Average Price	March 31, 2011	54.26	-	-	-	54.26	52.70
Scheme VII	Number of Options	March 31, 2012	223,653	-	8,810	30,356	184,487	127,687
	Weighted Average Price	March 31, 2012	81.91		75.96	66.38	84.76	70.95
	Number of Options	March 31, 2011	292,953	-	52,150	17,150	223,653	98,376
	Weighted Average Price	March 31, 2011	83.56	-	99.16	57.63	81.91	66.58
Scheme VIII	Number of Options	March 31, 2012	5,250	-	-	1,750	3,500	3,500
	Weighted Average Price	March 31, 2012	96.41	-	-	96.41	96.41	96.41
	Number of Options	March 31, 2011	14,000	-	3,500	5,250	5,250	1,750
	Weighted Average Price	March 31, 2011	96.41	-	96.41	96.41	96.41	96.41
Scheme IX	Number of Options	March 31, 2012	470,698	-	14,102	57,465	399,131	202,395
	Weighted Average Price	March 31, 2012	109.48	-	109.48	109.48	109.48	109.48
	Number of Options	March 31, 2011	534,493	-	61,313	2,482	470,698	115,714
	Weighted Average Price	March 31, 2011	109.48	-	109.48	109.48	109.48	109.48
Scheme X	Number of Options	March 31, 2011	547,925	407,440	110,000	-	845,365	2,592
	Weighted Average Price	March 31, 2011	401.25	374.03	393.30	-	389.17	403.25
	Number of Options	March 31, 2011	-	594,925	47,000	-	547,925	-
	Weighted Average Price	March 31, 2011	-	401.41	403.25	-	401.25	-

The weighted average share price for the period over which stock options were exercised was ₹ 345.70 (Previous year: ₹ 414.63).

Notes forming part of financial statements (Contd.)

c) Details of exercise price for stock options

The details of exercise price for stock options outstanding at the end of the year are as follows:

	Range of exercise price	As at March 31, 2012		As at March 31, 2011	
		No. of Options outstanding	Weighted average remaining contractual life (in years)	No. of Options outstanding	Weighted average remaining contractual life (in years)
Scheme I	4.08 – 19.13	4,485	Note(i)	5,554	Note(i)
Scheme II	25.92 – 96.41	21,356	8.36	23,556	9.73
Scheme III	25.92 – 96.41	272,822	Note(i)	370,038	Note(i)
Scheme IV	44.46 – 122.24	1,144,804	10.81	1,411,313	11.70
Scheme V	44.46 – 88.28	140,563	Note(i)	207,658	Note(i)
Scheme VI	44.46 – 61.34	13,454	10.19	96,251	10.74
Scheme VII	48.34 – 122.24	184,487	10.95	223,653	11.75
Scheme VIII	96.41 – 96.41	3,500	2.45	5,250	3.46
Scheme IX	109.48 – 109.48	399,131	11.13	470,698	12.15
Scheme X	315.15 – 403.25	845,365	5.88	547,925	6.63

Note (i) No contractual life is defined in the scheme.

d) Effect of the employee share-based payment plans on the Profit and Loss Account and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2012 amounted to ₹ 8.36 Million (Previous year ₹ 7.11 Million). The liability for employee stock options outstanding as at year end is ₹ 33.51 Million (Previous year ₹ 34.76 Million).

e) Details of stock options granted during the year

The weighted average fair value of the stock options granted during the current year ₹ 104.44 (Previous year: ₹ 129.27). The Binomial tree valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the year ended	
	March 31, 2012	March 31, 2011
	Scheme X	Scheme X
Weighted average share price	₹ 345.70	₹ 414.63
Exercise Price	₹ 315.15- ₹ 397.55	₹ 389.05- ₹ 403.25
Expected Volatility	31.90%, 32.56%	31.90%, 32.56%
Historical Volatility	31.52% - 61.52%	31.52% - 61.52%
Life of the options granted (Vesting and exercise period)	7 Years	7 Years
Dividend yield	1.00%	1.00%
Average risk-free interest rate	7.93% - 8.01%	7.93% - 8.01%
Expected dividend rate	40%	40%

The expected volatility was determined based on historical volatility data. The historical volatility is calculated as the standard deviation of daily lognormal returns from the stock of the Company/comparable Companies. To allow the effect of early exercise of the options the exercise period has been considered as one year after the vesting date where the share price is expected to be 2.50 times the exercise price.

f) Adjustment to general reserve on account of ESOP issued through trust

The Company has adjusted ₹ 32.36 Million (Previous year: ₹ 20.36 Million) to General Reserve as the difference between the cost incurred by the Trust for the purpose of shares and the exercise price of those shares which have been exercised

Notes forming part of financial statements (Contd.)

by the employee during the year, in accordance with Guidance Note on accounting for Employee Share based Payment, issued by the Institute of Chartered Accountants of India and SEBI Guidelines.

g) Impact on the reported net profit and earnings per share by applying the fair value based method

Since the Company uses intrinsic value method as required by the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, the impact on reported net profit and Earnings Per Share by applying the fair value method is set out as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Profit after tax	1,373.87	1,335.87
Add: Employee stock compensation under intrinsic value method	8.36	7.11
Less: Employee stock compensation under fair value method	(68.83)	(60.70)
Proforma profit	1,313.40	1,282.28
Earnings Per Share		
Basic		
- As reported	35.87	35.41
- Pro forma	34.30	33.99
Diluted		
- As reported	34.35	33.40
- Pro forma	32.84	32.06

32. Contingent liabilities

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Claims against the Company not acknowledged as debts		
- Legal claims [Note (i)]	-	0.18
- Income tax [Note (ii)]	114.56	81.70
	114.56	81.88

(i) This represents disputed legal claim filed by an ex-employee, which has been since decided in the favour of the Company.

(ii) This represents disputed income tax demands against which the Company has filed appeals for the respective years with relevant authorities. The management is confident that the matter would be decided in favour of the Company. Consequently no provision has been made in the books of account in respect of such disputed income tax demands.

33. Capital and other commitments

(In ₹ Million)

	As at March 31, 2012	As at March 31, 2011
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	152.10	446.72
Other commitments		
Forward contracts	5,084.03	4,136.68

Notes forming part of financial statements (Contd.)

34. Auditors'remuneration

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
As auditor:		
- Audit fee	3.80	3.58
- Tax audit fee	0.13	0.13
In other capacity:		
- Other Services	0.29	1.07
Reimbursement of expenses	0.05	0.14
	4.27	4.92

35. Research and development expenditure

The particulars of expenditure incurred on in-house research and development centre recognized by the Department of Scientific and Industrial Research (DSIR) is as follows:

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Capital	8.33	-
Revenue	36.39	-
	44.72	-

36. Details of dues to micro and small enterprises as defined under MSMED Act, 2006

There are no amounts that need to be disclosed pertaining to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

As at March 31, 2012, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with the appropriate authority under 'The Micro, Small and Medium Enterprises Development Act, 2006'.

37. Amalgamation of Persistent Systems Limited (PSL), Persistent eBusiness Solutions Limited (PeBS) and Persistent Systems and Solutions Limited (PSSL)

a) Pursuant to the scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Bombay vide Order dated February 3, 2012, PeBS and PSSL, subsidiaries of the Company, have been merged with the Company with effect from April 1, 2011, an Appointed Date. The Company completed the process of Amalgamation on March 16, 2012 by filing of above Court Order with the Registrar of Companies.

PeBS was engaged in software development, consultancy and system integration services.

PSSL was set up to inter alia, mainly provide software development services from Special Economic Zone.

b) Pursuant to the Scheme:

(i) The authorised share capital of the Company has been enhanced without any liability for payment of any additional fee or stamp duty. Accordingly, authorised share capital of the Company of ₹ 1,000 Million (100 Million equity shares of ₹ 10 each) has been enhanced to ₹ 1,120 Million (112 Million equity shares of ₹ 10 each).

(ii) The assets and liabilities, rights and obligation of erstwhile PeBS and PSSL have been vested with the Company effective April 1, 2011. The Scheme has, accordingly, been given effect to in these accounts. The amalgamation has been accounted for under the "Pooling of Interests" as prescribed under notified "Accounting Standard 14 - Accounting for Amalgamations" (AS-14) as per Scheme of Amalgamation. Accordingly, the assets and liabilities of erstwhile PeBS and PSSL as at April 1, 2011 have been taken over at book value.

Notes forming part of financial statements (Contd.)

(iii) Further pursuant to the scheme, the balance appearing as "Investments in PeBS" and "Investments in PSSL" in the books of the Company, as on the appointed date, has been cancelled against the "Equity Share Capital" appearing in the books of the subsidiary companies. The excess of net assets taken from PeBS and PSSL over the "Investments in PeBS" and "Investments in PSSL" of ₹ 10.50 Million has been adjusted against the general reserve.

(iv) Book value of assets and liabilities acquired on amalgamation

(In ₹ Million)

	PSSL	PeBS	Total
Liabilities			
Non- current liabilities			
Long-term provisions	1.60	0.35	1.95
	1.60	0.35	1.95
Current liabilities			
Short-term borrowings	62.06	25.53	87.59
Trade payables	23.73	0.05	23.78
Other current liabilities	3.17	1.45	4.62
Short-term provisions	12.78	0.27	13.05
	101.74	27.30	129.04
Total liabilities	103.34	27.65	130.99
Assets			
Non-current assets			
Fixed assets – Tangible assets	71.04	-	71.04
Deferred tax assets (net)	0.05	0.65	0.70
Long term loans and advances	10.62	-	10.62
	81.71	0.65	82.36
Current assets			
Trade receivables	45.54	10.07	55.61
Cash and bank balance	21.70	4.29	25.99
Short-term loans and advances	5.41	14.97	20.38
Other current assets	3.25	-	3.25
	75.90	29.33	105.23
Total assets	157.61	29.98	187.59
Net assets acquired	54.27	2.33	56.60

(v) Adjustment to the surplus on account of amalgamation is as follows:

(In ₹ Million)

	PSSL	PeBS	Total
Surplus/(deficit) of profit and loss	39.77	(29.27)	10.50
Reversal of provision against balances			
- Investments	-	31.60	31.60
- Intercompany balances	-	25.52	25.52
	39.77	27.85	67.62

(vi) The Company has reported the transactions of PSSL and PeBS from April 1, 2011 as if the transactions were undertaken by the Company. The Company has included profit of ₹ 89.08 Million of PSSL and of ₹ 4.46 Million of PeBS for year ended March 31, 2012, in its Statement of Profit and Loss.

Notes forming part of financial statements (Contd.)

38. Details of utilization of proceeds raised through public issue

The Company has utilized entire amount of ₹ 1,200.60 Million as per the "Object of the Issue" as stated in the Prospectus and related approval in the Annual General Meeting. The utilization of IPO proceeds amount up to March 31, 2012 is as under:

(In ₹ Million)

Activity	March 31, 2012	March 31, 2011
Unutilised amount at the beginning of the year	802.58	1,200.60
Less: amount utilised during the year		
(i) Establishment of development facilities	556.29	203.91
(ii) Capital expenditure through Subsidiaries for establishing development facilities in SEZ	-	29.59
(iii) Procuring hardware and software	111.58	92.92
(iv) Fund expenditure for general corporate purposes	134.71	71.60
	802.58	398.02
Unutilised amount at the end of the year	-	802.58

The unutilised amount of the proceeds of the IPO as at March 31, 2011 were invested in Mutual Funds.

39. Loans and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested

a) Advance to Persistent Systems, Inc.
- Balance as at March 31, 2012: ₹ 10.52 Million (Previous year: ₹ 4.93 Million).
- Maximum amount outstanding during the year: ₹ 62.92 Million (Previous year: ₹ 30.96 Million).
- There is no repayment schedule in respect of this loan. It is repayable on demand.

b) Advance to Persistent Systems Pte. Ltd.
- Balance as at March 31, 2012: ₹ 1.91 Million (Previous year: ₹ 1.04 Million)
- Maximum amount outstanding during the year: ₹ 1.93 Million (Previous year: ₹ 1.04 Million)
- There is no repayment schedule in respect of this loan. It is repayable on demand.

c) Advance to Persistent Systems France S.A.S.
- Balance as at March 31, 2012: ₹ 1.48 Million (Previous year: NIL)
- Maximum amount outstanding during the year: ₹ 1.51 Million (Previous year:NIL)
- There is no repayment schedule in respect of this loan. It is repayable on demand.

d) Loan to Persistent Systems, Inc.
- Balance as at March 31, 2012: ₹ 78.60 Million (Previous year: ₹ 54.93 Million)
- Maximum amount outstanding during the year: ₹ 82.19 Million (Previous year: ₹ 55.82 Million)
- Principle and interest is payable at the end of 3 years @ LIBOR + 3.5% p.a.

e) Loan to Persistent Systems France S.A.S.
- Balance as at March 31, 2012: ₹ 8.83 Million (Previous year: Nil)
- Maximum amount outstanding during the year: ₹ 9.09 Million (Previous year: NIL)
- Principal and interest is payable at the end of 3 years @ 3.43% p.a.

40. Value of imports calculated on CIF basis

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Capital goods	206.88	103.64
	206.88	103.64

Notes forming part of financial statements (Contd.)

41. Expenditure in foreign currency (accrual basis)

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Travelling and conveyance	82.14	108.03
Cost of technical professional	553.34	433.38
Salary and allowances	32.83	28.01
Commission on sale	33.84	36.18
Others	46.87	31.83
	749.02	637.43

42. Earnings in foreign currency (accrual basis)

(In ₹ Million)

	For the year ended	
	March 31, 2012	March 31, 2011
Sale of software	7,299.56	5,530.96
Reimbursement of expenses	22.00	66.48
Interest	3.29	9.68
Others	3.90	-
	7,328.75	5,670.12

43. Net dividend remitted in foreign exchange

(In USD Million)

Particulars	Period to which dividend relates	No. of non-resident shareholders	No. of equity shares held on which dividend was due (in Million)	For the year ended	
				March 31, 2012	March 31, 2011
Interim dividend	2009-10	4	8.45	-	0.28
Final dividend	2009-10	3	3.04	-	0.03
Interim dividend	2010-11	3	3.04	-	0.27
Final dividend	2010-11	2	2.13	0.07	-
Interim dividend	2011-12	2	2.13	0.15	-

44. Comparatives

Till the previous reporting period, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company.

The Company has reclassified previous year figures to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

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Notes forming part of financial statements (Contd.)

The following is a summary of the effects that revised Schedule VI had on presentation of Balance Sheet of the Company for the year ended March 31, 2011:

(In ₹ Million)

Pre-revised Schedule VI			Revised Schedule VI		Nature of adjustment
Heading	Amount	Adjustment	Amount	Heading	
Sources of funds				Equity and liabilities	
Shareholders' funds				Shareholders' funds	
Share capital	400.00	-	400.00	Share capital	
Stock options outstanding account	34.76	(34.76)	-		Stock options outstanding account disclosed as part of reserves
Reserves and surplus	7,008.61	34.76	7,043.37		
	7,443.37	-	7,443.37		
				Non-current liabilities	
Deferred payment liabilities	30.07	(30.07)	-		
	-	83.94	83.94	Other long-term liabilities	Non-current component of trade payables
	-	73.09	73.09	Long-term provisions	Non-current component of employee provisions
	30.07	126.96	157.03		
Current liabilities and provisions				Current liabilities	
Current liabilities	-	316.73	316.73	Trade payables	Current component of trade payables
	846.22	(846.22)	-		
	-	244.26	244.26	Other current liabilities	Refer working note 1
Provisions	352.19	158.25	510.44	Short-term provisions	1. Non-current component of employee provisions, 2. Proposed dividend and tax on proposed dividend which was shown as appropriation earlier, now disclosed here
	1,198.41	(126.98)	1,071.43		
	8,671.85	(0.02)	8,671.83		
Application of funds				Assets	
Fixed assets				Non-current assets - Fixed assets	
Net block	1,612.83	-	1,612.83	Tangible assets	
CWIP including capital advances	574.00	(49.35)	524.65	Capital work-in-progress	Capital advance disclosed as loan and advances
Intangible assets	510.70	-	510.70	Intangible assets	
Intangible assets under development	30.52	(1.68)	28.84	Intangible assets under development	Capital Advance disclosed as loan and advances
Investments	2,687.34	(2,500.42)	186.92	Non-current investments	Current investment regrouped as current assets

Notes forming part of financial statements (Contd.)

(In ₹ Million)

Pre-revised Schedule VI			Revised Schedule VI		Nature of adjustment
Heading	Amount	Adjustment	Amount	Heading	
Deferred tax assets	56.47	-	56.47	Deferred tax assets	
	-	192.77	192.77	Long-term loans and advances	1. Non-current component of loans and advances 2. Capital advances
	-	2.18	2.18	Other non-current assets	Non-current component of bank balances
	5,471.86	(2,356.50)	3,115.36		
Current assets, loans and advances				Current assets	
	-	2,500.42	2,500.42	Current investments	Current component of investments
Sundry debtors	1,199.91	-	1,199.91	Trade receivables	
Cash and bank balances	870.14	(2.18)	867.96	Cash and bank balances	Non-current component of bank balances classified as Other non-current assets
Other current assets	191.35	-	191.35	Other current assets	Non-current component of accrued interest and unamortised costs
Loans and advances	938.59	(141.76)	796.83	Short-term loans and advances	Current component of loans and advances
	3,199.99	2,356.48	5,556.47		
	8,671.85	(0.02)	8,671.83		

Working note 1

Items previously included in current liabilities now regrouped to other current liabilities

(In ₹ Million)

Unearned revenue	18.66
Advance from customer	91.73
Unpaid dividend	0.26
Other liabilities	11.13
Accrued employee liabilities	65.14
Statutory liabilities	57.34
	244.26

45. The financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.

As per our report of even date

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738

Mumbai, April 22, 2012

For JOSHI APTE & Co.
Firm Registration No. 104370W
Chartered Accountants

per Prakash Apte
Partner
Membership No.: 33212

Pune, April 22, 2012

For and on behalf of the Board of Directors

Dr. Anand Deshpande
Chairman and Managing Director

P. B. Kulkarni
Director

Rajesh Ghonasgi
Chief Financial Officer

Vivek Sadhale
Company Secretary and Head - Legal

Pune, April 22, 2012

PERSISTENT
FOUNDATION

Report on Activities of
Persistent Foundation

Report on Activities of Persistent Foundation

In order to fulfill the Corporate Social Responsibility, Persistent Systems Limited (the "Company") had been donating to the institutions, working primarily in the field of Health and Education since the financial year 1995-96.

To institutionalise the Corporate Social Responsibility initiative of the Company and to develop a systematic approach to administer the process of grant of donations, the Company formed a public charitable trust, named Persistent Foundation (the "Foundation") on October 29, 2008. The Foundation has been registered with the office of the Deputy Charity Commissioner, Pune on March 21, 2009.

Management of the Foundation

The Trustees of the Foundation as on May 1, 2012 were as under

a. Mrs. Sonali Deshpande, Chairperson and Founder Trustee
b. Dr. Anand Deshpande, Founder Trustee
c. Mr. P. B. Kulkarni, Founder Trustee
d. Dr. Mukund Deshpande, Founder Trustee
e. Mr. Rohit Kamat, Head of Finance function of Persistent Systems Limited
f. Mr. S. R. Joshi, Head of Administration function of Persistent Systems Limited
g. Mr. Sameer Bendre, Head of HR function of Persistent Systems Limited
h. The Maharashtra Executor and Trustee Company Private Limited (METCO)

Financials

During the financial year 2011-12 the Foundation has received donations as per details given below

Sr. No.	Particulars	Amount in (₹) Million
1	Donation towards corpus	
	- Persistent Systems Limited	6.66
	- From Trustees and Employees	0.22
	Sub-total (A)	6.88
2	Donations towards charity operations	
	- Persistent Systems Limited	6.47
	- From Trustees	0.30
	- From Employees	4.43
	- From Other	0.05
	Sub-total (B)	11.25

As on March 31, 2011, the corpus of the Foundation is ₹ 28.92 Million.

The Foundation received an interest income of ₹ 24.18 (Gross) Lakhs on the fixed deposits investment made by it.

The details of utilisation of funds of the Foundation during the period under report are as under

Amount in (₹) Million

Sr. No.	Particulars	Amount Donated to other Institutions	Amount used for Projects by Foundation	Total Amount
1	Education	1.49	5.11	6.60
2	Healthcare	0.58	1.97	2.54
3	Community Development	0.83	2.79	3.62
	Total	2.90	9.87	12.76

Activities of the Foundation

Financial year 2011-12 was the third year of operations of the Foundation. The Foundation continued to focus its resources in the following areas for aid, assistance and conducting projects during this year

1. Health
2. Education
3. Community Development

The Foundation carried out its activities under aforesaid areas through the following verticals

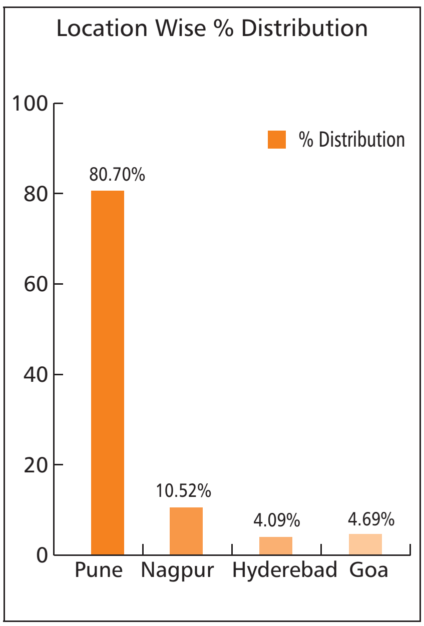
a. Donations to Institutions: Foundation provided aid and assistance to institutions working in the focus areas.

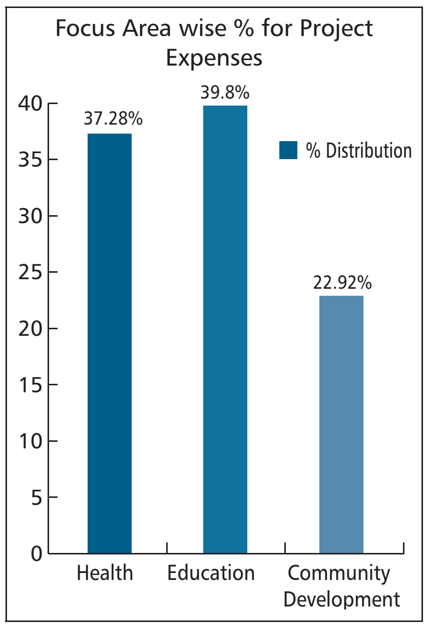
b. Projects by the Foundation: Foundation conducted certain projects in the focus areas. The Foundation carried out these projects through its volunteers and associated organisation.

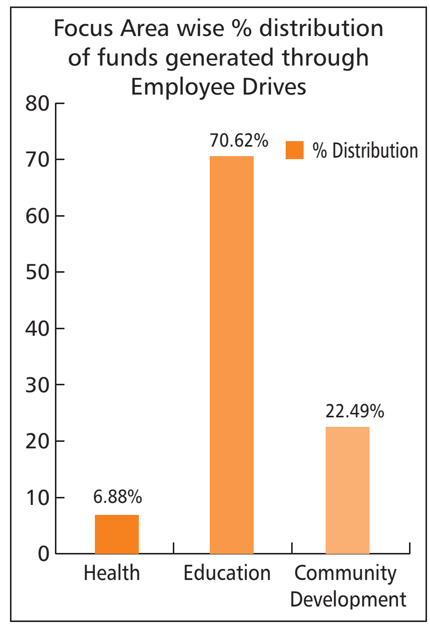
c. Contribution by employees: Employees of the Company initiated some drives and contributed through voluntary participation in addition to donating for various causes.

Donations are made by the Foundation to various institutions in terms of the Donation Policy of the Foundation. As per the Donation Policy of the Foundation, the Foundation undertakes a few projects and also makes donations to approved institutions in the vicinity of the offices of the Company viz. Pune, Nagpur, Goa and Hyderabad.

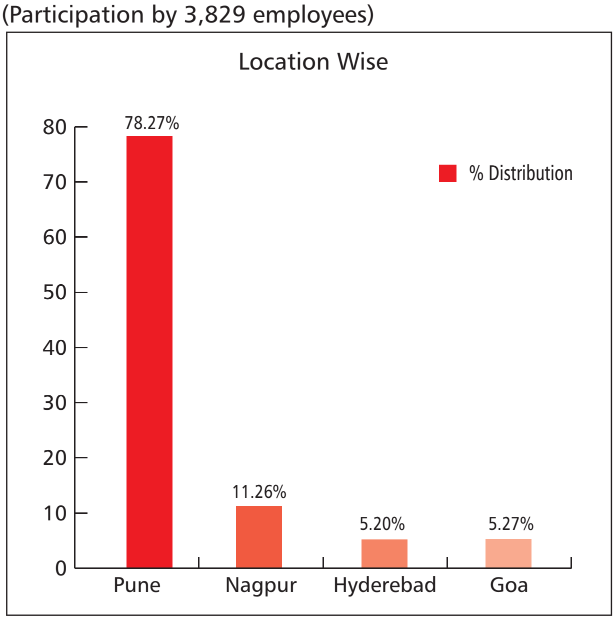
Brief summary of disbursement of funds in the financial year 2011-12

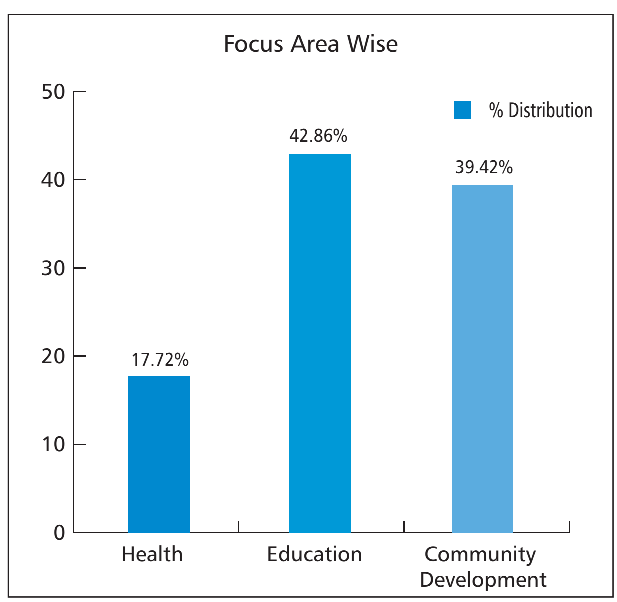






Brief summary of contribution by employees of the Company for the Foundation's activities in the financial year 2011-12 (Participation by 3,829 employees)





Key Highlights of the Foundation's activities during the financial year 2011-12

1. Executed the project of constructing Pune Cyber Lab & Forensic Lab for Pune Police in association with NASSCOM.
2. Undertook 3 Village Upliftment Projects – 2 in Pune at Kodawadi and Salumbre and 1 at Nagpur at Udasa.
3. Launched Social Entrepreneurship Program for employees of Persistent Systems to provide them opportunity to design and execute their own social projects (for example: S-O-L-E, Operation Blackboard, as explained later).
4. Participation by 3,800+ Persistent employees as donors or volunteers in a number of projects and drives.
5. Donation to 38 associate institutions to carry out 23 projects and a number of initiatives, taking overall tally of supported institutions in the last 3 years to 60.
6. Started "Dream Job", a career guidance initiative by senior officials of Persistent Systems for 8th to 10th standard students in Pune.
7. Successful execution of the following projects for consecutive 3 years – Students Sponsorship Program, Clinical Health Check-up and Blood Donation Camps, with overall tally of sponsorship to 556 students, check-up of 11 thousand children and donation of 2,500 bottles of blood, respectively.
8. Innovative educational projects - E-Learning School Labs in 6 schools at Pune, Nagpur & Goa and Mobile Science Lab in 10 schools at Hyderabad
9. Overall fund generation of ₹ 4.43 Million through various monthly donation drives among employees.
10. With Seemaresha, an anti-addiction short-film, the Foundation made its first short-film on a social cause.
11. Foundation's first Corporate-NGO-Volunteer initiative attracting 90 NGOs, 30 corporates and 50 free-lance volunteers.
12. Foundation provided assistance of an amount of ₹ 8.50 Million (approx.) through projects and donations in tribal, rural and slum area. Approximately 25,000+ people/ students were benefitted.

Projects by Persistent Foundation during the financial year 2011-12

The key projects undertaken by the Foundation during the financial year 2011-12 are as follows

A. Community Development

a. Pune Cyber Lab & Forensic Lab for Pune Police

In association with NASSCOM, the Foundation executed the project of constructing the forensic lab for Pune Police. The Foundation also executed the refurnishing of training center.

Activity Summary

i. Finalisation of layouts in consultation with NASSCOM and Pune Police to fulfill their requirements.

ii. Furnishing of Detection Room, Conference Room, Server Room with all carpentry work, painting, polishing, vertical blinds, antistatic flooring, modular ceiling and such.

iii. Providing all electrical support for computers, servers and forensic equipment, etc. through 10KVA UPS with battery backup of 30 minutes.

iv. Providing necessary networking and communication facility with latest technologies and internal telephone exchange.

v. Air Conditioning systems in all areas for working of equipment and staff.

vi. CCTV monitoring system for major area coverage.

b. Village Upliftment at Kodawadi, Pune

This was Persistent Foundation's first village upliftment project. Village Kodawadi is located in Velhe Taluka that is considered as the most backward block in all 13 blocks of Pune district. Repair of village water supply scheme was the core activity of the project. The Project was executed with help of Jnana Prabodhini, Pune. Commenced in May 2011, the project is successfully completed. Through this project, the Foundation supported approx. 600 villagers.

c. Village Upliftment at Village Salumbre, Pune

In the financial year 2011-12, Persistent Foundation selected Salumbre, a needy yet progressive village in Maval district of Pune, for its second village upliftment project. The Foundation is executing this project in association with Gramprabodhini, an Associate Institution. Under this project, the following work is completed.

i. Healthcare Center

a. Regular (3 times a week) visits by doctors

b. Provision of medicines and emergency treatments

c. Counselling for students by an expert in Clinical Psychology

d. Health check-up camps

e. Health awareness lectures.

Approx. 750+ villagers and 1,000+ students have taken the benefit of the facilities offered by the center.

ii. Fitness Center

As an extension of the healthcare project, to encourage preventive health habits among students and the youth in the village, the Foundation started a ‘Fitness Center’ at Gram Prabodhini School.

iii. Agro Development Center

To promote advanced agro-practices, Persistent Foundation launched an ‘Agro Development Center’ at Salumbre. The center offers following facilities

a. Soil Testing Lab

b. Nursery of 40 thousand saplings

c. Lectures by Agro-Experts

d. Value added support to farmers for executing advanced agro-practices

e. Inclusion of ‘Agriculture Education’ in syllabus of students from 8th to 10th standards

Currently, approx. 200 farmers are taking benefit of these facilities.

iv. Computer & Technical Education Center

Considering the 21st century need of imparting basic knowledge of computer science at school level and also to promote self-employment concept through application oriented technical education, Persistent Foundation established a Computer & Technical Education Center at Salumbre. The Center offers following facilities

a. Technical Education

b. Home science

c. Agro Education

d. Computer Education

d. Village Upliftment at Udasa, Nagpur

Persistent Foundation partnered with Rotary Club of Nagpur, West and Gurukul Aashram Shala for its third Village Upliftment Project at Udasa (Nagpur District). Udasa, with population of approx. 5,000, is a small village near Umred in Nagpur District. Most of the residents are tribal communities and work as lowest grade labors in nearby localities. In the first phase of this project, Persistent Foundation plans to establish a Science Laboratory that is school’s immediate need.

e. Corporate-NGO-Volunteers Networking initiative, Pune

On July 23, 2011, Persistent Foundation jointly organised a ‘CSR-NGO-Volunteers’ networking event at Pune in association with CSR Pune and Net Impact. Representatives of approx. 90 NGOs, 30 Corporates and 50 freelance volunteers working in the areas of Health, Education, Women Empowerment, Employment and Environment in and around Pune were invited. Event received voluminous response from nearly 325 attendees. The event featured guidance by the chief guest, Dr. Mukund Ghare (Founder – AFARM), work displays by selected NGOs and Corporates through presentations and stalls.

B. Health

a. Clinical Health check-up of slum/village children in Pune and Goa

As a preventive health measure for slum and village students in schools, Persistent Foundation executed the Clinical Health Check-up project in Pune and Goa. It was 20 point clinical health check-up program, developed on a 5 Star Model that covered pediatric, schematic, ophthalmic and dental check-ups. In the financial year 2011-12, the Foundation conducted the check-up for 8,500+ students of 13 schools.

b. Anti-Addiction Short-film “Seemaresha”, Pune

To contribute our bit in preventing of growing addiction cases among high-school and college youth, Persistent Foundation has contributed for an anti-addiction short film – “Seemaresha”. The project is executed by PACE, a team of renowned E&T specialists in Pune. This is an awareness project and both PACE & Persistent Foundation plan to screen the Shortfilm in schools and colleges, through their respective volunteer networks. The film is being launched on April 30, 2012, in the Annual Day Ceremony at the hands of renowned social worker and de-addiction protagonist Dr. Anil Awachat.

c. Breast Cancer Screening Program, Pune

As a preventive measure against growing breast cancer cases, in association with Samavedana, in the financial year 2010-11, Persistent Foundation had initiated the Breast Cancer Screening Program for slum area women in Pune. In the financial year 2011-12 was the 2nd year of this program. Every day, nearly 8 women got screened at Sahyadri Hospital, Pune. Through this initiative, 463 women got screened in the financial year 2011-12, taking the overall count beyond 800. Women found in pre-cancerous or first stage cancer phase were immediately treated by Samavedana.

C. Education

a. Persistent Foundation e-Learning School Lab

With the objective to provide quality education through technology to slum area students, Persistent Foundation, in association with KOMPKIN, launched an e-learning School Lab and set-up the same at following 5 slum schools in Pune and Nagpur

a. Hutatma Rajguru High School, Pune
b. Nutan Balvikas Mandir, Pune
c. Prerana Vidyalaya, Pune
d. Vanita Vikas School, Nagpur
e. Paranjape High School, Nagpur

More than 4,000 students will get benefitted through this initiative.

b. Persistent Foundation Girls' Scholarship Program

With the objective to provide educational support, motivation and guidance to the needy and aspiring young girls pursuing education in Computer Science, ENTC or Information Technology streams of Engineering, Persistent Foundation offers scholarship worth ₹ 25,000 to 10 needy girls every year till their completion of B.E. or B.Tech degree. Till now, 16 girls from Pune, 3 girls from Nagpur and a girl each from Goa and Hyderabad have been rewarded with the scholarship.

c. Mobile Science Lab, Hyderabad

In association with Project 511, Persistent Foundation launched a Mobile Science Lab at Hyderabad. This initiative provides the avenue for performing science practicals to students of 10 Zilla Parishad Schools that do not possess any science lab. A fully equipped van with demonstration kit and 1 trainer visits schools on a regular basis. Every year, approx. 4,000 students will get benefitted through this project.

d. Infrastructure Development at Schools

In the financial year 2011-12, Persistent Foundation conducted 2 infrastructure development projects in schools in slum area

i. Electrification Work at Kusumtai Bagal Vidyalaya, Pune

ii. Construction of Benches for Government Primary School – Dargah Hussain Shawali, Hyderabad

Both the schools work for extremely needy and poor sections of the society. Through this initiative, nearly 1,000 students have got benefitted.

e. MS-CIT Certification Program for Visually impaired girls

In the financial year 2011-12, to support computer education of aspiring visually impaired girls, Persistent Foundation sponsored MS-CIT certification of 30 visually impaired girls. This program is executed in association with Jagruti School of Blind Girls, Alandi, Pune.

The certification will get completed by June 2012.

Projects executed by Persistent Foundation with contribution from Persistent employees

A. Operation Blackboard, Hyderabad

Persistent Foundation in association with Project 511 started an Operation Blackboard program and provided new cement blackboards and wooden blackboards with stands to 7 schools. Painting was done on existing blackboards where visibility was poor. The Operation Blackboard Project covered 2,000+ students.

B. Blood Donation Camp at Pune, Nagpur, Goa & Hyderabad

To cater to the ever growing need for blood, Persistent Foundation organised blood donation camp at all the four offices in India viz. Pune, Nagpur, Hyderabad and Goa. Persistent employees volunteered to donate the blood. In the financial year 2011-12, more than 750 bottles of blood was collected, taking the overall count of last 3 years to approx. 2,500 bottles.

C. S.O.L.E Project, Pune

SOLE - Self-Organised Learning Environment project is about creating self-learning environment of internet education in village Yeoli near Bhor in Pune district. Driven by Mr. Bhushan Kolambe, an employee of the Company, this project will offer following facilities

a. Learning through Internet various activities like games, puzzles

b. Learning English communication through Skype sessions with mediators across the world

c. Visits by eminent personalities for children to interact with and gain knowledge

d. Skype sessions on various topics

e. Use of internet for knowledge gain and confidence building for children

f. Fun camp for children to enjoy and play.

D. e-School project, Goa

E-School project is about providing e-education to students of Saraswati High school, Goa. Driven by Mr. Ranjit Naik, a Persistent employee, this project is based on e-class product from Sundaram Edusys Pvt. Ltd. (http://www.e-class.in/). It provides innovative educational content for 8th to 10th standards and proves to be a good teaching companion with visualisation of topics and in-depth understanding.

E. SCRATCH – Train the Trainers Program

With the objective to provide fun based learning approach to computer education, employees of the Company have taken up "SCRATCH" project in 3 schools in Pune. Since financial year 2010-11, employees visit the schools on regular basis to conduct the training sessions for students. In the financial year 2011-12, Persistent's SCRATCH team took a step ahead and organised 'Train the Trainer' sessions for school teachers and new volunteers from Persistent. The sessions were conducted at Pune and Nagpur centers. In totality, Persistent Team could impart training to 51 prospective trainers – 31 from Pune and 20 from Nagpur.

F. DREAM JOB - A Career Guidance Initiative for school students

'Dream Job', a Persistent Foundation initiative, is all about setting up sessions of direct dialogue between 8th to 10th standard students and role models from various professions. The idea is to present these professions in a very interesting yet realistic manner, to help the kids find their own passion and to offer a direction to their career goals. Persistent Foundation has initiated this series at Millennium National School, Pune with the help from senior officials in Persistent.

Till now, the foundation has organised 3 sessions delivered by Mr. Nitin Kulkarni, Executive Director and Chief Operating Officer, Dr. Ashok Korwar, Management Consultant and Mr. Vivek Sadhale, Company Secretary and Head - Legal of the Company. With support from senior officials of the Company the Foundation aspires to continue these sessions in academic year 2012-13, too.

G. Cyber Genius and Cyber Champ

Since financial year 2010-11, Persistent foundation has supported Dr. Kalmadi Shamarao High school to conduct Cyber Genius, an inter-school competition. This is a district level competition (Pune District) and more than 700 students from 30 schools participate in the contest. The contest is conducted in four groups – Mini (Std. 3-4), Sub-Junior (Std. 5-6), Junior (Std. 7-8) and Senior (Std. 9-10). It is conducted for different topics for different groups e.g. Logo and Paint Brush for Mini, Paint Brush and Quiz for Sub Junior, Q-basic and Power Point for Junior and Photoshop and Web designing for Seniors. The Foundation supported the cause by providing financial support of ₹ 50,000 and technical support through volunteers.

Continuing the same, in the financial year 2011-12, the Foundation initiated a similar competition, named Cyber Champ, for schools in PCMC in association with City Pride public school. Approx. 39 employees of the Company worked as volunteers and 7 employees judged the project.

H. National ICT Quiz

In the financial year 2011-12, Persistent Foundation was the local sponsor for the CSI National ICT Quiz. Millennium National School, Pune hosted the regional round on March 25, 2012. More than 300 students from 16 different schools participated in the quiz. Mr. Gireendra Kasmalkar, CEO SQS India and Past Chairman of Pune Chapter was the Chief Guest for the Prize distribution function.

Donation Drives among Persistent employees

In the financial year 2011-12, Persistent Foundation launched a number of donation drives among employees of the Company and received a great response with total donation of ₹ 4.43 Million, 800+ toys, 5,000+ clothes from the employees. The details are as follows

Drive	Response from employees
Student Sponsorship Program	₹ 27.03 Lakhs sponsorship to 556 students
Semicolons – 24 hour Programming Contest for Charity	₹ 5.97 Lakhs
Uniform, School kit, School books donation	₹ 3.54 Lakhs, i.e. 385 Uniforms, 481 School kits, 381 School book sets
Olympic Gold Quest	₹ 0.58 Lakhs
Sharing Joys with Toys – Toy Donation	800+ toys
Clinical Health check-up of slum/village children	₹ 1.50 Lakhs for the clinical health check-up of 1,434 children
Clothes Donation with NGO - Love & Care	₹ 0.50 Lakhs and more than 5,000 clothes
Diwali Sweets and Greeting donation to Indian Jawans with NGO - Maitreyi Charitable Society	₹ 3.09 Lakhs i.e. funding for approx. 4,125 sets.
Learn with Fun, a Toys' & Educational Games' library set-up for slum schools	₹ 0.45 Lakhs for funding of 2 libraries
Breast Cancer Screening Program	₹ 1.63 Lakhs i.e. funding for 136 women

Acknowledgement

The Foundation places on record the help and cooperation received from the Deputy Charity Commissioner, Pune, the Assistant Charity Commissioner, Pune and the Commissioner of Income Tax. It would also like to express its thanks to the Maharashtra Executor and Trustee Company Limited (METCO) for guidance on statutory and operational matters.

The Foundation also extends thanks to HDFC Bank Limited, Bank of Maharashtra and its officials for extending their excellent support in all banking related activities.

The Foundation also places on record its gratitude to employees of Persistent Systems Limited for the generous donations made by them for the activities of the Foundation. The Foundation acknowledges the co-operation and guidance received from the institutions with which the Foundation collaborated for its various projects.

The Foundation takes this opportunity to express its sincere appreciation for the contribution made by its volunteers at all levels. The considerable achievement was made possible by their hard work, solidarity, cooperation and support.

Last but not least, the Foundation would like to record its gratitude to Persistent Systems Limited, without its financial and employee support, it would not have been possible to make any meaningful contribution.

PERSISTENT
FOUNDATION

Making a Difference

Contributing to the society is one of our core values.
Persistent Foundation has successfully executed value-addition initiatives in community development, health and education.
Here are the snapshots of some of the hallmark projects.


Infrastructure Development at schools


Cyber Lab and Forensic Lab for Pune Police


Girls' Scholarship Program


Mobile Science Lab


National ICT Quiz


Blood Donation Camp, Pune


Breast Cancer Screening Program

PERSISTENT

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